ITHACA ENERGY

Delivering on our commitments

ITHACA ENERGY PLC ANNUAL REPORT AND ACCOUNTS 2023

Our Mission is to be “the Strength of the North Sea”

We will be determined, confident and proud, as we redefine what it means to be an oil and gas operator.

Introduction

2023 has been a critical year for the business, successfully executing against our BUY, BUILD and BOOST strategy to support our vision for material long-term growth.

In our first full year of operations as a publicly listed company, we have made material progress in delivering against our IPO commitments.

Despite the considerable headwinds created by fiscal instability, Ithaca Energy has continued to deliver against our BUY, BUILD and BOOST strategy. Most notably, we achieved the milestone sanctioning of the Rosebank development, a crucial step in supporting our long-term growth ambitions.

We have delivered strong operational and financial performance in the year, supporting significant distributions to our shareholders and fulfilling our 2023 dividend commitment.

As we embark on 2024, our focus continues to be on executing on our strategic priorities to maximise value from across our portfolio and deliver on our ambitious decarbonisation plans, to support long-term sustainable returns to our shareholders.

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You can also read our Annual Report online: investors.ithacaenergy.com

Our strategy drives our ambition

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high-quality, long-life assets

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a robust long-term portfolio

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BOOST
field performance and enhance margins

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Financial highlights

NET CASH FLOW FROM OPERATIONS
$1,291m
(2022: $1,723m)

ADJUSTED EBITDAX[1]
$1,723m
(2022: $1,916m)

LEVERAGE RATIO[1] AT YEAR-END
0.33x
(2022: 0.51x)

TOTAL DIVIDENDS
$400m
(2022: $nil)

PROFIT FOR THE YEAR
$216m
(2022: $1,031m)

STATUTORY EPS
21 cents
(2022: 106 cents)

1. Non-GAAP measure as set out on pages 221 to 223.

Our vision is to be the highest-performing UKCS independent oil and gas company, focused on growing value sustainably.

Who we are and what we do

For our people, shareholders, partners and communities, Ithaca Energy is a new kind of oil and gas operator.

We are proud of our heritage, our reputation for operational excellence and our drive and ambition to forge a new future for our North Sea asset base.

As we move into our industry's new era, Ithaca Energy is positioned to play a pivotal role in safeguarding the UK's domestic energy supply, recognising that oil and gas will remain an important part of the long-term energy mix for decades to come, as we navigate the energy transition.

Ithaca Energy is driven by pragmatism and balance. Pragmatism, because the UK still needs oil and gas. Balance, because we recognise our responsibilities to produce these resources whilst reducing the environmental impact of our operations.

While we rightly acknowledge the fundamental challenge posed by the energy transition to our industry, we remain at the forefront of our sector's response. Our ambitious decarbonisation goals align with our belief in the environmental advantages of domestically-produced energy over high-emission imports.

We remain committed to investing in sustainable, high-value and long-term oil and gas production that will create increased value for our stakeholders and reduce the environmental impact of the UK's oil and gas consumption.

Our Mission

Our mission is to be the 'Strength of the North Sea'. We serve today's needs for domestic energy through operating sustainably. We achieve this by harnessing our deep operational expertise and innovative minds to collectively challenge the norm, continually seeking better ways to meet evolving demands.

Triumph.

We are driven to succeed, to be the Strength of the North Sea, maximising value through the safe, efficient and responsible production of our Group's assets.

Together.

We can only succeed if we work together, harnessing the collective expertise and experience of our people and partners.

Our values

If our mission is the 'what' we aim for, our values are the 'how'. They guide how we work resiliently, collaboratively, openly and considerately.

Bring strength

We are resilient, agile and committed. We bring our collective talent, expertise and determination to bear daily.

Deliver results

We control our destinies by harnessing our ambition and pragmatism to deliver successful outcomes.

Express yourself

We are empowered to question, sharing the right and responsibility to challenge and to use our voices in pursuit of 'best'.

Be considered

We genuinely care about making a positive impact for our people, shareholders, and communities.

Our assets

Delivering long-term production growth

Today, Ithaca Energy stands as one of the largest independent oil and gas operators in the UK North Sea, ranking third by production.

With a diverse and high-value portfolio of operated and non-operated assets across the Northern and Central North Sea, Moray Firth and West of Shetland, our focus continues to be on maximising value in a safe and sustainable manner from our North Sea asset base.

In 2023, we made material strategic progress executing against our organic growth plans, through targeted investment in high-return and long-life assets, including the milestone sanctioning of the Rosebank development.

PRODUCING UKCS FIELDS

28

Our portfolio in numbers

OPERATED PRODUCING FIELDS

9

AVERAGE PRODUCTION (KBOE/D)

70.2

2P RESERVES AND 2C RESOURCES (MMBOE)

544

% OF 2P RESERVES AND 2C RESOURCES OPERATED BY ITHACA ENERGY

66%

STAKES IN 6 OF THE 10 LARGEST FIELDS IN UKCS

6 of 10

STAKES IN 2 OF THE 3 LARGEST UNDEVELOPED DISCOVERIES IN UKCS

2 of 3

Redefining what it means to be a leading oil and gas operator

With stakes in six of the ten largest fields in the UK North Sea and two of the largest undeveloped discoveries, Ithaca Energy plays a significant role in meeting the current and future energy needs of the UK. We do not take this responsibility lightly. We seek to balance the need to deliver critical energy security with the need to reduce our environmental impact, while creating value for our people, shareholders, partners and communities.

INVESTMENT IN ROSEBANK

$0.7bn

Estimated Phase I
Net Capex Spend

→ Read more on page 5

NET ZERO AMBITION

2040

On a Scope 1 and 2
net equity basis

→ Read more on page 46

Delivering critical energy security

Unlocking Rosebank, the UK's largest undeveloped discovery, with over 300 mmboe recoverable resources, will deliver much needed energy security and investment in the UK while supporting Net Zero targets.

Geopolitical tensions and uncertain energy markets continue to shine a spotlight on the energy sector and the criticality of developing our own North Sea resources to provide domestic energy security.

Standing as the largest undeveloped discovery in the UK with sanctioned Phase I reserves of 234mmboe, development of the Rosebank field is central to the UK's long-term energy security strategy. Beyond energy security, the benefits of the Rosebank development to the UK are vast.

Low emissions developments, such as Rosebank, are critical to meeting the UK's Net Zero objectives. With its optimised design to reduce carbon emissions, the redeployed FPSO will be electrification ready when arriving at the field, meaning the Rosebank development has the potential to produce at approximately 3 kg CO_2/boe – a seventh of the UK average.

From an economic perspective, the Rosebank development is expected to result in total direct investment of £8.5 billion, of which 77% is likely to be invested in UK-based businesses. During the construction phase, the project is expected to create around 2,000 jobs, and throughout the field's operational lifetime, it will support approximately 525 full time employees across the lifetime of the field.

ESTIMATED ROSEBANK GVA

£25bn

Estimated Gross Value Add[1] from Rosebank field over life of project (Phases I and II)

Note: Phase I sanctioned.

1 Gross Value Add (GVA) measures the contribution to the economy of the project, comprising direct, indirect and induced benefits.

"Development of the Rosebank field is central to the UK's long-term energy security strategy."

Supporting the energy transition

Ithaca Energy is committed to its ambitions of delivering one of the lowest carbon emissions portfolios in the UK North Sea.

The energy sector faces a substantial task as we balance the need to supply reliable long-term hydrocarbon production with the necessity to significantly lower our emissions footprint.

With a clear focus and commitment to decarbonisation, we have embedded a strong ESG mindset across our operations. Our ambitions are supported by a well-defined emissions reduction strategy, with a target of achieving Net Zero by 2040, on a Scope 1 and 2 net equity basis.

To deliver our targets we are taking meaningful action today to optimise our current portfolio in the short-term, with the aim of fundamentally transitioning the portfolio in the medium to long-term, through investment in low emission intensity assets.

We continue to make significant progress across our operated portfolio with operational improvements, such as a sea water lift pump upgrade at FPF-1 and solar gas turbine upgrade at Captain.

As we continue to work hard to achieve our ambitious target of reducing Scope 1 and 2 CO_2e emissions by 25% by 2025, our focus has turned to how we deliver the next phase of material decarbonisation activity that will support our target of reducing Scope 1 and 2 CO_2e emissions by 50% by 2030, including the retirement of aging assets.

The most material of these projects is the potential for electrifying our flagship Captain field. With over 70% of Captain's GHG emissions related to power generation, partial electrification of the asset has the potential to substantially reduce emissions intensity from the asset and move the Group closer to achieving its targets.

As the Captain electrification Front-End Engineering Design (FEED) study draws to a close, the Group is looking in the coming months to take a final investment decision on the technical, financial and commercial viability of the project. We continue to seek assurances from the UK Government on the protection of the decarbonisation allowance for sanctioned projects, in order to facilitate an investment decision that would realise significant decarbonisation benefits for the UK, in line with the North Sea Transition Deal (NSTD).

CAPTAIN ELECTRIFICATION

60%

Estimated reduction in Captain emission intensity

→ **Read more about our FEED study exploring the potential for electrification at Captain on page 47**

Creating value for our stakeholders

We care about making a positive impact for our people, shareholders, partners and communities, reflecting our ambition to 'TRIUMPH. TOGETHER.'

For our people and partners:
Our people, supply chain and joint venture partners are critical to our ongoing success. We recognise this through investing in their continued development, providing competitive reward packages, ensuring a fair and equitable workplace and through building collaborative relationships with our partners.

For our shareholders:
We aim to maximise shareholders returns through the safe and responsible production of our assets. Our relentless focus on value creation ensures we remain disciplined and thoughtful, investing only in opportunities across our BUY, BUILD and BOOST strategy that we believe have the potential to maximise shareholder value.

For our communities:
Our commitment to giving back to our local communities continues to provide a joint sense of purpose and pride across our organisation with a rise in our engagement score for social connection in the year of 43%. In 2023, we expanded our efforts to reach a wider range of charitable and community projects broadening our impact across social, environmental and humanitarian causes.

COMMITMENT TO MATERIAL SHAREHOLDER DISTRIBUTIONS

$400m

Total 2023 dividend[1]

EMPLOYEE ENGAGEMENT SURVEY

↑12%

Increase in employee engagement score

"We aim to maximise shareholder returns through the safe and responsible production of our assets."

1. Interim dividends of $266 million paid during 2023, with further interim tranche of $134 million payable in April 2024.

"We stand as one of the largest independent operators in the UKCS

With a diversified portfolio of high-quality and cash-generative assets, a strong pipeline of development opportunities and significant financial strength."

GILAD MYERSON
EXECUTIVE CHAIRMAN

OUR PEOPLE	OUR RESERVES
631	**544**
Onshore and offshore employees	2P Reserves and 2C Resources (mmboe)

GILAD, THE GROUP HAS MADE GOOD PROGRESS ON EXECUTING AGAINST STRATEGY THIS YEAR. WHAT HAVE BEEN THE HIGHLIGHTS?

I am delighted by the progress we have made in our first year as a public Company – delivering on our pre-IPO commitments and executing against our BUY, BUILD and BOOST strategy. In short, we've done what we said we were going to do.

From an operational perspective, we've delivered a strong year of production and I'm proud to say we've accomplished this while maintaining our high standards of safety and environmental performance.

We've made material progress to unlock our outstanding greenfield and brownfield development portfolio, from the milestone sanctioning of the Rosebank project to resolving existing partnership arrangements for both Cambo and Fotla, that I believe will help us unlock these critical projects.

And while our 'BUY' activities in 2023 have been focused on preserving the value of our high-value portfolio, we've also spent considerable time evaluating strategic M&A opportunities. An area where I am sure we will reap the benefits in 2024.

ITHACA ENERGY SANCTIONED THE ROSEBANK DEVELOPMENT IN 2023. TELL US MORE ABOUT THE SIGNIFICANCE OF ACHIEVING THIS MILESTONE?

Ithaca Energy continues to position itself as a leading independent operator and it gives us great pleasure to sanction Rosebank – a world-class project on every metric. We are delighted to expand our partnership with Equinor as we embark on the journey together to deliver first production from Rosebank in 2026/27.

Not only is Rosebank a significant asset for Ithaca Energy, but it's a vital asset for the UK. With over 300 mmboe of recoverable resources, Rosebank is the largest undeveloped discovery in the UK North Sea and is critical for supporting UK energy security, creating economic prosperity for the UK and stimulating employment in highly-skilled jobs.

Our investment in Rosebank demonstrates both delivery against our strategy to BUILD a robust long-term low emissions portfolio and our commitment to investing in the UK North Sea.

THE OIL AND GAS INDUSTRY HAS FACED SIGNIFICANT FISCAL UNCERTAINTY IN 2023. HOW HAS ITHACA ENERGY RESPONDED TO THESE HEADWINDS?

There are no two ways about it – fiscal instability has made 2023 a challenging year, with the rules of the game continuously changing. Uncertainty created by the Energy Profits Levy has made it difficult for our industry to make critical long-term investment decisions on capital projects that can last up to five years to achieving first production.

We have chosen to work collaboratively with the UK Government as they navigate the complex dynamics of our industry. We believe being a balanced thought partner for oil and gas fiscal policy should assist in the co-creation of a fiscal environment that is good for the government, the industry and the UK, with energy security always front of mind.

Meanwhile, we continue to focus on maximising value from our portfolio. Our pace of capital deployment across our portfolio has rightly slowed, prioritising investment in high-quality, high-return assets such as Rosebank, while protecting the long-term value of our pre-Final Investment Decision (FID) assets.

HOW DID ITHACA ENERGY PERFORM IN 2023?

I am very pleased with our overall performance in 2023, particularly in light of the substantial headwinds we faced. Reiterating my earlier remarks, a successful year should not only be measured by our financial performance but in our operating performance. Where I am pleased to say we performed well, maximising the production and value of our assets in a safe and responsible manner. We also made demonstrable progress in our work to reduce emissions across our portfolio.

We have reported a strong financial performance in 2023, with adjusted EBITDAX of $1.7 billion, Profit for the year after tax of $215.6 million and Group free cash flow of $706 million. Our strong cash flow generation in the year allowed for the continued deleveraging of the balance sheet with an adjusted net debt position at the end of the year of $571.8 million. With a liquidity position of over $1 billion, we have significant financial capacity to deliver on our growth plans. Lastly, I am very proud to say that we will deliver against our pre-IPO commitment of distributing $400 million of dividends for FY 2023 to our shareholders.

MOVING INTO 2024, WHAT ARE YOUR TOP PRIORITIES FOR THE YEAR?

Our priorities for 2024 are clear. We must continue to execute against our BUY, BUILD and BOOST strategy with increased rigour to deliver our goal of maximising value to shareholders.

Our unwavering commitment to achieving operational excellence, boosting production efficiency, and ensuring strong safety performance across our assets remains steadfast.

In 2024, our flagship Captain asset enters a pivotal phase as we execute the final stages of our Enhanced Oil Recovery (EOR) Phase II project, with first subsea injection targeted in the summer. Delivery of this project will be a significant milestone for the Group and will support our medium-term growth trajectory.

On our large development projects, we will collaborate closely with Equinor to maintain Rosebank's progression towards first production in 2026/27, while actively engaging with potential farm-in partners to strategically position Cambo and Fotla for FID in 2025, contingent upon prevailing fiscal conditions.

We anticipate substantial opportunities for material M&A activity in 2024, following a wave of large-scale consolidation in 2023. We will seek to capitalise on the favourable M&A landscape, with our primary focus being on strategically executing value-enhancing M&A transactions.

2024 WILL SEE THE COMPLETION OF YOUR CAPTAIN EOR PHASE II PROJECT, CAN YOU SHARE YOUR THOUGHTS ON THE PROJECT?

Captain EOR Phase II is a landmark project for Ithaca Energy and builds on the success of our EOR Phase I project, which has exceeded our initial field development expectations with over 12 million barrels recovered to date.

As the sole UK operator deploying pioneering polymer flood technology, our innovative enhanced oil recovery project will maximise recovery from the Captain field, in an accelerated timeframe, offering significant decarbonisation benefits.

The project remains on track and within budget with over 90% of the work scopes completed. When executed the project has the potential to double production, with peak polymer well response by 2026 – making a material contribution to our medium-term production growth.

TELL US MORE ABOUT YOUR THOUGHTS ON VALUE CREATION POTENTIAL FROM M&A?

Ithaca Energy boasts an impressive track record of generating substantial value through strategic M&A, capitalising on market dislocation to execute value-accretive and transformative acquisitions.

Following a year of consolidation by the majors, we will undoubtedly see further rationalisation of portfolios and consolidation activity in the sector. I am confident that Ithaca Energy is well-placed to respond, with our significant financial firepower and strong M&A credentials.

Our strategic M&A focus in 2024, will see us target complementary cash-generative production portfolios that will support our investment in long-term greenfield and brownfield development assets to build a portfolio of significant scale and longevity.

"Our priorities for 2024 are clear. We must continue to execute against our BUY, BUILD and BOOST strategy with increased rigour to maximise value to shareholders."

CAPTAIN EOR PHASE I

12mmboe

Polymer reserve recovery

CAPTAIN EOR PHASE II

2026

Peak production and polymer response

PULSE SURVEY

↑12%

Increase in overall employee engagement in 2023

EMPLOYEE CULTURE IS KEY TO BUSINESS SUCCESS. WHY IS ITHACA ENERGY'S CULTURE IMPORTANT TO YOU?

The importance of having a highly-motivated, values-driven team to deliver our strategy cannot be overstated. Put simply, without a strong culture, Ithaca Energy would not be where it is today!

Our people are core to everything we do. Our strong sense of collaboration, accountability, inclusiveness and empowerment helps us to deliver results while making a positive impact. I'm incredibly proud of what we have achieved together at Ithaca Energy and the culture that we have built.

THERE HAVE BEEN SOME BOARD ROOM CHANGES IN 2024. WHEN DO YOU EXPECT TO APPOINT A NEW CEO?

Our intention is to appoint a new Chief Executive Officer (CEO) in as short a timeframe as possible. But with a strong Executive Leadership Team, and with Iain Lewis at the helm as our interim CEO, we have the confidence to take our time to ensure we appoint the right person for the role, as the Group enters into its next phase of growth.

On behalf of the Ithaca Energy Board, I'd like to thank Alan Bruce for his hard work and strategic insight over the last two and a half years and wish him well for the future.

WHAT IS YOUR OUTLOOK FOR 2024 AND BEYOND?

Following a strong year of strategic execution, we enter 2024 with increased confidence in our capabilities to grow Ithaca Energy plc and are excited about what lies ahead as we enter our next phase of growth.

Today we stand as one of the largest independent operators by resources and production in the UK North Sea with a diversified portfolio of high-quality and cash-generative assets, a strong pipeline of development opportunities and significant financial strength.

Through our continued investment in development projects such as Captain EOR Phase II and Rosebank, and further optionality across our portfolio with assets such as Cambo and Fotla, our outlook remains positive with strong medium-term production growth.

The main headwind is of course the unfortunate lack of fiscal discipline and stability in the UK. We believe this is unwarranted and unconstructive for industry. As we draw closer to a General Election, we remain acutely aware that fiscal uncertainty will persist. In 2024, we will amplify our political engagement efforts, emphasising the consequences of ongoing fiscal uncertainty on investment in the oil and gas industry. It is only with this clarity that we can make responsible investments that bolster domestic energy security, promote decarbonisation, create jobs and foster prosperity for the UK.

In the context of this fiscal uncertainty, we are committed to our clear BUY, BUILD and BOOST strategy while being very thoughtful about longer-term capital allocation decisions. We believe Ithaca Energy has the potential to deliver material growth and maximise shareholder value, including the pursuit of value-accretive M&A that strengthens short to medium-term cash flows supporting further long-term investment across our attractive development portfolio.

I'd like to take this opportunity to thank everyone at Ithaca Energy, offshore and onshore, for the part they have played in our growth story and their continued unwavering support of our vision as we strive for further scale and success.

Gilad Myerson
Executive Chairman

Track record of delivering both organic growth and value accretive M&A

SAFETY

ZERO

Serious incident and fatalities frequency (SIF-F)

DAILY PRODUCTION

70 KBOE/D

across 28 fields

Executing our BUY, BUILD and BOOST strategy

We made significant progress across our strategic goals in 2023, delivering against our BUY, BUILD and BOOST strategy to support the material long-term growth of the Group. We continue to focus on maximising value from across our diverse portfolio with targeted investment in high-quality assets demonstrating our commitment to investing in the UK North Sea.

In 2023, we were delighted to announce the landmark sanctioning of Phase I of the Rosebank development, with total recoverable resources over 300 mmboe and Phase I gross reserves of 234 mmboe. As the UK's largest undeveloped discovery, the field will provide critically important domestic energy, supporting a forecasted 7% of UK oil production from first production to 2030. And crucially, with its low carbon emissions design, the field has the potential to produce at a fraction of the world's average CO_2 emissions contributing to both the UK's energy security and Net Zero objectives.

The Rosebank development is core to Ithaca Energy's BUILD strategy, executing on the material development portfolio acquired from Siccar Point Energy in 2022. With estimated net production of 15 kboe/d at the field's peak and a production life of 25 years, the field supports the Group's medium to long-term production growth. After taking the FID, project activity has ramped up with work underway on upgrading the Petrojarl Rosebank FPSO (previously named Petrojarl Knarr), including making the vessel electrification ready in line with the North Sea Transition Deal. In 2024, work will commence on the installation of templates and satellite structures as part of the multi-year development timeline towards first production in 2026/27.

At Captain, material progress was made during the year on executing Phase II of our pioneering polymer EOR project with the project now over 90% complete and on track to support first Phase II polymer injection into the subsea wells in summer 2024. Remaining work scopes include final commissioning activities on the topsides, subsea tie-in campaign and completion of the drilling programme (completed during Q1 2024).

The EOR Phase II project, designed to maximise and accelerate reserve recovery from Captain and deliver on our strategy to BOOST field performance, will build on the success of the first phase of polymer injection with over 12 mmbbls recovered to date. Extensive subsurface modelling completed in H2 2023 to refine the predicted EOR Phase II polymer response, based on reprocessed seismic and latest field performance, has successfully confirmed initial overall EOR Phase II reserve recovery predictions. However, our expectation is that Captain production will now follow a longer path to peak response with production expected to peak in 2026, before plateau.

The Group continues to leverage our M&A capabilities to deliver on our BUY strategy evaluating potential inorganic opportunities both in the UK and internationally. In 2023, the Group acquired the remaining stakes of the Cambo and Fotla fields with the aim of preserving the

"Our production performance in 2023 has been supported by **strong production efficiency** performance."

long-term value of our assets by taking full control of pre-FID work programmes and timing.

Following the successful extension of the Cambo license milestones from 31 March 2024 to 31 March 2026, the Group is actively engaging with potential farm-in partners to secure an aligned joint venture partnership that would enable the future progression of the Cambo project towards FID.

In line with the Group's BUILD strategy we continue to target high-return tie-back opportunities close to existing infrastructure to maximise reserve recovery. In 2023, the Group reported positive appraisal activity at its non-operated Leverett discovery (Ithaca Energy Working Interest: 12%) and successful exploration drilling at its operated K2 prospect (Ithaca Energy Working Interest: 50%), however, the subsequent sidetrack encountered significant operational issues due to severe weather caused by Storm Babet and the sidetrack was suspended.

Strong delivery against 2023 management guidance

Our production in 2023 averaged 70.2 kboe/d (2022: 71.4 kboe/d), closing the year towards the mid-point of our 68-74 kboe/d production guidance range. Production was split 66% liquids and 34% gas with the Group's operated assets accounting for 51% of total 2023 production.

Our production performance in 2023 has been supported by strong production efficiency across our operated base of 84%, reflecting our commitment to maximise asset value through operational excellence. Most notably at FPF-1, where our focus on value and our investment in driving operational efficiency and uptime improvements continues to yield production efficiency rates above 90%.

Production from our non-operated portfolio was impacted by the delayed start-up and curtailed production from the Pierce field, where operational issues related to the vessel mooring system have temporarily shut down production from the field. We expect this issue to be rectified during H1 2024.

Operating costs in 2023 of $524 million (2022: $496 million), representing a net unit Opex cost of $20.5/boe (2022: $19.0/boe), came in below revised and lowered management guidance of $525 million to $575 million, reflecting the Group's stringent focus on cost control in an inflationary environment, improved FX rates and a reduction in planned activity.

Total net producing asset capital expenditure (excluding decommissioning) of $393 million (2022: $405 million), came in at the bottom end of the Group's management guidance range of $390 million to $435 million. Net capital expenditure on the progression of the Rosebank development totalled $97 million, compared to management guidance of $90million to $110 million reflecting the meaningful activity in 2023 as project activity ramps up to support a targeted 2026/27 first oil date.

During 2023, the Group launched a cost optimisation project focused on maintaining tight control on expenditure across our operated and non-operated assets and corporate overhead base. The project was successful in continuing to build upon Ithaca Energy's strong cost culture and delivered more than $100 million of cash savings during the year.

Strong safety performance is critical to our continued success

Safety is our non-negotiable, number-one priority and is central to our business success – we do it safely or not at all. The Group delivered a slightly improved safety performance in 2023, with fewer Tier 1 and Tier 2 process safety events recorded in the year (2023: 1 Tier 1 and 2 events, 2022: 2 Tier 1 and 2 events). However, we believe there are areas for continued improvement and the Group is responding to an increase in personal safety incidents and process safety near misses in the final quarter of the year by revisiting the tone of safety leadership across the business.

Major accident prevention has been a core focus area in 2023, with the introduction of a process safety barrier tool across all operating locations designed to strengthen our defences against high-potential incidents and process safety events. The Process Safety Fundamentals programme supports greater visibility of our Major Accident Hazard (MAH) risks and aims to enable front-line workers to focus on process safety where potential for MAH events present in day-to-day operations. We will continue to support the roll-out of the barrier tool in 2024 with the aim of improving our focus on process safety risks and maintaining focus on preventing high-consequence events.

PRODUCTION EFFICIENCY

84%

Operated assets only

CAPTAIN EOR PHASE II

>90%

Project completion status

Meaningful focus on decarbonisation

As we continue to progress short-term emissions reductions projects, we have made significant progress towards our long-term emissions reduction strategy, following the decision to proceed with the development of the low emission intensity Rosebank field. Development of Rosebank will act as a material catalyst as the Group looks to fundamentally transition our portfolio to low-intensity assets in the medium to long-term, as older higher-intensity assets move closer to the natural end of their life.

The Rosebank FPSO has been designed to be electrification ready as part of its optimised design to reduce carbon emissions, in line with the North Sea Transition Deal. The Group is collaborating with Equinor (as Operator), industry partners and government to pursue a regional solution for power from shore to Rosebank and nearby fields to minimise carbon emissions from production. With full electrification, it is estimated that the Rosebank lifetime upstream CO_2 intensity would decrease from 12kg to approximately 3kg CO_2/boe – a seventh of the current UK average of 21kg CO_2/boe and a fraction of the emissions intensity associated with importing.

The Group's Scope 1 and 2 GHG emissions across our operated profile reduced from 483,325 tCO_2e in 2022 to 435,792 tCO_2e in 2023, representing a slight increase per barrel from 23.8kg CO_2/boe to 25.0kg CO_2/boe, due to a reduction in operated assets production in 2023 versus 2022, and an absolute reduction of 23%, compared to our 2019 baseline. The 23% reduction achieved in 2023 versus the Group's 2019 baseline, reflects reductions achieved through operational improvements of 12%, as well as a 11% reduction in emissions associated with Alba's John Brown turbine outage during the year, which is not expected to be a recurring reduction. We continue to work hard to deliver our targeted 25% reduction in Scope 1 and 2 CO_2e emissions on a net equity basis by 2025 and remain on track to reach this target.

2023 has seen continued progress across our operated portfolio delivering operational improvements at FPF-1 and Captain, while expanding our focus to more material emission reduction initiatives such as the potential for electrifying our flagship Captain field. Following a successful conclusion of a pre-FEED study in Q1 2023, FEED activity commenced in Q2 and has been matured to support a Financial Investment Decision in the coming months. With over 70% of Captain's GHG emissions related to power generation, partial electrification of the asset has the potential to substantially reduce emissions intensity and is critical to the Group's ability to achieve its targeted 50% reduction in Scope 1 and 2 CO_2e emissions on a net equity basis by 2030. We continue to seek assurances from the UK government to ensure the protection of the decarbonisation allowance on sanctioned projects to protect the economic viability of the project. In parallel, the Group will determine investment viability as projects compete for capital following a reduction in cash flow available for reinvestment as a result of the continued impact of the Energy Profits Levy.

Further details of our emissions reduction roadmap are provided on pages 46 to 51 and further information on climate-related risks and opportunities, including those pertaining to our ability to meet our decarbonisation targets are set out in pages 52 to 68.

Robust cash flow generation supporting low leverage position

In 2023, we delivered another year of strong cash flow generation supporting the further strengthening of our balance sheet. Our diversified, high-quality asset base reported adjusted EBITDAX of $1.7 billion (2022: $1.9 billion), generated free cash flow of $0.7 billion (2022: $1.1 billion), lowering our adjusted net debt position to $571.8 million at year-end (2022: $971.2 million),

2023 ADJUSTED EBITDAX

$1.7bn

LEVERAGE RATIO

0.33x

Adjusted net debt to adjusted EBITDAX

representing an adjusted net debt to adjusted EBITDAX ratio of 0.33x (2022: 0.51x).

With a robust available liquidity position at 31 December 2023 of over $1 billion (2022: $0.6 billion), the Group has sufficient available capital to support our future growth plans. During 2023, we have entered into attractive lending arrangements that supplement our existing capital structure including a five-year $100 million term loan facility agreement with bp at a commercial interest rate, and a $150 million project capex carry arrangement which was unutilised at the year-end.

Profit for the year of $215.6 million (2022: $1,031.5 million), was impacted by a $557.9 million pre-tax impairment charge (post-tax $154.0 million), principally in relation to the Greater Stella Area (GSA) and Alba, together with other gains of $89.1 million in the period. The impairment charge for GSA follows the decision not to proceed with further infill drilling at Harrier, as a direct result of the Energy Profits Levy (EPL) and falling gas prices and in relation to Alba due to the reduction in estimated future production.

Following revisions to the Energy Profits Levy in November 2022, that saw the rate of EPL rise to 35%, the Group incurred current EPL charges of $333.4 million in the year (2022: $131.4 million), with the charge payable in October 2024. The Group's cash flows continue to be protected by our tax efficient structure with a material ring fence corporate tax and supplementary charge tax loss position of $4.5 billion at year-end.

The importance of the Group's robust hedging policy has been highlighted in the year, with hedging gains recorded of $266 million. As we move into 2024, we continue to take a disciplined approach to hedging, recognising the importance of balancing upside exposure to commodity prices while managing downside protection of our cash flows. At year-end, the Group has a hedged position of 8.2 million barrels of oil equivalent (mmboe) (57% oil) from 2024 into 2025 at an average price floor of $78/bbl for oil and 135p/therm for gas.

In our first full year as a listed Company, we are delighted to report that our strong financial performance in the year has supported the delivery of our 2023 dividend target. The Board has declared a further interim dividend of $134 million in respect of the 2023 financial year, bringing our overall 2023 dividend to $400 million, representing ~30% post-tax cash flow from operations (CFFO) in the year.

Outlook

Following a successful year of progress against our BUY, BUILD and BOOST strategy in 2023, we enter 2024 with a strong and diverse portfolio of cash-generative assets and increased 2P Reserves and 2C Resources of 544 mmboe (2022: 512 mmboe) following the acquisition of the remaining stakes in Cambo and Fotla, offset by a full year of production. With further strengthening of our balance sheet in 2023, we are well positioned to continue to deliver against our capital allocation framework supporting our long-term growth aspirations.

Through strategic acquisitions we have preserved our investment optionality across our portfolio with significant brownfield and greenfield development opportunities such as Cambo, Marigold, Fotla and Tornado and infill drilling at Montrose, Schiehallion and Mariner. With further consolidation in the sector likely due to continued market dislocation, our focus in 2024 will be on prioritising investment across our portfolio alongside the potential for value-accretive M&A to maximise shareholder returns.

As a direct result of the Energy Profits Levy, investment across the UK North Sea during 2023 has been significantly impacted, as the UK competes for capital across global portfolios. Our 2024 production guidance of 56-61 kboe/d reflects the impact of deferred or cancelled projects across our operated and non-operated asset base including in the Greater Stella Area, Montrose Arbroath Area, Elgin Franklin Area and Alba.

Beyond 2024, the Group expects production growth through the medium-term with a return towards 80 kboe/d by 2027, as we see the full benefit of investment in our Captain EOR Phase II project and first production from the sanctioned Rosebank development.

Our operating cost guidance for 2024 of $540-590 million reflects our continued focus on cost control but increasing net costs from the $524 million 2023 outturn, due partly to tariff revenues reducing with lower third-party throughput at the Greater Stella Area. As a result of forecasted reductions in 2024 volumes we expect an increase in unit operating cost per barrel in the short-term.

Our mid-term ambition is to drive down our average operating cost per barrel as we transition our portfolio to earlier-life assets from mature assets with a significantly lower unit operating cost profile.

Our producing asset capital cost guidance of $335-385 million (excluding capital investment for projects awaiting Final Investment Decision and Rosebank), reflects investment in executing the final stages of the Captain EOR Phase II project to completion and first injection in the subsea wells, continued drilling at Mariner and Schiehallion and facilities upgrades at Captain. In 2024, we forecast capital spend on the Rosebank development to be in the range of $190-230 million reflecting a significant ramp up of activities including FPSO upgrades and installation of subsea templates and satellites structures.

Ithaca Energy is targeting a 2024 dividend at the top end of our capital allocation policy range of 15-30% post-tax CFFO.

UK independent operators are key to meeting the UK Government's energy security and Net Zero objectives.

The UK oil and gas industry has experienced substantial headwinds in 2023. Investment in the basin has slowed significantly as a result of continued fiscal and political instability and an enduring Energy Profits Levy, despite a return to more normalised oil and gas prices in 2023 and 2024.

We continue to constructively engage with the UK Government to highlight the impact of materially reduced investment to the attainment of energy security, decarbonisation and Net Zero targets.

Key trends and developments affecting our market

1 Navigating the Energy Trilemma

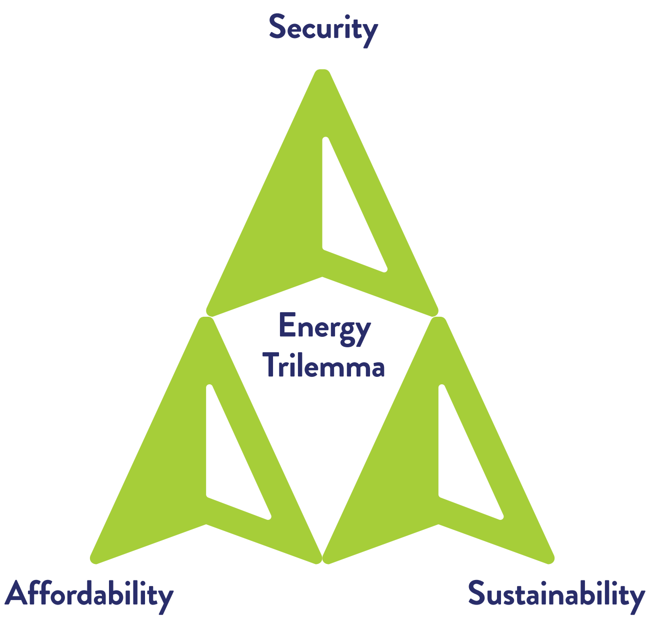
2 Fiscal instability dampening investment

3 Brent prices reactive to geopolitical events

4 Significant softening in gas prices

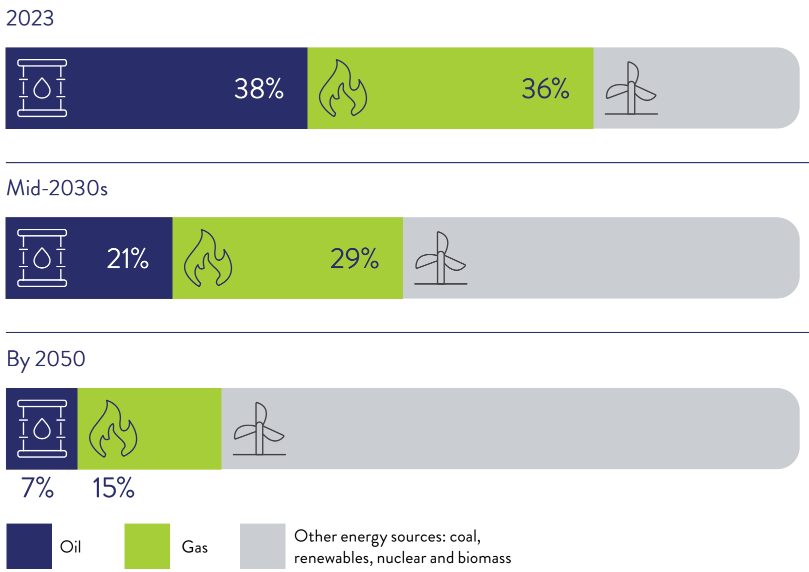
5 Market consolidation trend

1 Navigating the Energy Trilemma



OIL AND GAS FORMS AN ESSENTIAL PART OF THE UK'S ENERGY MIX

The UK has been a net importer of energy since 2004, meaning the UK uses more energy than is supplied from domestic resources. The energy transition will require significant new investment in alternative energies to meet growing energy demand and close the import gap. In the meantime, investment in oil and gas is critical to reduce reliance on high-emission and politically volatile import markets.



In 2023, oil and gas supporting 74% (2022: 76%) of the UK's energy needs. In 2022, importing energy cost the UK £117 billion.

It is estimated that oil and gas will meet 50% of the UK's energy needs in the mid-2030s.

By 2050, it is estimated that oil and gas will still provide 22% of the UK's energy needs.

Summary

With domestic energy security at the forefront of the UK Government agenda, the oil and gas industry continues to be at the heart of navigating the Energy Trilemma, delivering critical UK energy security, improving energy affordability and lowering emissions.

Today, oil and gas continues to be an essential component of the energy mix. In 2023, our industry met over 74% (2022: 76%) of the UK's energy demands and, with continued supply vulnerabilities and growth in alternative energies failing to keep pace with growing demand, we believe that our sector will continue to have an important role to play in the global energy mix for many decades to come.

As we look to successfully manage the transition, ongoing investment in the UK North Sea will be critical to abate the decline in UK oil and gas production. The scale and rate of investment will determine the UK's future energy import gap and reliance on costlier, less secure and higher carbon footprint imports.

Our response

We serve today's needs for domestic energy through operating our assets responsibly. For the future, we are committed to investing in low carbon developments to support the UK's energy security into the transition.

We are constructively engaging with the UK Government to highlight the importance of a stable fiscal regime to support investment in the basin to achieve both the UK's energy security and Net Zero objectives. In particular, we continue to seek assurances on the longevity of the decarbonisation investment allowances on sanctioned projects that would otherwise be economically unviable, prior to making investment decisions on decarbonisation activity.

2 UK fiscal instability dampening investment

ESTIMATED

$333 million

2024 EPL payments

OEUK SURVEY

90%

UK offshore operators reducing investment and likely to see a negative impact to production in next five years

Summary

Fiscal and political instability continued to be a dominant force across the oil and gas industry in 2023, as the sector grappled with the consequences of further changes to the Energy Profits Levy at the end of 2022.

The increase in the Energy Profits Levy in the 2022 Autumn Statement, saw the industry's effective tax rate rise to 75% until March 2028, with the removal of the sunset clause that was intended to withdraw the levy on a return to normal commodity prices. At the same time, the investment allowance designed to promote investment in the basin was reduced to 29% with a decarbonisation allowance of 80% introduced for spend associated with decarbonisation activity.

As a direct consequence of these changes, new investment has been severely dampened across the UK North Sea in 2023, with operators delaying or cancelling projects given the competition for capital across global portfolios, the impact to cash flows available for reinvestment and borrowing capacity. This has been further exasperated by political uncertainty and the potential for further fiscal changes.

A recent survey produced by Offshore Energies UK highlighted the challenges in investor sentiment, with over 90% of the UK's offshore operators reported to be cutting back investment and likely to see a negative impact to production in the next five years.

The introduction of Energy Security Investment Mechanism (ESIM) in June 2023 was the first positive step towards rebuilding investor confidence. However, the necessity to meet both oil and gas price floors set at $71.40/bbl and 54p/therm respectively over a rolling six-month period to trigger the removal of the levy has had limited impact to investment sentiment and borrowing capacity.

The Chancellor's 2024 Spring Budget, extended the levy by a further year, creating further fiscal instability.

Our response

We continue to constructively engage with the UK Government to highlight the negative impact of the Energy Profits Levy to our investment programme and the consequential medium and long-term impact to the UK Government's energy security and Net Zero ambitions.

We have been an active contributor to the fiscal forum and strongly believe that further amendments are required to the Energy Profits Levy including the amendment, and legislation, of an appropriate price floor that reflects the seasonal nature and structural changes in gas markets.

As we navigate the continued impact of the Energy Profits Levy to our operations, we remain value-focused and disciplined, investing only in opportunities that we believe have the potential to deliver growth and maximise shareholder value.

As careful stewards of shareholders capital, the Energy Profits Levy has already resulted in the deferral or cancellation of investment across the Group's operated and non-operated assets, including in the Greater Stella Area, Montrose Arbroath Area and Elgin Franklin Area.

As an inevitable consequence of this industry-wide reduction in investment, we are now experiencing the impact to our short to medium-term production outlook with production guidance in 2024, falling below 2023 production levels.

3 Brent prices reactive to geopolitical events

Summary

Oil prices trended downwards in 2023, reflecting a softening in market fundamentals from multi-year highs in 2022 as a result of the war in Ukraine, recording an average Brent crude oil spot price of $82/bbl (2022: $99/bbl) and closing the year at $77/bbl.

Crude oil markets continued to experience volatility in 2023 with Russia facing import bans, interest rate hikes, inflation concerns, fears of recession and global oil demand falling below expectations. In the first half of the year, oil prices averaged $80/bbl, increasing in the second half of the year to $84/bbl.

The extension of OPEC+ members voluntary production cuts through to the end of 2023, together with the fall in US commercial crude oil inventories in late September to its lowest point since December 2022, saw crude reach its year high of 97/bbl as a result of supply pressure.

Emerging tensions in the Middle East in the final quarter of the year prompted jitters about potential supply disruptions with crude prices increasing as a result of the Israel-Hamas conflict before easing as fears over a wider conflict and supply disruption were allayed, rising again in mid-December with growing geopolitical tension amid Houthi attacks on shipping vessels in the Red Sea.

Our response

Ithaca Energy takes a disciplined approach to hedging, recognising the importance of balancing upside exposure to commodity prices while managing downside protection of our cash flows. In 2023, we achieved realised oil prices of $85/bbl before hedging and $82/bbl after hedging.

At year-end the Group has 4.7 mmboe of oil hedged into 2025 at an average price floor of $78/bbl.

REALISED 2023 OIL PRICE
(after hedging)

82
$/bbl

> "Fiscal and political instability continued to be a dominant force across the oil and gas industry in 2023, as the sector grappled with the consequences of further changes to the Energy Profits Levy at the end of 2022."

4 Significant softening in gas prices

Summary

Following a year of extraordinary gas prices in 2022 with significant volatility caused by Russian's full-scale invasion of Ukraine, UK National Balancing Point (NBP) gas price fell materially in 2023 opening the year at 172p/therm and closing the year at 81p/therm, recording an average gas price of 102p/therm compared to an average of 264p/therm in 2022.

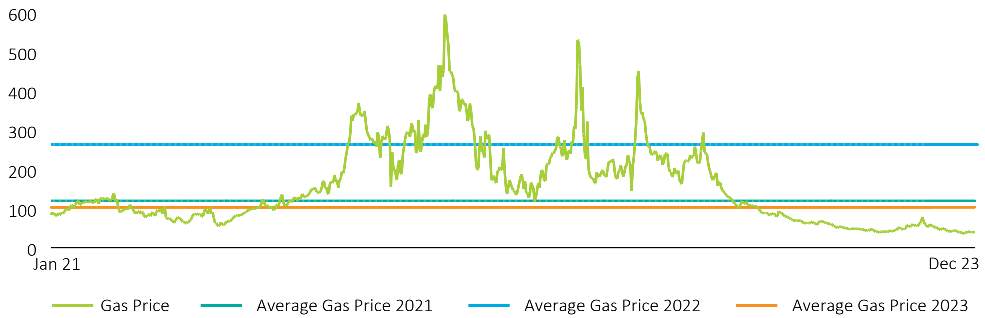
Weakening demand fundamentals, reflecting milder weather and a slower than expected return to global Post-COVID demand, together with growing inventories and substantial growth in LNG supply to Europe has driven the reduction in 2023, as NBP gas prices return to pre-2022 levels.

Our response

With continued volatility in gas markets during 2023, Ithaca Energy took a proactive approach to hedging, placing material gas swaps and collars at the peaks in the commodity markets supporting an attractive hedge book for gas into 2025. At year-end the Group has 3.5 mmboe of gas hedged into H1 2025 at an average price floor of 135p/therm.

In 2023, we achieved realised gas prices of 97p/therm before hedging and 139p/therm after hedging.

National Balancing Point Gas Price (p/therm)



REALISED GAS PRICE
(after hedging)

139
p/therm

5 Market consolidation trend

CAMBO STAKE ACQUIRED

30%

Acquired remaining 30% stake of Cambo discovery from Shell UK

FOTLA STAKE ACQUIRED

40%

Acquired remaining 40% stake of Fotla discovery, together with three explorations licences, from Spirit Energy

Summary

Despite a reduction in deal count in 2023, the global upstream M&A markets recorded decade high deal spend in the year. Consolidation in 2023 was largely dominated by the majors with four M&A transactions recording a consideration greater than $10 billion, with the ten largest deals accounting for three-quarters of disclosed global M&A spend.

In Europe, Norwegian gas-focused transactions underpinned material deal activity including Var Energi's acquisition of Neptune's Norwegian portfolio and Harbour Energy's acquisition of Wintershall Dea's asset portfolio. In contrast, the UK recorded its lowest year in M&A spend over the last decade as investment in the region was impacted by the Energy Profits Levy. Equinor's acquisition of Suncor in the UK was largely driven by the desire to progress with the Rosebank development, with Suncor holding a stake of 40% in the field prior to the acquisition.

It is largely anticipated that the trend for material consolidation will continue into 2024 with further corporate consolidation and an increase in asset transactions as buyers seek to rationalise portfolios following 2023 M&A activity.

Our response

During 2023, Ithaca Energy continued to leverage its M&A capabilities to review the market for value-accretive opportunities. Deal flow focused on preserving the value of our high-quality asset base acquiring the remaining stake of the Cambo and Fotla fields.

Following the successful extension of the Cambo license milestones to 31 March 2026, the Group is actively engaging with potential farm-in partners to secure an aligned joint venture partnership that would enable the future progression of both the Cambo and Fotla projects towards FID.

With further consolidation in the sector likely due to continued market dislocation and portfolio rationalisation, our focus in 2024 will be on prioritising investment across our portfolio alongside the potential for value-accretive M&A. We will continue to take a disciplined approach assessing M&A transactions against our stringent investor criteria in order to maximise shareholder value.

Our business model

Driven by our mission, vision and values, we are a Company dedicated to growing sustainably. This means operating safely and responsibly, developing our people and sharing our success.

1 Exploration and appraisal

What we do
We operate a targeted approach to exploration and appraisal drilling, prioritising prospects in close proximity to existing infrastructure hubs.

Our responsible approach
We aim to identify and commercialise tie-back developments using existing infrastructure reducing the emission intensity of the hub.

2 Development

What we do
With a strong portfolio of brownfield and greenfield development assets, our focus is on high-grading investment across our portfolio to maximise shareholder value.

Our responsible approach
Through investing in low emission development projects we aim to fundamentally transition our portfolio to one of the lowest carbon portfolios in the UK.

3 Production

What we do
To meet continued demand for hydrocarbons, we aim to maximise field recovery from our producing asset base by deploying innovative technology and relentlessly focusing on production efficiency.

Our responsible approach
Our focus is on producing as responsibly as possible at all times, through the execution of portfolio-wide decarbonisation initiatives and the use of pioneering technology to reduce emission intensity.

4 Late-life operations and decommissioning

What we do
We efficiently operate our assets in ultra-late life, maximising production while integrating decommissioning activities into everyday operations to maximise the value from our assets.

Our responsible approach
We are committed to the responsible execution of decommissioning programmes, reducing emissions and maximising recycling where possible.

Delivering value for our stakeholders

Shareholders and lenders

$400 million
Total dividend for 2023

15-30%
Post-tax CFFO dividend target

$500 million
Debt repayments

Outcomes

- Attractive 2023 return to shareholders and a clear future dividend policy of targeted dividends of 15 -30% post-tax CFFO
- Strong balance sheet with available liquidity to support future growth opportunities
- Robust hedging policy providing income statement and balance sheet protection

JV partners, suppliers and customers

$524 million
Net operating costs

$392 million
Net producing asset capital investment

25.4 mmboe
Sales volumes

Outcomes

- Aligned JV partnerships that are collaborative in nature
- Strategic relationships with key supply chain partners embracing integration and innovation
- Supporting UK domestic energy security

Our people

72%
Employees participation in engagement survey (up 3%)

91%
Responded they felt safe at work (up 11%) (engagement survey)

33%
Of onshore workforce are female

$104 million
Wages and salaries in 2023

Outcomes

- A strong safety culture supporting a safe working environment
- An engaged and inclusive organisation with a diverse and skilled workforce
- A continuous learning culture that supports development of new talent

Communities

6
Key charitable partnerships

>50
Financial donations to support employee nominated community projects

↑ of 43%
Employee pride in commitment to social responsibility (engagement survey)

Outcomes

- Formed strategic charitable partnerships based on employee nominations
- Gave back to local charities in the North East of Scotland by offering both financial and volunteering support
- Employee-led community engagement scheme providing broad financial support to wide ranging community projects

Our strategic pillars

Executing our BUY, BUILD and BOOST strategy, with targeted investment in the year focused on maximising shareholder value.

Buy assets

→ In focus: page 39

Leverage our proven M&A execution capabilities and deep integration expertise to BUY a high-quality, long-life portfolio of significant scale

- Pursue value accretive transactions with a focus on our core UKCS market
- Leverage our full cycle capabilities to materialise value across asset packages
- Take a measured approach to M&A opportunities, following stringent investment criteria

Progress

- Acquired the remaining 40% stake in Fotla and 30% stake in Cambo, at limited near-term cost, providing full control over pre-FID work programme and timing
- Embarked on farm-out process to enable the future progression of Cambo and Fotla towards FID
- Disciplined approach to M&A during the year with over 20 opportunities reviewed against our investment criteria, of which ten proceeded to due diligence

2024 Priorities

- Successful close out of Cambo and Fotla farm-in processes
- Targeted M&A adding further portfolio diversification with a focus on producing asset packages
- Continued M&A discipline to ensure strategic fit
- Consider geographical diversification to portfolio

FOTLA WI ACQUIRED

40%

CAMBO WI ACQUIRED

30%

Build assets

In focus: page 33

Develop projects with strong economics and lower carbon intensity to BUILD a robust long-term portfolio

- Pursue low carbon intensity greenfield projects that significantly transform our emissions footprint
- Target adjacent upside potential to existing greenfield developments
- Invest in brownfield opportunities close to existing infrastructure with attractive returns
- Seek operatorship, where possible, to control our capital programme and ensure the robust high grading of opportunities

Progress

- FID taken to progress Phase I of the Rosebank development, the UK's largest undeveloped discovery
- Captain electrification FEED study commenced and matured to support FID in 2024
- Marigold unitisation and unit operating agreement executed with work progressing on Field Development Plan (FDP)
- Exploration drilling at K2 and appraisal drilling at Leverett

2024 Priorities

- Finalisation of Captain electrification FEED study to support 2024 FID
- Successful extension of Cambo license from March 2024 (Completed: extension has been granted to March 2026)
- Complete Fotla development concept selection
- Continued high-grading of investment across development portfolio, prioritising capital to maximise returns

ROSEBANK PHASE I GROSS RESERVES

234 MMBOE

CAPTAIN ELECTRIFICATION TARGETED FID

2024

Read more on page 47

Boost assets

In focus: page 31

Deploy our deep operational expertise and pioneering minds to BOOST field performance and enhance margins

- Develop and deploy innovative technology to maximise field recovery
- Focus on production efficiency initiatives to optimise revenue realisation and lower unit operating costs
- Deliver digitalisation initiatives to reduce risk and drive down costs
- Build strategic relationships with key supply chain partners, leveraging on our scale of operations

Progress

- Captain EOR Phase II close to full completion with only minor commissioning scopes outstanding
- Maintained high levels of production efficiency supporting a broadly flat unit operating cost, despite inflationary pressures
- Partnered cost optimisation project successfully achieved material cost savings and reinforced cost culture in organisation
- Supply chain partnerships developed to support future decommissioning plans including integrated asset decommissioning approach

2024 Priorities

- First EOR Phase II polymer injection into subsea wells at Captain
- Continuous focus on delivering top quartile production efficiency across operated assets
- Deliver short-term cost optimisation targets

OPERATED ASSET PRODUCTION EFFICIENCY

84%

CAPTAIN EOR PHASE II SUBSEA INJECTION

H1 2024

Read more on page 31

KPIs

Our KPIs track and measure both operational and financial performance and are used to manage the business, to provide an objective comparison to our peer group and as performance measures for certain Executive compensation arrangements.

How we determine our KPIs

The majority of the Group's KPIs, as presented, were identified during the IPO process and included in the IPO prospectus. These KPIs enable the Board and the Executive Leadership Team (ELT) to monitor the Group's performance. The ELT uses these measures to evaluate operational and financial performance and to make informed decisions on operational, financial and strategic matters.

Non-GAAP measures

Adjusted EBITDAX, unit operating expenditure, available liquidity, leverage ratio, adjusted net debt and certain other reported metrics are non-GAAP measures that are not specifically defined under International Financial Reporting Standards or other generally accepted accounting principles. Further details are set out on pages 221 to 223.

Safety, production and emissions KPIs

TIER 1 PROCESS SAFETY EVENTS

1 - -

FY 2023, FY 2022, FY 2021

Objective

Ithaca Energy strives to maintain the highest standards of operational integrity to prevent any releases of hazardous material from primary containment.

FY 2023 performance

One Tier 1 event occurred during 2023 with a loss of containment of marine gas oil from a flexible fuel hose.

TOTAL PRODUCTION

70,239 boe/d

Objective

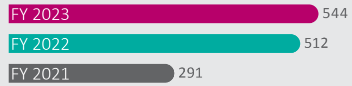
We aim to maximise value from our producing assets through operational efficiency and to grow through our buy, build and boost strategy.

FY 2023 performance

Total production was 2% lower than 2022 principally due to the planned maintenance shutdowns in the year and isolated performance issues across our non-operated joint venture portfolio.

RESERVES & RESOURCES

544 mmboe



Objective

We aim to have a stable to growing level of reserves and resources through our BUY, BUILD and BOOST strategy.

FY 2023 performance

Reserves and resources are 6% higher than 2022 principally reflecting Rosebank sanctioning and 100% ownership of Cambo and Fotla partly offset by a full year of production.

SERIOUS INJURY AND FATALITY FREQUENCY

-/m hrs

FY 2023, FY 2022, FY 2021

Objective

We are committed to continually improve our safety performance and to take all steps necessary to ensure that there is no harm to our people.

FY 2023 performance

During 2023 we again had zero events resulting in serious injury or fatality.

SCOPE 1 AND 2 EMISSIONS

435,792 tCO_2e

Objective

Ithaca Energy aims to proactively manage its environmental impact and adhere to our plan to achieve Net Zero by 2040.

FY 2023 performance

Scope 1 and scope 2 emissions from operated assets were 10% lower than 2022 reflecting our emission reduction projects which are set out in the ESG section as well as the Alba John Brown turbine outage during the year.

GREEN HOUSE GAS (GHG) INTENSITY

25.0 $kgCO_2e/boe$

Objective

The Group strives to proactively manage its environmental impact and is committed to the actions required to achieve Net Zero by 2040.

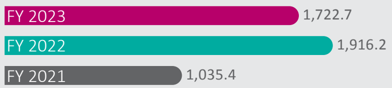
FY 2023 performance

GHG intensity was 5% higher than 2022 primarily due to lower production in the year.

Financial performance KPIs

ADJUSTED EBITDAX

$1,722.7m



Objective

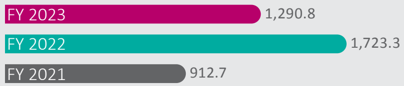
The Group aims to grow adjusted EBITDAX through increased production, strict cost control and our progressive hedging strategy.

FY 2023 performance

Adjusted EBITDAX was 10% lower than 2022 due to a combination of lower commodity prices, higher unit operating expenditure and lower production partly offset by hedging gains.

NET CASH FLOW FROM OPERATING ACTIVITIES

$1,290.8m



Objective

Ithaca Energy aims to generate predictable and reliable cash flows to support investment and shareholder returns whilst maintaining financial stability and strength throughout the commodity price cycle.

FY 2023 performance

Net cash flow was 25% lower than 2022 due to the adjusted EBITDAX outcome and higher cash tax costs largely due to the Energy Profits Levy.

UNIT OPERATING EXPENDITURE

$20.5/boe

Objective

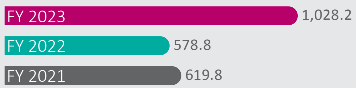
We aim to optimise unit operating expenditure by maintaining the highest levels of operational efficiency whilst not compromising on health, safety and environmental matters.

FY 2023 performance

Unit operating expenditure was 8% higher than 2022 principally due to the planned maintenance shutdowns in Q3. Q4 unit operating expenditure was broadly in line with Q4 2022.

AVAILABLE LIQUIDITY

$1,028.2m



Objective

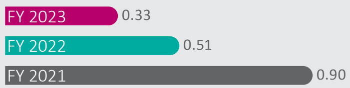
Ithaca Energy aims to maintain a minimum available liquidity of $50 million by securing and maintaining appropriately structured facilities with third-party lenders.

FY 2023 performance

Available liquidity was 78% higher than 2022 reflecting the reduction in adjusted net debt and new $150 million capex carry facility, despite a reduction of $200 million in liquidity available under the RBL due to amortisation.

LEVERAGE RATIO – ADJUSTED NET DEBT/ ADJUSTED EBITDAX

0.33x



Objective

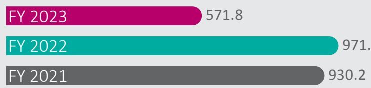
The Group aims to achieve a leverage ratio of 1.5 times or lower throughout the commodity price cycle whilst pursuing prudent capital investment and M&A opportunities supported by our active hedging strategy.

FY 2023 performance

The leverage ratio was 35% lower than 2022 principally reflecting the reduction in adjusted net debt.

ADJUSTED NET DEBT

$571.8m



Objective

We aim to pay down debt where it makes sense to do so within our capital allocation framework.

FY 2023 performance

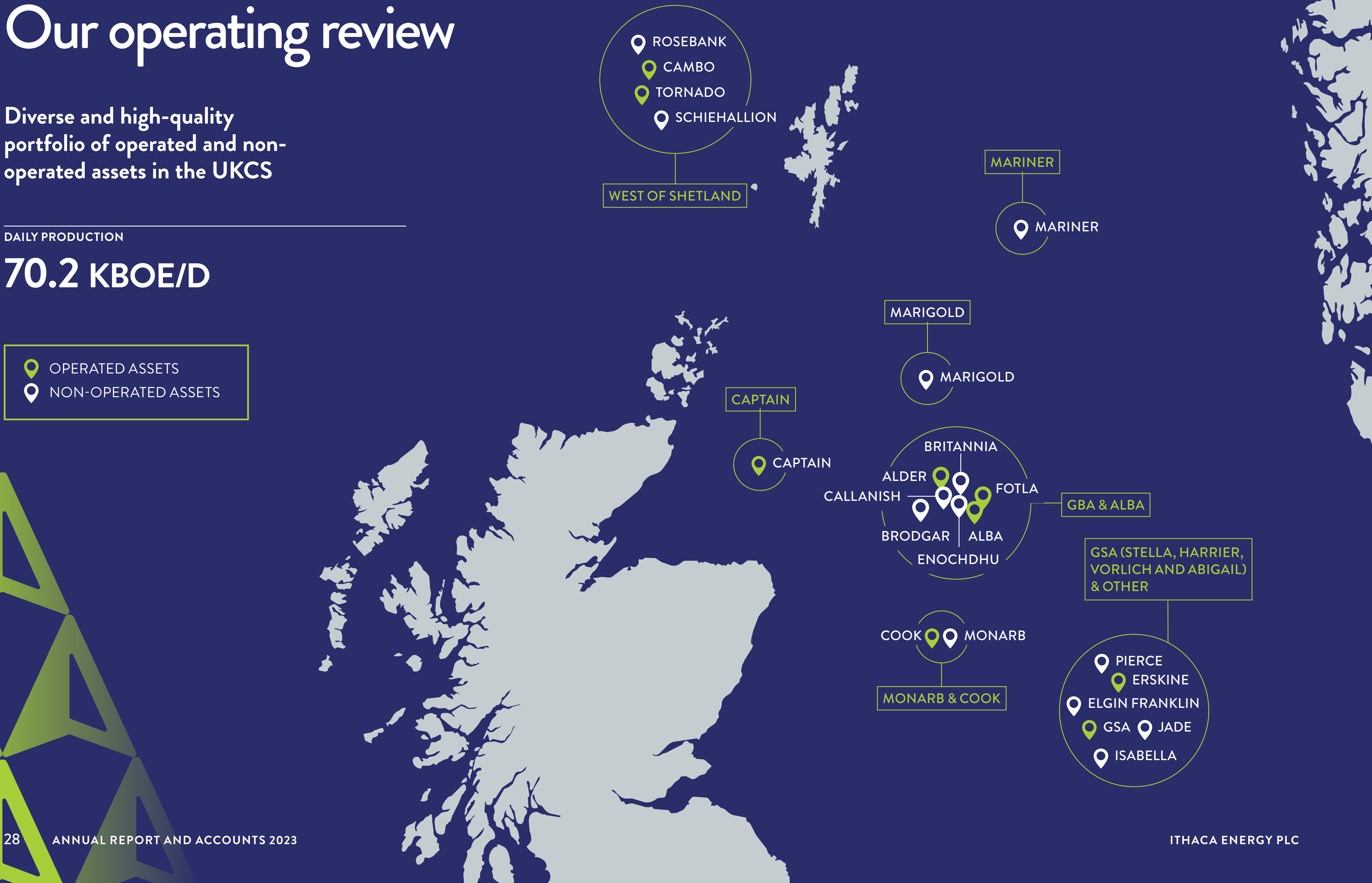
Adjusted net debt was 41% lower than 2022 due to strong operational cash flows, prudent capital expenditure and the realisation of commodity hedging gains.

Our operating review

Diverse and high-quality portfolio of operated and non-operated assets in the UKCS

DAILY PRODUCTION

70.2 KBOE/D



Material high-value asset portfolio

Our UK North Sea portfolio consists of 28 producing field interests, which predominantly lie in the Northern and Central North Sea, Moray Firth and West of Shetland area of the UKCS.

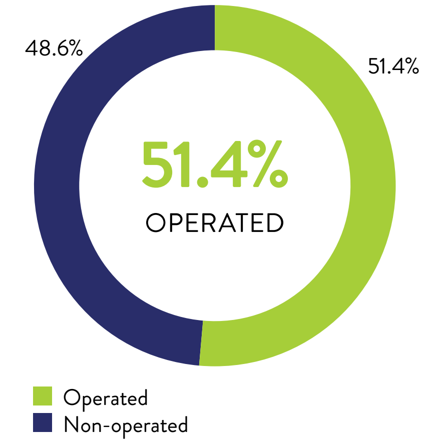
Ithaca Energy operates nine producing fields, contributing 51.4% of total production, and has a strong track record of value creation through delivering efficiency improvements. Our operated asset production efficiency performance in 2023 of 84% reflects our commitment to maximising value through operational excellence, most notably at FPF-1 where efficiency improvements executed in 2022 continue to yield production efficiency rates of above 90%.

Our diversified producing asset portfolio comprises a combination of fields that have a long, stable track record of production and those that have recently come onstream.

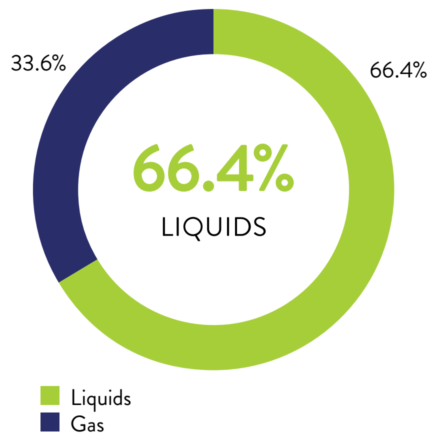
Our portfolio benefits from the known production performance characteristics of established fields, which facilitate the execution of targeted infill drilling programmes, designed to maximise reserves recovery and develop higher-margin incremental volumes.

Ithaca Energy has a strong pipeline of organic greenfield and brownfield growth opportunities, and as operator of the majority of its 2P reserves and 2C resources, has significant control and flexibility over execution of the Group's strategic, operational and financial priorities.

Net production split
(Operated and non-operated)



Net production split
(Liquids and gas)



Operated assets

Captain

Production efficiency from the Captain field averaged 84% in 2023 (excluding planned turnaround activity) reflecting increased turnaround scope and duration.

Activity levels remained high throughout the year with a number of major work scopes completed including the change out of both solar gas turbine engines, a major service completed on the export gas compressor, the addition of a further power water pump and change out of a FPSO thruster. Execution of fabric maintenance and repair order activities were supported by a walk-to-work vessel.

A 33-day turnaround campaign saw major upgrades completed to FPSO A vessel internals, the FPSO flare tip change out, major EOR Phase II tie-in scopes including electrical tie-ins and significant software uploads, progression of the installation of the third water injection pump on the bridge-linked platform (BLP) up to commissioning plus large internal vessel inspections on the BLP and FPSO.

Execution of the EOR Phase II project is over 90% complete, with the project on time and within budget.

Read more on project activity in our case study on page 31.

WORKING INTEREST

85%

CAPTAIN % OF TOTAL PRODUCTION

21%

Alba

Production efficiency from the Alba field averaged 61.3% in 2023, reflecting a challenging year of operations for the asset. There was no planned turnaround activity in the year.

Production in the year fell below expectations and was strongly impacted by a lack of water injection pressure support from mid-April to the end of the year due to a significant mains power generator outage.

The John Brown turbine required major repair and mediation work due to a failed turbine blade, with the turbine expected to return to full operations in March 2024, which will allow a return to water injection to support the reservoir.

The Alba North Platform drilling rig was active for most of the year, carrying out coiled tubing operations and plugging and abandonment activity of wells A59 and A63 as part of our integrated late life/decommissioning approach. The drilling rig also successfully completed the workover of well A55, reinstating production in September.

As Alba enters the ultra-late life phase of operations, the Group is maturing its integrated ultra-late life and decommissioning plan for the asset.

WORKING INTEREST

36.67%

Greater Stella Area

The Greater Stella Area (GSA), hosted by the FPF-1 floating production unit, recorded another strong year of production efficiency, averaging 91% in 2023 (excluding planned turnaround activity).

The Group recorded a strong year of production efficiency at FPF-1, with downtime recorded from two discrete events in relation to an inlet heater repair and turbine change out. There was significant activity completed in the year including a sea water lift pump upgrade (driving emissions reduction benefits), hull column crack repairs, control room upgrades, mooring tension upgrades and lifeboat loading and launch change.

Production from the Abigail field, that was successfully tied-back to FPF-1 in October 2022, has performed better than expected in the year supporting production at the GSA hub.

As a direct result of the Energy Profits Levy, the Group made the decision not to proceed with an infill drilling programme previously planned at the Harrier field during 2024, reflecting the negative impact to project returns of EPL in conjunction with a softening commodity price environment. As a result, the Group is maturing its integrated ultra-late life and decommissioning plan for the asset.

STELLA, HARRIER, ABIGAIL WORKING INTEREST

100%

VORLICH WORKING INTEREST

34%

Case study

Captain

A key tenet of our BUY, BUILD and BOOST strategy is to drive organic growth and value creation from our high-quality asset portfolio.

We achieve this by strategically investing in brownfield opportunities close to existing infrastructure and drawing on our deep operational experience to BOOST field performance. By adopting pioneering technologies we have been successful in accelerating and maximising reservoir recovery at our flagship Captain field.

EOR PHASE II PROJECT COMPLETION STATUS:

90%

PEAK EOR PHASE II WELL RESPONSE

2026

Build Assets **Boost Assets**

Building upon the success of EOR Phase I, the second phase of the EOR programme reflects an expansion of the platform-based EOR Phase I project to a focus on the subsea area in the Phase II development. Sanctioned in April 2021, this phase aims to significantly BOOST production at the field, doubling net production to approximately 30 kboe/d and reaching peak production in 2026.

Our cutting-edge polymer technology, pioneered by the Group in the UK North Sea, enhances reservoir sweep efficiency by injecting a water-soluble polymer into the reservoir. This polymer effectively sweeps previously bypassed and stranded oil, directing it toward adjacent production wells. By accelerating and maximising field life recovery, polymer technology provides significant decarbonisation benefits, with the potential to reduce carbon intensity by up to an estimated 40%.

With project activity now over 90% complete, our offshore teams have successfully executed the majority of the critical work scopes including drilling of five of six injection wells across subsea areas D and E, significant subsea installation works including flowlines, umbilicals and subsea umbilical distribution system (SUDS) structures and significant topside construction activity including installation of new modules and piping cassettes.

As we move into 2024, project work will transition from the construction phase to commissioning activities supporting first Phase II polymer injection into the subsea wells in summer 2024.

“Execution of the EOR Phase II project is over 90% complete, with the project on time and within budget.”

Non-operated assets

The Group's non-operated assets consisting of interests in 19 fields, representing 48.6% of 2023 production. Being an active and collaborative partner is critical to the success of our non-operated joint venture portfolio.

Greater Britannia Area

Comprising of assets: Britannia (32.38%), Alder (Operated 73.68%), Callanish (16.5%), Brodgar (6.25%), Enochdhu (50%) and Leverett (12.5%).

Production from the Greater Britannia area was reliable in the year with net production to Ithaca Energy of 9.1 kboe/d.

Further development of the area progressed with joint venture preparation for the sixth Callanish well to be spud in 2024, having previously been scheduled for 2023, and joint venture approval for long-lead items for a fifth Brodgar well, scheduled to be drilled in 2024/25.

The JV partnership successfully appraised the Leverett discovery, close to Britannia infrastructure, with good flow rates achieved. The partnership will now review the data obtained to decide on the preferred development method with production targeted in the 2026/27 timeframe. The Leverett discovery is a good example of our BUILD strategy, where we seek to invest in brownfield opportunities close to existing infrastructure with attractive returns.

WORKING INTEREST

6.25%-73.68%

Montrose Arbroath

Ithaca Energy has a 41.03% equity stake in the Montrose Arbroath (MonArb) area.

Production from the MonArb area was reliable in the year with net production to Ithaca Energy of 6.9 kboe/d.

In 2023, a development well was drilled on the Shaw field which provided useful reservoir information and was suspended pending further analysis.

Evaluation of development options in the MonArb area continues with engineering progressing on the North Cayley and Montrose infill projects.

WORKING INTEREST

41.03%

Schiehallion

Ithaca Energy has a 11.754% equity stake in the Schiehallion field.

Production from the Schiehallion area delivered net production to Ithaca Energy of 5.8 kboe/d.

In 2023, progress was made towards the continued development of the asset with the commencement of drilling on the Ocean Great White rig with successful delivery of two production wells which came online in the second half of the year.

Drilling on the field will continue throughout 2024 with multiple wells anticipated to be delivered in the year.

WORKING INTEREST

11.754%

Other operated assets

Ithaca Energy owns a 50% interest in the Erskine field and a 61.35% interest in the Cook field.

- Production efficiency from the Erskine field averaged 76%, (excluding planned TAR losses), as a result of an extended shutdown on the host Lomond platform which provides fluid processing and an export route. A MODU-based intervention is scheduled for 2024 to reinstate production from the W1 well in 2024.
- The Cook field achieved average production efficiency of 97%, supported by water injection that provides long-term pressure support for the single production well.

Other non-operated assets

Ithaca Energy owns a 25.5% interest in the Jade field and interests of less than 10% in the Elgin Franklin, Mariner, Pierce and Columba assets.

- At Jade, the J14 well was brought online in 2023 and the J6 well was successfully worked over using the Valaris 120 rig.
- The Mariner field saw two new wells added in 2023, as development progresses on the asset.
- The Pierce project, operated by Shell, was returned to production in 2023 and subsequently suffered extended downtime due to topsides and mooring equipment reliability, and remained offline at year-end.
- The Columba asset operator announced plans to cease production from the field in the next 2 years.

Case study

Rosebank

Ithaca Energy and Equinor jointly sanctioned Phase I of the Rosebank development in 2023, with gross reserves of 234 mmboe associated with this initial phase.

Following sanction, the project has now entered execution phase with the Petrojarl Knarr FPSO (renamed Petrojarl Rosebank) docked in Dubai, undergoing extensive refurbishment and upgrade activity, including preparing the vessel to be electrification ready. Initial observations from the vessel inspection have not highlighted any major concerns that would materially impact the development timeline with activity continuing at pace.

In 2024, work will commence on preparation of the subsea infrastructure including the installation of templates and satellite structures as part of the multi-year development timeline towards first production in 2026/27.

WORKING INTEREST

20%

PHASE I GROSS 2P RESERVES

234 MMBOE

“Sanctioning of the Rosebank development marks a significant milestone for Ithaca Energy, as the Group moves forward delivering against its BUY, BUILD and BOOST strategy.”

Q&A with John Mogford
Senior Independent Director

"As industry profits cease to be windfall in nature, we urge UK policymakers to adopt a measured approach to our industry. Encouraging continued investment in the basin remains crucial."

JOHN, CAN YOU SHARE YOUR REFLECTIONS ON THE GROUP'S FIRST FULL YEAR OF OPERATIONS AS A LISTED COMPANY?

Like all years there have been ups and downs. Focusing on the positives, the sanctioning and progress of the Rosebank development has been a real success and represents a significant milestone for the Group, executing against our BUILD strategy. At Captain, we have enjoyed huge technical success, with strong production in the year and significant progress of the EOR Phase II project, proving that the field is a very valuable asset for the Group, that we will continue to invest in for many years to come.

On a less positive note, changes in the government's fiscal policy and ongoing political uncertainty have made it difficult to operate in the UK, creating an increasingly challenging environment to make long-term investment decisions. As a direct result of these fiscal changes, reduced investment across our portfolio, together with the impact of Storm Babet to K2 appraisal drilling operations, has meant we have added less reserves than we had planned to in the year.

AS A BOARD YOU HAVE MADE A NUMBER OF KEY DECISIONS DURING THE YEAR. HOW DID THE BOARD APPROACH THESE?

Our focus has rightly been on weighing up short-term performance with longer-term growth. We've taken a prudent approach to our operating and capital budgets, high-grading investment opportunities across our portfolio, ensuring we safeguard short-term cash flows while progressing and preserving the key long-term growth pillars of the Group, Rosebank and Cambo.

As a recently listed Company, we remained committed throughout the year to paying the targeted 2023 dividend, outlined at the IPO, despite the evolving fiscal landscape.

ITHACA ENERGY'S GROWTH STRATEGY IS CLEAR, HOW DO YOU FEEL THE GROUP HAS PERFORMED AGAINST STRATEGY?

Over the past year, fiscal uncertainty has weighed heavily on the execution of our strategy, with M&A activity in the UK North Sea severely dampened. As an active consolidator in the

North Sea, material M&A was a core element of our growth strategy in 2023 and we would have like to have completed more commercial activities during the year. However, we remain confident that opportunities for consolidation will materialise in 2024, through further rationalisation of portfolios.

We have enjoyed success with our BUILD strategy, with the sanctioning of Rosebank, and through our BUY strategy we preserved optionality and control at our Fotla and Cambo assets, despite persisting partner and political uncertainty.

WHAT BEARING HAS EPL HAD ON BOARD DECISIONS DURING THE YEAR?

The Energy Profits Levy has significantly influenced our investment strategy in 2023. As a direct consequence of the levy, we've had to prioritise and slow the pace of spend across our capital investment programme, curtailing spend on our mature late-life assets with infill drilling programmes cancelled at the Greater Stella Area, shortening field life.

While this had an effect on our 2023 production, its impact on our 2024 production is even more pronounced. This unfortunately means we've been unable to commit to as many long-term contracts with our supply chain partners and protect as many jobs as we would have liked.

WITH CONTINUED FISCAL AND POLITICAL INSTABILITY, HOW ROBUST IS ITHACA ENERGY'S STRATEGY?

I am confident that our plans remain robust. Our continued focus remains on maximising value for our shareholders, through our BUY, BUILD and BOOST strategy. In times of uncertainty the Group has had to be much more flexible in its decision-making, and while our plans are well-founded, the change of fiscal environment has required an agile and constructive response.

As industry profits cease to be windfall in nature, we urge UK policymakers to adopt a measured approach to our industry. Encouraging continued investment in the basin remains crucial. Without it, we risk causing irreparable damage to the UK's energy security, while jeopardising thousands of jobs and damaging decarbonisation efforts.

AS A NEW BOARD, WHAT CHALLENGES HAVE YOU FACED?

Given the size of Delek's shareholding (88.55%), we are deemed to have a controlling shareholder for the purposes of the Listing Rules. From the Board's perspective, our paramount focus is on creating a governance framework that supports informed decision-making, where comprehensive and robust debate ensures that the correct commercial decisions are made that safeguard both the short-term and long-term performance of the Group, ensuring that we always act in the best interests of all our shareholders.

HOW DO YOU FEEL THE BOARD HAS PERFORMED IN 2023?

I believe the Board has performed well over the course of the year, despite the fact that we haven't been able to make any transformational moves in 2023, primarily as a result of fiscal and political instability.

At the outset of the year, we conducted a thorough Board evaluation, identifying areas for improvement. While some processes still require attention, the Board has diligently addressed these over the year. Notably, we have enhanced our remuneration and performance appraisal systems and refined our capital allocation processes to align with the standards expected of a FTSE-listed Company. Although we recognise that there are always areas for improvement around our processes, I firmly believe that collectively as a Board we have consistently arrived at the right decisions.

HOW HAS THE RELATIONSHIP AGREEMENT BETWEEN ITHACA ENERGY AND DELEK WORKED IN PRACTICE?

The Group entered into a Relationship Agreement with Delek at the point of the Company's listing, with the principal purpose of ensuring that Ithaca Energy is capable of carrying out its business independently of its controlling shareholder.

The agreement has been critical to establishing the necessary controls and processes around communication flow with Delek, which were not required when the Group was private. Although it took some time to become accustomed to these changes, I am confident that the established processes ensure sound decision-making, in the best interests of all shareholders.

WHAT GOVERNANCE AREAS DO YOU BELIEVE REQUIRE CONTINUED FOCUS?

The Board remains committed to ensuring a rigorous governance framework is in place. The recent Board evaluation process highlighted specific areas for continued improvement, particularly in relation to the frequency and content of Board meetings, the composition of the Board and workforce engagement.

In light of our CEO's departure in January 2024, the Board actively continues its search to identify the right person to fill the role while ensuring the managerial structure aligns to fit the responsibilities of the Executive Chairman and the future CEO.

AND YOUR THOUGHTS FOR 2024?

As we move into 2024, I am increasingly optimistic that we will be able to deliver more on the BUY leg of our strategy. With all participants in the North Sea having actively reviewed their strategies over the course of the last year, giving full consideration to the impact of the fiscal changes to their businesses, I am confident that there will be more opportunities in 2024 for potential consolidators, such as ourselves, to be successful in acquiring new growth opportunities.

Engaging with our stakeholders

At Ithaca Energy, we genuinely care about making a positive impact for our people, shareholders and communities.

We regularly map our stakeholders to ensure the groups that we have identified as key stakeholders remains appropriate. There have been no changes to the Group's business or operations that have merited a change to our key stakeholders within the year and the key stakeholders as set out in our Section 172 (1) Statement remain the same as the prior year. We will continue to keep our stakeholder mapping process under review, adapting our key stakeholders as appropriate.

"At Ithaca Energy, we place significant importance on the need for transparent communications with our people, supporting a culture of trust and respect."

Section 172 (1) Statement

The Board recognises the importance of engaging and taking into account the views of all stakeholder Groups, as delivering value for them is directly linked to the success of the Group. To shape our long-term strategy we must understand what matters to them.

Through regular engagement, we gain insight into the different perspectives of our diverse stakeholders, ensuring our vision and strategy is understood. Considering their feedback on our strategy, business model and performance builds strong, constructive relationships and enables robust decision-making at Board-level.

The Directors are required by law to act in a way that promotes the success of the Group for the benefit of its shareholders. The Directors must also consider the wider consequences of their decisions in the long-term and how those decisions might affect other groups of stakeholders, including those listed in section 172(1) of the Companies Act 2006.

Our Stakeholder Engagement disclosures describe how the Directors have had regard to the matters set out in section 172(1) (a) to (f) and forms the Directors' Statement required under section 414CZA of the Companies Act 2006.

Disclosure	Alignment and next steps
The likely consequence of any decisions in the long-term	• Our vision and mission – page 2 • Our vision in action – pages 4 to 7 • Our business model and strategy – pages 22 to 25
The interests of employees	• Our values – page 2 • ESG: social – pages 69 to 73
Fostering the Company business relationships with suppliers, customers and others	• Our vision and mission – page 2 • Our vision in action – pages 4 to 7 • Our business model and strategy – pages 22 to 25 • Engaging with our stakeholders – pages 36 to 43
Impact of operations on the community and the environment	• ESG: environmental – pages 46 to 68 • ESG: social – pages 69 to 73
Maintaining a reputation for high standards of business conduct	• Q&A with John Mogford, Senior Independent Director – pages 34 and 35 • ESG: governance – pages 74 to 77 • Corporate governance – pages 92 to 139
Acting fairly between members of the Company	• Engaging with our stakeholders – pages 36 to 43

Ithaca Energy non-financial and sustainability information statement

The following information is prepared in accordance with Section 414CA and 414CB(1) of the Companies Act 2006 and the information is incorporated by cross-reference:

Requirement	Our policies and standards	Information related to policies and due diligence processes
a Environmental matters	• Our ESG Policy (online) • TCFD and CFD (governance and risk management)	• Our ESG strategy – pages 44 to 77 • TCFD and CFD disclosures – pages 52 to 68
b Employees	• Our Code of Conduct • Our Company Vision and Values	• S172 Statement – pages 36 to 43 • Environmental, Social and Governance – pages 44 to 77 • Corporate Governance Statement – pages 92 to 103 • Nomination and Governance Report – pages 108 and 109
c Social matters	• Our ESG Policy (online)	• S172 Statement – pages 36 to 43 • Environmental, Social and Governance – pages 44 to 77
d Respect for human rights	• Modern slavery statement (online) • Modern slavery and human trafficking policy • Code of Conduct	• Vision, mission and values – page 2 • Our vision in action – pages 4 to 7 • Our people – pages 70 and 71
e Anti-corruption and anti-bribery	• Anti-bribery and corruption policy (online) • Code of Conduct	• Governance – pages 74 to 77
Description of principal risks relating to matters (a-e above)		• Risk management – pages 84 and 85 • Principal risks – pages 86 to 90 • TCFD disclosures – pages 52 to 68
Relevant information		
Our business model can be found in Our Business Model and Strategy – pages 22 to 25		
The details of non-financial KPIs can be found on page 26		

Key decisions in 2023

A number of material decisions were made during 2023. The following case studies reflect how our Board considered the interests of stakeholders when reaching critical decisions across our operated and non-operated portfolio.

Rosebank Final Investment Decision

Decision-making process

As the largest undeveloped discovery in the UKCS, the development of resources at Rosebank are pivotal to support the UK's energy security.

Following extensive pre-FID work and planning, the Board worked closely with Equinor, as field operator and Ithaca Energy's joint venture partner, to take the decision to file for development consent. Together with Equinor, the Group participated in operating and technical meetings to consider the viability, technical complexity and risks associated with the projects, ultimately voting alongside Equinor to approve Phase I of the Rosebank development.

Given the large capital commitment and continued fiscal uncertainty, the Board gave consideration to a range of economic scenarios modelled to ensure the project was economically robust. The Board considered the financial viability and funding capacity associated with the project and met regularly with its lenders ahead of the decision to proceed.

As part of Ithaca Energy's ongoing engagement with its shareholders, the Group regularly meets with its investors to ensure their alignment with the Group's strategy. Development of the Rosebank field formed a critical component of the Group's investment thesis during the IPO process and the Board considered the decision to proceed was in the best interests of maximising shareholder value.

Throughout the project sanction process, the Board engaged with both the NSTA and the UK Government, responding to the regulator's requests for information as part of the formal sanctioning process. The Board considered both the UK Government and our local communities in its decision to proceed, recognising that the Rosebank development supports domestic energy security, direct investment and employment in the UK, while supporting the UK's decarbonisation objectives.

Taking full control of certain pre-FID assets

Decision-making process
As a core pillar of our BUILD strategy, Ithaca Energy looks to invest in projects with a robust economic and emissions reduction investment case. The Group considers this to be in the best interests of its shareholders and its lenders.

In order to advance pre-development projects to a Final Investment Decision, the Board recognises the importance of securing an aligned JV partnership. During 2023, the Group met with its joint venture partners for both the Cambo and Fotla fields to understand their appetite to progress these projects to a final investment decision.

Following these discussions, the Board concluded that it was in the best interests of the Group to acquire the remaining interests in Cambo and Fotla from the existing JV partners, to provide Ithaca Energy with full control over pre-FID work and timing. At limited near-term cost, the decision to proceed with an acquisition preserves the value of these critical long-term assets to the Group, as the Group enters a formal farm-in process of each asset.

The Board continues to monitor changes in the UK fiscal regime, and the consequential impact to its investment parameters.

Targeted portfolio investment

Decision-making process
The Energy Profits Levy continues to have a direct impact to investment in the UK North Sea and the pace of our own investment programme.

During the year we have engaged constructively with the UK government to articulate the consequences of continued fiscal and political uncertainty to investment across the basin and the impact to the UK's energy security and Net Zero ambitions. The Group was an active participant in the 2023 UK Fiscal Forum that sought to determine constructive long-term fiscal policy for the UK.

Together with our JV partners across our operated and non-operated portfolios, we have re-evaluated near-term investment decisions based on the current taxation regime. As a direct result, the Board has made the decision to defer or cancel certain 2023 and 2024 projects due to the attractiveness of project returns and the need to high-grade investment opportunities.

The Group has engaged with shareholders throughout the year to provide clarity on the impact to our investment programme. During these engagements we have requested feedback from our shareholders on their appetite for continued investment in the UK North Sea and their alignment on the pace of our investment programme. We believe open and transparent communication with our shareholders is critical during this period of fiscal instability.

Active engagement with our stakeholders is at the heart of our Company values with the overall goal of making a positive difference.

Focus areas of engagement

- Vision, values and behaviours
- Diversity, equity and inclusion
- Development and progression
- Reward and recognition

Outcome from engagement

Our 2023 employee engagement survey highlighted a 12% increase in employee engagement. Feedback has allowed for focused action areas, addressing key areas for improvement, such as learning and development.

FY 2024 priorities

In 2024, our focus continues to be on embedding a strong sense of culture in the organisation through the roll-out of our behavioural framework and on addressing areas identified in our engagement plan.

Links to our values

Group 1:

Our people

Why we engage

Our people are central to our success. We can only achieve our mission to 'Triumph. Together.' by listening and addressing feedback from our employees. By engaging regularly we aim to achieve a strong sense of belonging and unity of purpose. Most importantly, we want our employees to feel listened to and valued.

How we engage

Frequent and open communication with our workforce both onshore and offshore is critical. This is supported through holding regular town halls, village halls, weekly CEO messages, monthly Q&A sessions with the Leadership Team, frequent leadership and Board visits offshore and Board and leadership engagement with the Employee Consultation Forum, responding to staff questions.

Our 2023 employee engagement survey, provided our workforce with the opportunity to feedback across a range of organisational areas. With 72% of employees participating in the survey we received a broad spectrum of input from across the Company. Employee focus groups helped to build on feedback received and have informed and shaped our engagement plans. We've responded quickly to address critical improvement areas.

Recognising the importance of aligning employee engagement with our organisational goals, the Group invited all employees to share their suggestions as part of the cost-optimisation project held in 2023. Employee participation was critical to support a cost conscious culture across the organisation.

Focus areas of engagement

- Strategy
- Operational and financial performance
- Capital allocation policy
- Sustainability plans

Outcome from engagement

We have built strong and open relationships with our shareholders during 2023, ensuring that our strategy is well understood in light of the changing fiscal backdrop created by the Energy Profits Levy.

FY 2024 priorities

Delivering on our commitments to shareholders is critical to developing our long-term investor base. We are delighted to have announced a further interim 2023 dividend of $134 million in March 2024, delivering on our $400 million 2023 dividend target in our first year as a listed Company.

Links to our values

Group 2:

Shareholders

Why we engage

Engaging with our shareholders in an open and transparent manner is critical as we seek to build relationships with our long-term investor base.

It is important that our investors have confidence in our strategy, particularly in an uncertain fiscal environment, and that we understand their priorities.

How we engage

We have built an active investor relations programme, led by the Group's Executive Chairman, CEO/CFO and Head of Investor Relations.

We regularly engage with investors throughout the year through one-to-one investor meetings, publication and presentation of our financial results on a quarterly basis, investor webcasts, investor roadshows and attending industry and investor conferences.

We seek to obtain feedback from our investors regularly, both directly and through our brokers. This allows us to gain insights into their priorities, ensuring alignment with our long-term growth strategy.

As a recently listed entity, it is important that we build investor relationship based on trust and a reputation for delivering on our commitments. In 2023, we have demonstrated a proven ability to deliver on our management guidance, our growth ambitions and our dividend targets.

Focus areas of engagement
- Financial and ESG performance
- Risk management
- Compliance with covenant suite
- ESG performance

Outcome from engagement
We continue to maintain a supportive senior bank lending group, with a syndicate of ten banks, and strong relationships with our bond holders. Our financial discipline and strong free cash flow generation, means we end the year in a position of financial strength with significant debt capacity.

FY 2024 priorities
In 2024, we will continue to foster our relationships with existing lenders, taking into consideration the potential for a changing medium-term lending landscape due to ESG restrictions.

Links to our values

Group 3:
Lenders

Why we engage
Maintaining the Group's financial strength and capacity is critical to supporting the long-term growth of our business. Our relationships with our lending groups are vital. Access to long-term debt financing enables us to continue investing across the three pillars of our corporate strategy in order to maximise return to our shareholders.

How we engage
We regularly engage throughout the year with our syndicate banks and bond holders. Our engagement led by the Group's CFO and Head of Corporate Finance, is not limited to quarterly reporting cycles, recognising the need to foster strong working relationships to support our growth plans. We connect via one-to-one meetings, quarterly scheduled webcasts with bond holders and attending conferences throughout the year.

Feedback from our bond holders and our syndicate banks ensures that their interests are considered when making decisions that might affect their capital. During the year we have appreciated our lenders input on ESG matters, allowing the Group to shape its long-term ESG strategy.

Redetermination of our Reserves Based Lending (RBL) facility occurs on a bi-annual basis in June and December. At period end, we maintained a healthy liquidity position of over $1 billion, with RBL capacity of $836 million following redetermination (March 2024). Strong free cash flow generation in the year has allowed the Group to fully repay its RBL facility and the facility is currently undrawn.

Focus areas of engagement
- Safety and environmental performance
- Emission reduction plans
- Operational efficiency
- Work programmes and budgets
- Long-term asset strategy

Outcome from engagement
We continue to maintain strong and aligned partnerships with our joint venture partners. During 2023, we built upon our existing JV relationship with Equinor achieving the significant milestone of taking Final Investment Decision for the Rosebank development, the largest undeveloped discovery in the UKCS.

FY 2024 priorities
We will seek to actively engage with our JV partners to maximise the value of our assets while focusing on the delivery of decarbonisation initiatives to meet our emissions reduction targets.

Links to our values

Group 4:
Joint venture partners

Why we engage
We pride ourselves on our strong relationships with our joint venture partners. Whether acting as the Operator or as a JV partner, we actively engage and challenge to ensure we maximise the value of our assets, in a safe and responsible manner.

How we engage
We work collaboratively with our partners, encouraging open dialogue and different perspectives in order to achieve partner alignment across short-term operational decisions and the longer-term strategic direction for our assets. Across our non-operated portfolio, we are committed to working in a productive manner with the Operator by sharing our own knowledge and experience from our operated base.

We engage on a regular basis via scheduled Operating Committee Meetings (OCMs) and Technical Committee Meetings (TCMs), supplemented by day-to-day interaction between asset managers. The timings of OCM and TCM engagements are scheduled under the terms of the Joint Operating Agreement (JOA). The JOA provides the parameters for discussions held during OCMs and TCMs, ensuring an effective environment for engagement across all subject areas.

The Operating Committee is responsible for agreeing the overall strategic direction of the asset with key decisions agreed by vote, governed by the JOA pass mark requirements. It is the responsibility of the Operating Committee to agree the associated Work Programme and Budget (WP&B) in alignment with the overall strategic direction of the asset.

Focus areas of engagement

- Project visibility
- Safety performance
- Payment and contracting terms
- Reliability and quality of product

Outcome from engagement

We continue to maintain and build strong and trusted relationships with suppliers and customers. The strength of these relationships are important to delivering our operational, environmental and financial performance.

FY 2024 priorities

As we continue to pursue emission reduction initiatives across our asset base it is important that we continue to work with our supplier base to minimise our environmental impact.

We will look to our supply chain partners for their support in delivering decarbonisation projects that will have a material impact to our emissions intensity, such as the potential electrification of our Captain asset.

Links to our values

Group 5:

Suppliers and customers

Why we engage

With energy security in the spotlight during 2023, as a result of ongoing geopolitical tensions, our focus has been on delivering safe and reliable production to our customers to meet end-user demands. We recognise that our supply chain is critical to our ability to do so.

How we engage

We deliver our oil and natural gas liquids (NGL) products via established specialised marketers under various term offtake and marketing agreements with prices linked to standard price benchmarks. Our UK terminal grade products (Forties and Ekofisk) are sold at the UK oil terminals under minimum annual term deals with established international buyers. Our natural gas is sold at various UK terminal entry points under mid to long-term sales arrangements to established international buyers.

We maintain regular dialogue with our customers to ensure the timely delivery of our product to specific grades, while meeting our high safety standards.

Our contracting strategies focus on collaboration and forming strong supplier relationships, centred around operational and safety performance.

On a day-to-day basis we regularly engage with our suppliers through scheduled meetings and performance reviews, seeking opportunities for improvements and anticipation of potential issues, while reinforcing our HSE expectations.

Fully recognising the importance of a number of key suppliers, the Group seeks to manage supply chain risks by entering into strategic partnerships with key suppliers where appropriate.

Focus areas of engagement

- Fiscal policy and future investment
- Field Development Plans
- Decarbonisation strategy and performance
- Decommissioning programmes

Outcome from engagement

We have constructively engaged with policy makers to share our concerns over the impact to long-term investment from continued fiscal uncertainty, highlighting the reduction in investment across our portfolio as a direct consequence of the Energy Profits Levy.

During the year, we have engaged with the NSTA during the Rosebank development consent process and in relation to Cambo milestone license extension.

FY 2024 priorities

As we actively pursue our decarbonisation plans, including the potential for electrifying our Captain asset, we will continue to engage proactively with the NSTA and DESNZ as we move closer to FID. All investments will be reviewed on their ESG merits, as a catalyst to achieving our Net Zero ambitions by 2040.

Links to our values

Group 6:

Government and regulators

Why we engage

Our ability to operate depends on satisfying licensing and other regulatory requirements. We continue to maintain strong and transparent relationships with the regulators to ensure we comply with regulations, maintain our license to operate and satisfy consenting obligations.

The importance of an open dialogue with the UK Government and parties across the political spectrum has never been so critical. We constructively engage to help shape UK fiscal policy that will impact our operations in the UK North Sea.

How we engage

During 2023, the Group has had frequent and open dialogue with the Chancellor of the Exchequer, His Majesty's Treasury and the Department of Energy Security and Net Zero (DESNZ) to discuss the implications of the Energy Profits Levy to investment in the basin and the potential impact to the UK's energy security and decarbonisation targets.

Led by our Executive Chairman, the Group has been an active participant in the Fiscal Review, including in relation to the Energy Security Investment Mechanism (ESIM), and has attended industry roundtable discussions, met with key ministers and their advisors, and responded to calls for evidence.

The Group complies with all regulatory requirements and actively engages with the North Sea Transition Authority (NTSA), Offshore Petroleum, Regulators for Environment and Decommissioning (OPRED) and the Health & Safety Executive, to ensure we are compliant with all environmental and safety regulations, in line with our license to operate.

We continue to actively engage with DESNZ and the NSTA, recognising the environmental impact of our operations as we actively pursue emissions reduction initiatives across our portfolio. The Group responded to the Draft Oil and Gas Authority (now NSTA) plan to reduce UK GHG Emissions sharing our views on how policy amendments could promote decarbonisation investment.

Focus areas of engagement

- Charity and community support
- STEM initiatives
- Apprenticeship programme

Outcome from engagement

We believe we have made a valuable difference to our local communities and were delighted to broaden our support to a number of employee nominated charities in the year.

Beyond the benefits to our wider communities, our charitable efforts have increased our employee engagement, with a rise of 43% in our engagement survey score for employee pride in commitment to social responsibility.

FY 2024 priorities

We will look to build on our charitable commitments in the coming year, seeking out further team volunteering initiatives and continuing to engage our employees to direct our financial support across local charities.

Links to our values

Group 7:

Communities

Why we engage

The passion to be a good neighbour permeates through our Company values. Recognising that our support is required more than ever, we are committed to giving back to our local communities. Through our charity Committee, we seek to build relationships that support community and charity project across the North East of Scotland.

We engage with our charitable partners, to understand how we can support them both financially and through committing our time to support volunteering projects.

How we engage

During the year we have worked closely with VSA, our long-term corporate charity partner, helping to support the most vulnerable people and their families, living in communities across the North East of Scotland. We work with VSA to identify where our support can make the most difference through continued financial commitments, fundraising events and volunteering support.

In order to broaden our impact to our community, our charity Committee invited employee nominations to support five further charities. By engaging employees across our organisation, we were able to identify a wide range of charities providing support for people living with dementia, disadvantaged families, children and young people with additional support needs, cancer care and support centres, and humanitarian and disaster relief.

With social projects sponsored by employees and an Executive lead in tandem, our community engagement spans across our organisation. Volunteering with our charity partners or across our wider communities is encouraged with every onshore employee empowered to take four corporate social responsibility days a year to give back to the community.

The Group supports community organisations and the development of UK talent through science, technology, engineering and mathematics (STEM) initiatives and technical apprenticeship programmes. In 2023, the Group employed seven interns to complete its summer programme and hired six apprentices for offshore roles and nine graduates as part of the Group's graduate programme. These investments in people are part of the Group's commitment to growing and developing talent in the communities in which we operate.

ESG

Ithaca Energy is committed to delivering the highest of ESG standards and has made material progress during 2023 in meeting our ESG targets, minimising our environmental impact and creating shared value for all our stakeholders including employees, shareholders and the communities in which we operate.

REDUCTION IN CARBON INTENSITY VS 2019 BASELINE

9%

INCREASE IN EMPLOYEE ENGAGEMENT SCORE

12%

TOTAL DIVIDEND FOR 2023 (MILLION)

$400m

2023 Highlights

Environmental

- 2023 emissions performance on operated basis versus 2019 baseline:
  - Achieved 23% reduction in absolute emissions[1]
  - Achieved almost 9% reduction in carbon intensity
- Achieved 0.17% methane intensity
- Updated our GHG reporting to include net equity emissions
- Defined our Net Zero strategy
- Sanctioned Rosebank development, signalling a transition of our portfolio to lower intensity assets
- Progressed Captain electrification project to be ready to take a FID in 2024
- Completed two significant emission reduction projects offshore reducing annual emissions by over 13,000 te CO_2e
- Updated our Emissions Reduction Action Plan and developed a Methane Action Plan
- Enhanced alignment to TCFD recommendations
- Independently verified our GHG emissions

Social

- Improved our Business Management System
- Launched our Group Safety Leadership expectations
- Developed our Process Safety culture, focusing on leadership and frontline operator training
- 72% participation in engagement survey
- 12% increase in employee engagement score
- 42% increase in employee pride in commitment to social responsibility
- Increased charitable contributions and volunteering efforts supporting charities spread across the North East of Scotland

Governance

- $400 million total dividend payable for 2023
- Board evaluation process completed in relation to 2023
- Succession planning exercise completed for key leadership positions
- DE&I Policy published with introduction of mandatory online awareness sessions
- Launched mandatory online anti-bullying and anti-harassment training courses for all staff
- Zero breaches of our Code of Conduct

1 Alba Main Power Generator outage accounts for 11%.

> “Our commitment to ESG serves as our social licence to operate, we do the right things the right way.”

Our ESG policy and strategy supports both the UN Global Compact and UN Sustainability Goals, respecting human and labour rights, safeguarding the environment and working against corruption in all its forms. Ithaca Energy has adopted the United Nations’ Sustainable Development Goals (SDGs) responding to the call for action by all countries to promote prosperity while protecting the planet. The SDGs that we believe we have an ability to influence, have been embedded into our Group strategy, with clear ambitions and targets identified.

Environment

Our commitment:

Responsible operations that protect ecosystems in which we operate

Sustainable Development Goals alignment:

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION
14 LIFE BELOW WATER

Social

Our commitment:

Safe operations that invest in our people and communities

Sustainable Development Goals alignment:

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Governance

Our commitment:

Running our business with integrity and transparency

Sustainable Development Goals alignment:

10 REDUCED INEQUALITIES
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Environment

Whilst the world still needs oil and gas, Ithaca Energy is committed to producing it responsibly, with the lowest environmental impact possible. We are committed to the North Sea Transition Deal (NSTD) and our role in supporting GHG emissions reduction. We accept the urgent need for action to address climate change and in recognition the Group has established a well-defined emissions reduction action plan meeting or exceeding NSTD targets. We have an ambitious goal of reaching the Net Zero carbon emissions target by 2040, on a Scope 1 and 2 net equity basis.

Introduction

The energy transition is a substantial task facing the industry and we are strategically positioning ourselves to deliver one of the lowest carbon emissions portfolios in the UK North Sea. We aim to achieve this through meaningful action in the short term, delivering projects to reduce our emissions associated with current operations, decommissioning high-intensity assets at the end of their life and transitioning the portfolio in the medium to long-term through investment in lower emission intensity assets, such as Rosebank and Cambo.

We have prioritised operational improvements on our assets during the year and our well-defined roadmap supports significant emissions reductions over the short to medium-term through projects identified in our Emissions Reduction Action Plans (ERAPs). The most significant of these projects is the potential for material electrification of our Captain field.

2023 saw the regulator make strong statements about the need for decarbonisation, and particularly electrification. In April 2023, the Operations Director of the NSTA issued a letter to all oil and gas license holders, highlighting the expectations on Net Zero and electrification. This was followed by the publication and public consultation of the draft OGA Plan in October. These actions reinforce the importance of Ithaca Energy's emissions reduction strategy. The projects executed in 2023, together with the progression of engineering on material projects, like electrification, demonstrates our strong position in light of the regulator's reiteration of the NSTD's expectations.

Net Zero Strategy

To support our ambitious goal of reaching our Net Zero carbon emission target by 2040 and to give more clarity on the methods of reaching it, the Group has been further defining its path to Net Zero during 2023.

Our approach involves prioritising the reduction of emissions from our operations on an equity basis as far as is reasonably practicable. Our focus today, and through the short-term is delivering material emissions reduction projects in line with our emissions reduction action plans. These actions, together with our portfolio shift to lower carbon intensity assets, will support our emissions ambitions in the medium-term. For the longer-term towards Net Zero by 2040, we believe there will be offset schemes, leveraging global carbon prices that will provide trusted ways to fund the best carbon reduction projects, to mitigate the hard to abate residual emissions across our portfolio.

On the pathway to Net Zero, we are committed to emissions reduction targets for our operated assets and our portfolio as a whole. For our operated assets, we aim to reduce Scope 1 and 2 emissions by 25% by 2025 from a 2019 baseline, together with achieving zero routine flaring ahead of 2030, and achieving a maximum methane intensity of 0.20%. Accounting for major equipment outage on Alba in 2023, we have reduced our operated assets emissions by 12% vs. 2019. Whilst the power generation on Alba will return to normal operation in 2024, and increase emissions associated with power generation, we expect a continued emissions reduction

Figure 1 – Group Greenhouse Gas (GHG) emissions targets

NSTD commitments to reducing GHG emissions (versus 2018)

10% reduction by 2025	**25% reduction by 2027**	**50% reduction** by 2030	**Net Zero** by 2050

We aim to exceed or align to the industry targets in the short and long-term

Operated assets targets

- **Reduce all Scope 1 and 2 CO_2e emissions from operated assets by 25% by 2025 from 2019 baseline**
- **Achieve 0.20% methane intensity by 2025**
- **Zero routine flaring by 2030**

Net equity targets (Scope 1 and 2 basis)

- Reduce emissions from oil and gas production in line with NSTD commitments up to 2030
- Net Zero by 2040

Case study

Captain Electrification

Ithaca Energy is working on what could be the first materially electrified asset in the North Sea for 40 years, reducing Captain's emissions by 110 kte CO_2e/year and emissions intensity by an impressive 60%.

In 2021, the Group initiated a project to study how we could electrify the Captain Field and following the successful conclusion of a pre-Front End Engineering and Design (FEED) study in Q1 2023, FEED activity commenced shortly thereafter. This has been matured to support a Final Investment Decision on this leading electrification project in 2024, which could see Captain connected to power from shore by 2027.

The Captain asset is well suited for low carbon electrification, with electrically driven machinery and artificial lift, together with an existing interconnector cable between the platforms and the FPSO. The proposed design involves a new onshore substation that will have access to the grid and a >100km long import cable enabling power to travel to the field. Offshore, a new transformer and electrical equipment would be installed to integrate the low carbon power into the existing electrical system.

Partial electrification of the asset has been deemed to be the optimal solution for Captain, given the requirement for process heat which is currently provided by the hot exhaust gases from the power turbines. Given the limitation on space and weight, the field would retain operation of one gas turbine to provide this heat, resulting in an import demand of 25 MW. The low carbon power supplying this demand from the mainland would reduce the field's emissions by 60%, a world-class level of emissions reduction from an existing offshore oil and gas operation.

It is expected that FEED will complete during Q2 2024 and will deliver the detailed assessment of how the asset would electrify, enabling the order of long lead items, such as the import cable and transformers. The final investment decision will depend heavily on assurances from the UK Government on the availability of the decarbonisation allowance on sanctioned projects that the project currently qualifies for. In parallel, the Group will determine investment viability as projects compete for capital following a reduction in cash flow available for reinvestment as a result of the continued impact of the Energy Profits Levy.

Fig – FEED graphic of potential Captain electrification option showing shore tie-in and new subsea cable, caisson and topsides equipment.

INVESTMENT

~£250m

FIRST POWER BY

2027

UK JOBS (DURING PEAK DEVELOPMENT)

100

Eliminates >1.1 million tonnes CO_2e from the atmosphere over the remainder of the field's life

Equivalent to removing **60,000** petrol cars each year off the road in 2024 relative to 2019, with material emissions reduction due to the move to single compression train on FPF1 in Q1 (around 30,000 tCO_2e 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 tCO_2e/year), switching the fired heaters on the FPSO to majority fuel gas instead of diesel (18,900 tCO_2e/year), power water pumps cartridge reconfiguration (10,000 tCO_2e/year) as well as production decline of fields processed over FPF-1. Other major projects, including flare gas recovery on Captain Platforms (14,700 tCO_2/year) and zero routine flaring project on the Captain FPSO (3,000 tCO_2e/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.

Energy Transition

Oil and gas is forecasted to continue to form an essential part of the UK's energy mix out to 2050. We believe that investing in the decarbonisation of our assets, as well as new low carbon intensity developments, is the best way to support the UK's energy security into the transition.

In 2023, substantial progress has been made, with our Emissions Reduction Action Plans (ERAPs) in progress, on both operated and non-operated assets, and the decision to proceed with the development of the Rosebank field acting as a material catalyst to our long-term ambitions. The Rosebank FPSO has been designed to be electrification ready and with full electrification, it is estimated that the lifetime emissions intensity could be as low as 3 kgCO_2/boe, significantly below the current UK average of 21 kgCO_2/boe.

The Energy Transition Team has worked with the operated assets and other stakeholders to continue to drive down emissions during the year and we continue to be on track towards achieving our target reduction of 25% by 2025, for all Scope 1 and 2 CO_2e emissions from operated assets, against the 2019 baseline.

Whilst our focus on delivering operational improvements within our current portfolio of operated producing assets continues, there is also a focus on our non-operated assets and the efforts they are making to reduce emissions, through shared learning and collaboration. This is reflected in our emissions reporting this year, where we have started to report all Scope 1 and 2 Greenhouse Gas emissions on a Net Equity basis, incorporating the proportional contribution from both operated and non-operated assets.

Our emissions reductions initiatives

During 2023, we have engaged in material decarbonisation activity covering the following emissions reduction projects:

FPF-1 – Single sea water lift pump upgrade. The asset's sea water lift pumps have been upgraded to allow the use of one pump as opposed to operating with two. This has cut the power demand of the platform by 10% and will bring an estimated reduction of emissions from July 2023 of approximately 3,500 te of CO_2e per year going forward. The upgrade work will also provide a more reliable seawater system, which supports the utilities of the platform enabling improved operational efficiency and minimising flaring excursions; and

Captain – Solar gas turbine upgrade. Both Solar gas turbines were replaced in 2023 with more powerful models, which in turn allows more power to be generated from lower carbon intensity fuel gas, reducing diesel consumption. The upgrade, along with replacement of fuel valves for higher reliability, has led to an immediate decrease in emissions that equate to approximately 9,800 te of CO_2e per year.

In 2022, the Energy Transition Team initiated three major emissions reduction projects on Captain, namely, flare gas recovery for both the Bridge-Linked Platform (BLP) and the FPSO and the potential partial electrification of the asset. In 2023, we continued to develop these projects, progressing them through engineering, with the Captain BLP flare gas recovery project successfully achieving FID. The flare gas recovery project on the Captain FPSO was also progressed and a simpler solution was identified and continues into FEED in 2024. Both flare gas recovery projects set the asset on the path to achieving zero routine flaring well ahead of 2030, with plans to execute in 2025.

The Captain electrification project represents the most material decarbonisation project across our portfolio. The project has gathered significant momentum in 2023, with Front-End Engineering and Design (FEED) progressing as per plan. We continue to work with the electricity grid operator and other renewable generators to secure the power source and have also engaged a number of renewable power providers to confirm that a consistent, reliable and green power supply will be available to support the success of this project. Final Investment Decision (FID) is anticipated to take place in 2024 with potential first power from shore as early as 2027. The significant scale and capital required for this project relies on the fiscal stability and certainty of the decarbonisation investment allowance, following project sanction.

Across our non-operated portfolio, we have supported the execution of a number of emissions reduction projects as well as continued engineering on larger scopes. Examples of these include:

- Switching to single compressor mode operation on Elgin-Franklin, reducing fuel gas associated CO_2e going forward by 40,000 te per year; and
- Power generation, compressor and pump optimisation projects completed on Glen Lyon resulting in a reduction of 15,000 te CO_2e per year.

Several of our non-operated assets are progressing towards zero routine flaring, with engineering efforts to achieve this, including:

- Studies progressing for flare gas recovery on Britannia, which could reduce emissions by around 23,000 te CO_2e per year; and
- Funding of long lead items for flare gas recovery on Elgin-Franklin, ahead of FID that occurred January 2024, with anticipated first operation at the end of 2025.

Emissions Reduction Action Plan progress

In our pursuit of reducing emissions to the lowest possible levels on our producing assets, the cross-asset Emissions Reduction Action Plan has been reviewed and optimised during 2023. As part of our business management processes, the asset ERAPs are reviewed annually by a cross-functional team to update work completed in the previous year, validate the reduction opportunities and align these opportunities to our business plan. Furthermore, the team seeks to identify new opportunities across our portfolio and integrate those into the asset's plan during the business planning cycle.

As well as the significant reduction projects, our Emissions Reduction Action Plan also includes a multitude of smaller 'marginal gain' projects. In 2023, we completed the evaluation of 11 different opportunities, ranging from compressor optimisation and cargo management procedures to novel technology evaluations utilising waste heat from turbines to generate additional power. The range of potential annual emissions reductions achieved can range from 250 to 2,000 te of CO_2e per year.

The ERAP included projects such as the Captain BLP solar gas turbine power management strategy. In addition to the power upgrades to the solar gas turbine generators, optimisations made to the power management strategy have enabled savings that equate to approximately 680 te of CO_2e per year from June 2023.

Visibility of how efficiently our assets are operating from an emissions perspective is vital for making decisions. We have implemented a daily reporting system that highlights when offshore equipment is not operating efficiently from an emissions perspective, such that continuous improvements can be made and sustained to ensure emissions remain at the minimal possible level as frequently as possible.

Our focus on reducing our emissions covers both our offshore and onshore operations. In September we completed the installation of solar panels on our office building. Following installation and commissioning in September 2023, the solar panels generated around 22,000 kWh of electricity, providing around 18% of the office's electrical demand in the year. The solar panels reduce the office's carbon footprint by 30 te of CO_2 per year.

Methane Action Plan

Our ERAPs cover reduction opportunities that reduce both CO_2 and methane. However, with the global recognition that methane, as a greenhouse gas, is much more potent than CO_2, a dedicated, internal cross-asset Methane Action Plan has been developed. This plan, which in addition to giving background information on methane and an overview of current global methane reduction and monitoring initiatives, details actions for methane monitoring and abatement for each of the Group's operated asset.

The World Bank Zero Routine Flaring (ZRF) initiative, which intends to support the requirement for Zero Routine Flaring by 2030, has been endorsed by the UK government and OEUK. The Company supports the ZRF initiative and meeting the 2030 target of ZRF as part of NTSD commitments.

The Oil and Gas Methane Partnership (OGMP) 2.0 framework has been selected as the primary model to build our methane action plan around. OGMP 2.0 is a reporting framework established by the UN Environmental Programme to prioritise methane mitigation actions across the global oil and gas industry. This model sets out a staged methane mitigation approach, focusing on each source and their materiality. The Group is working towards formally joining OGMP in 2024, to bring Ithaca Energy together with over 120 companies supporting this critical effort.

Together with the Net Zero Technology Centre (NZTC) and several operators, Ithaca Energy has participated in the technology evaluation for determining real time flare gas combustion monitoring. Data from the Captain FPSO was used to evaluate this methodology, which is recognised by OGMP, to understand the true combustion efficiency of flared gas. This allows much more accurate reporting of methane from flared gas based upon live weather and process plant conditions. This provides an improvement in accuracy compared to the current legislative requirement that use a fixed factor.

Ithaca Energy is committed to achieving a maximum of 0.20% methane intensity by 2025. In 2023 our methane intensity was 0.17%. The Group currently utilise a methane intensity with a Global Warming Potential (GWP) of 28, which is consistent with the value used by the North Sea Transition Authority (NSTA) and uses the GWP factor presented in the International Panel on Climate Change (IPCC) Fifth Assessment Report (AR5).

Emissions reporting

For the Group's operated assets, both Scope 1 and Scope 2 emissions are reported consistently to emphasise our focus on controlling our operations and associated emissions reductions. Commencing in 2023, all Scope 1 Greenhouse Gas (GHG) emissions were also reported based on a Net Equity basis, incorporating the proportional contribution from both operated and non-operated assets. This method offers a more comprehensive perspective on the Group's emissions, accounting for their proportional impact and providing a more accurate reflection of the environmental footprint, even though control over non-operated assets is limited. It is upon this full portfolio view that our longer-term emissions reduction targets are based. This aligns with the NSTD targets, which is a basin wide target and not specific to any individual asset. With our full portfolio view, we can support our co-venturers regarding emissions reduction focus, fund the most impactful emissions reduction projects and collaborate and share best practices for minimising emissions across our assets.

Scope 3 emissions

The Company does not currently externally report any Scope 3 emissions data. Work plans in 2024 will review our Scope 3 reporting strategy, including selecting which categories will be included in the data gathering activities and evaluation of a system to capture this information.

> "Ithaca Energy's objective is to provide a safe and healthy working environment for all its employees, contractors and other personnel working for the Group, while simultaneously minimising the environmental impact of the Group's operations by operating in an ever-cleaner manner."

Streamlined energy and carbon reporting (SECR)

A breakdown of our energy and carbon reporting has been provided on page 67 within our TCFD disclosures. Ithaca Energy has reported on all of the emission sources within its operational control required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Ithaca Energy has used the principles of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), and data gathered to fulfil the requirements under the 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019'. All of our reported emissions relate to emissions from the UK and offshore area.

Our environmental management system (EMS)

Ithaca Energy's priority is to provide a safe and healthy working environment for all its employees, contractors and other personnel working for the Group, while simultaneously minimising the environmental impact of the Group's operations by operating in an ever-cleaner manner. The control and management of environmental matters lies at the centre of the policies and procedures that constitute the health, safety and environmental management system, and the culture of the business.

Our EMS, certified to ISO 14001:2015 standard, is integrated into our Group Business Management System. The EMS is designed to implement the Group's HSE Policy, including emissions and environmental management. It demonstrates a commitment to compliance with environmental legislation and the Group's standards, processes, activities and objectives for environmental management of hydrocarbon exploration and production.

Water, spills and waste

We consider that management of our activities and any associated impacts on the environment are very important. We systematically manage these aspects as part of our EMS.

In 2023, Ithaca Energy complied with permitting requirements for produced water across all producing operated assets. Produced water discharged volumes from across Ithaca Energy's producing operated assets are summarised below.

	2023	2022
Produced water metric tonnes	4,122,960	6,206,271
Average oil in water mg/l	9mg/l	10mg/l

Produced water re-injection is carried out on the Captain asset. In 2023, 15,142,133 tonnes of produced water was re-injected compared to 18,244,584 tonnes in 2022.

Waste returned onshore from our operated assets is shown in the following table.

	2023	2022
Waste tonnage	6,991	3,020

The increase in waste for 2023 can be attributed to increased platform drilling and associated waste. Specifically, platform drilling and P&A activity on the ANP accounted for 3,450 tonnes of muds, oils and brine, while on the Captain WPP 458 tonnes of special waste associated with drilling was reported.

Our performance with regard to events reported to the Regulator as spills (PON 1s) is shown in the following table.

Spills reported

	2023	2022
Total PON1s	24	22
PON1 hydrocarbon	16	13
PON1 chemical	8	9

The increase in PON1s in 2023 is linked to subsea hydraulic fluid losses and is viewed as an area of focus and improvement of reporting releases for the Group.

To address the increase of spills reported in 2023, the Group has established an environmental improvement plan, which focuses to improve environmental compliance through:

- **Enriching awareness of environmental compliance:** ensuring colleagues fully understand spill definitions, the risk to the environment and the implications of non-compliance. This learning will be specifically targeted to deliver asset and permit-specific training;
- **Control of work and work-site risk controls:** sustaining improvement with regard to well handover processes and worksite controls; and
- **Check assurance:** part of 'Plan, Do, Check, Act', linked to increased assurance auditing and aligned with the externally accredited Environmental Standard 140001.

> "The EMS is designed to implement the Group's HSE Policy, including emissions and environmental management."

TCFD and CFD

Introduction

In compliance with FCA Listing Rule 9.8.6R(8), Ithaca Energy plc is required to describe and explain compliance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Ithaca Energy is also in scope of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and therefore required to incorporate Climate-related Financial Disclosures (CFD)-aligned climate disclosures in its Annual Report and Accounts. We refer to the recommendations of the TCFD and CFD, structured across the four thematic areas of the frameworks in the table below, to support the identification, assessment and management of climate-related impacts to the Group.

Ithaca Energy has complied with Listing Rule 9.8.6R(8), with the exception of certain recommendations as detailed below in the following table. TCFD compliance summary. We have prepared our disclosure in accordance with CFD requirements to ensure full compliance with the CFD regulations 2022.

Recognising the significance of managing climate-related risks and opportunities to the success of our business, and as Ithaca Energy report against TCFD for the second time, we acknowledge the importance of improving our reporting and communications to further align with the TCFD recommendations and expectations of the Financial Reporting Council. As such, the supporting pages also include details of planned steps to improve alignment with TCFD and further develop the disclosure over the coming years.

Further information on the Group's Energy Transition strategy can be found earlier in this ESG section.

TCFD Compliance Summary		Compliance status	Section reference
Governance			
(a)	Describe the Board's oversight of climate-related risks and opportunities	Comply	**TCFD section:** Governance (a), pages 54 to 56.
(b)	Describe management's role in assessing and managing climate-related risks and opportunities	Comply	**TCFD section:** Governance (b), page 57.
Strategy			
(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term	Comply	**TCFD section:** Strategy (a), page 58.
(b)	Describe the impact of climate-related risk and opportunities on the organisation's businesses, strategy and financial planning	Explain	**TCFD section:** Strategy (b), pages 59 to 62.
(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Explain	**TCFD section:** Strategy (c), page 63.
Risk management			
(a)	Describe the organisation's processes for identifying and assessing climate-related risks	Comply	**TCFD section:** Risk management (a), page 64.
(b)	Describe the organisation's processes for managing climate-related risks	Comply	**TCFD section:** Risk management (b), page 65.
(c)	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Comply	**TCFD section:** Risk management (c), page 66.
Metrics and Targets			
(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Explain	**TCFD section:** Metrics and targets (a), page 66.
(b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Explain	**TCFD section:** Metrics and targets (b), page 67.
(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Explain	**TCFD section:** Metrics and targets (c), page 68.

TCFD Disclosures

Disclosure	Alignment and next steps
Governance	

(a) Describe the Board's oversight of climate-related risks and opportunities

The Board has ultimate responsibility and oversight for managing climate-related risks and opportunities. This includes review of the assessment of climate-related risks and the appropriateness of mitigating actions.

The Board has established two Committees to support it in this regard:

- Audit and Risk Committee: Informed of climate-related issues, risks and opportunities by the Energy Transition team on a quarterly basis, ensuring climate risks are considered as part of wider business processes for evaluating and managing risk; and
- Health, Safety, Environment and Security Committee: Meeting quarterly, the Committee hold responsibility for reviewing and assessing climate-related issues, risks and opportunities, working closely with the Energy Transition and HSE Teams, tracking GHG emissions vs. corporate targets and ensuring compliance with regulations and reporting requirements. The HSE Committee reports to the main Board quarterly, reviewing performance regarding absolute carbon equivalent emissions and Greenhouse Gas intensity. Methane intensity performance will be included in 2024 HSE Committee meetings. In addition to HSE Committees, HSE performance information per month is shared with Board members. The HSE Committee also periodically reviews progress towards Energy Transition targets.

The Board reviews Ithaca Energy's energy transition strategy periodically and oversees its implementation and delivery. During 2023, the Board met ten times and climate-related matters were discussed at each meeting, including an assessment of climate-related risks and the effectiveness of corresponding risk management activities. As part of each meeting pack, the Board receives a report from the Health, Safety, Environment and Security Committee noting the HSE monthly performance which includes information on environmental compliance and details of the gross operated emissions.

As a Group principal risk, climate risk is also subject to an annual deep dive session, where the Board focus on the risk exposure and mitigating activities. The Board receives additional updates from the Executive Leadership Team, which includes two Board members, on climate-related matters, risks and opportunities as part of the quarterly meetings. Reports on sustainability related issues, including progress against targets, have been delivered and discussed at Executive Leadership Team meetings throughout the year.

Comply

The Board will continue to monitor implementation and progress towards achieving climate commitments and the management of climate-related risk as part of its corporate decision-making.

The evolution of the Group's TCFD disclosure will focus on improvements to further integrate climate considerations into existing governance frameworks, for which the Board has ultimate accountability. This will include monitoring and overseeing progress against mitigating/realising the identified material climate-related risks and opportunities, beyond GHG emissions, through tracking progress on further relevant metrics and targets as part of strategy setting and business planning.

Disclosure	Alignment and next steps
Governance continued	

(a) Describe the Board's oversight of climate-related risks and opportunities continued

Comply

Principal risks, which include climate risks, are a standing agenda item for the Audit and Risk Committee. The Audit and Risk Committee plays a key role in supporting and advising the Board and Executive management in their responsibilities over climate risk management, including the risks associated with transitioning to a lower-carbon and more climate-resilient economy. GHG emissions performance versus targets is included in monthly reports which are provided to the Board to enable monitoring of progress implementing reductions versus the corporate targets and strategy. The Board receives copies of all Committee minutes and the respective Committee Chair can speak to the information provided to the Board if any clarification or further details are requested. Climate-related risks and opportunities are also discussed by the Board during its annual strategy discussion.

The Company has a dedicated Energy Transition team to manage the impacts and opportunities associated with the transition to Net Zero in line with the regulator's North Sea Transition Deal.

Climate-related issues are considered by the Board in the organisation's strategy development, risk management and financial planning processes, including via consideration of climate impacts on the assumptions (e.g. commodity and carbon prices) underlying decisions made in these areas. Recommendations to the Board regarding major capital investments or M&A opportunities include consideration of climate issues and their impact on the Group's emissions reduction targets and long-term strategy. Discussion of climate and related risks is an integral part of the project approval process. As well as the set investment criteria on which potential projects are assessed, which has a focus on energy transition impacts in the long term, the process is being bolstered with a dedicated M&A Committee which will be a sub-Committee of the Board. Enhancing the Group's transaction stage gate process, this new Committee will be actively involved in the assessment of all transaction opportunities where risk and opportunity are assessed and measured using a range of qualitative and quantitative metrics such as cashflow, NPV and emissions intensity. As part of this M&A stage gate process, production demand, macroeconomic themes, emissions and energy transition impacts in the long term (with a particular focus if Ithaca is assuming operatorship) will be taken into account.

The Board has established targets for emissions for 2024 together with a 2024 plan to improve environmental compliance and performance. The plan includes improvement of environmental operational compliance, radiation management controls and re-certification of ISO 14001 and progress towards achieving each of these is monitored and reported to the Board at regular intervals.

Climate performance, including performance against the Company's Net Zero targets, is embedded in the corporate scorecard and annual performance KPIs through the Remuneration Committee. The Committee is responsible for approving the objectives of the Executive Directors and senior management, on which an element of variable pay is dependent and average gross operated emissions intensity targets formed part of the 2022 LTIP bonus scorecard for Executive management.

Governance structure

The Board has overall authority for the management and conduct of the Group's business, strategy and development, including the energy transition strategy.

Board

Audit and Risk Committee

Health, Safety, Environment and Security Committee

With support from sub-Committees , the Board holds responsibility for reviewing and assessing climate-related issues, risks and opportunities, tracking GHG emissions vs. corporate targets and ensuring compliance with regulations and reporting requirements.

The CEO, with support from the ELT, is responsible for delivering the Group strategy including energy transition commitments.

Executive Leadership Team (ELT)

Investment Committee

Enterprise Risk Management Committee

At the asset and investment level, climate-related risks and opportunities are assessed as part of the business planning and pre-investment due diligence stage.

Principal risks are reviewed and managed by the ERMC. Emerging risks, including those related to climate change are escalated to the Committee for discussion and potential escalation to a principal risk.

The finance team formally evaluates and updates the climate scenario analysis model so that the HES and Energy Transition teams may facilitate the climate risk register review on an annual basis through meetings and workshops with the ELT.

Finance

HES

Energy Transition

The HES and Energy Transition teams have responsibility for monitoring climate performance against targets and for implementing our climate strategy.

Disclosure	Alignment and next steps
Governance continued	

(b) Describe management's role in assessing and managing climate-related risks and opportunities

The management of climate-related issues, risks and opportunities are the responsibility of the General Manager of Non-Operated Joint Venture (NOJV), Energy Transition and Technology and Innovation, who is a member of Ithaca Energy's Leadership Team. Reporting to this position is a dedicated Energy Transition team.

The Energy Transition team, working with Health, Safety and Environment (HSE) team, manage climate-related issues, risks and opportunities, including the long-list climate risk and opportunity register. The HSE team manage emissions data and associated regulatory reporting and meet with the Energy Transition team regularly to report emissions performance against targets, for operated and non-operated assets. The Energy Transition Team tracks GHG emissions KPIs and identifies emissions reduction opportunities, working closely with our asset teams to manage emissions performance and identify improvement opportunities.

One of the Leadership Team's monthly meetings per year focuses on climate related risks and opportunities. The Leadership Team, together with the Energy Transition and HES teams, review the current assets' emissions performance, the Group's outlook and how business decisions can impact these, updates on critical projects, changes or potential changes in regulators' actions and regulations, and any other related items that could impact the business. Key actions are tracked and managed and reviewed at subsequent meetings. The Health, Safety, Environment and Security Committee and Audit and Risk Committees are informed of emissions reduction performance, major climate-related issues, risks, and opportunities and that these are being managed appropriately across the wider organisation of functional and asset teams. Progress on managing key climate-related issues through updates on relevant metrics and targets (see Metrics and targets (a) for further information), such as towards GHG emissions targets are communicated to as described above.

Following the 2022 disclosures, the Group has undertaken further detailed scenario analysis and modelling to assess the range of impacts climate-related risk have on the business. It is the Group's intent that this modelling is discussed during 2024 at the Leadership Team's meetings and with the Board through the Committees described in the diagram above.

The HSE team, supported by the Energy Transition team, formally evaluates and updates the Climate Risk Register on an annual basis through internal workshops, with additional updates possible should material changes occur. The HSE leadership team is responsible for the management of this process.

Company principal risks are reviewed regularly, where both General Manager of Non-Operated Joint Venture (NOJV) and the HSE Manager contribute to discussions regarding energy transition.

Comply

We will further integrate climate-related risks and opportunities into decision-making at the management level, including progress on managing these following the development of specific metrics and targets.

Disclosure		Alignment and next steps
Strategy		

(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term

Our focus this year has been on updating our preliminary risk and opportunity assessment with a refreshed long-list Climate Risk Register and set of prioritised material climate risks and opportunities, identified through the process outlined in Risk Management section a (see page 64). As part of the identification and assessment process, we assessed our financial exposure to a variety of climate-related risks including physical risks in our own operations and wider value chain, existing and emerging regulation across our industry and products, changes to consumer preferences due to sustainable consumer behaviour and technology changes to support the transition to a lower-carbon economy. We undertook a risk and opportunities identification exercise, concluding a long-list Climate Risk Register. From this Climate Risk Register,material risks were identified, which include for this year, one physical risk, five transition risks and one opportunity, which were taken forward for financial impact quantification. These risks and opportunities reflect Ithaca Energy's sectoral and geographical basis as an upstream oil and gas producer in the UK North Sea, with dependencies in the global oil and gas market and value chain. For further information on the risk identification and assessment process, see Risk Management (a).

The physical risks relevant to our business and sector include more frequent and severe weather events that may affect assets and operations, such as downtime or interruptions from damage to infrastructure and service provision. Considering the location of our assets and operations, such weather events include increasing frequency of storms impacting safe operations.

The transition risks identified as potentially impactful to our business and sector span the policy and legal, market and technology categories, such as changes to governmental policy and taxes, consumer and investor preferences/sentiment, and technology readiness. These could have a direct financial impact to Ithaca Energy based on residual emissions, sale projections and debt financing plans.

We also considered potential climate-related opportunities that may be relevant for our business, such as market growth prospects relative to global competitors resulting from lower carbon intensity products from the UK Continental Shelf (UKCS) region in which Ithaca Energy operates.

In line with the TCFD requirements, we assessed the impact of two climate scenarios (further information can be found in Strategy (c)) on the identified material climate risks and opportunities under our current business model and strategy. Further information on these scenarios can be found in Strategy (c). The impact of these scenarios has been explored over our three defined time horizons:

- Short-term: to 2030
- Medium-term: to 2040
- Long-term: to 2050

This aligns with the maturity mix of our asset portfolio (late-life, mid-life and long-life assets), as well as our emissions reduction targets and associated strategy focused on short-term operational improvements, mid-term portfolio revitalisation and long-term targeted electrification, as described earlier in the strategic report. As climate-related issues tend to materialise over a longer-term than other business risks and usual business-planning cycles, these timeframes allow the ability to consider climate risks and opportunities, and their uncertainties, over a relevant period, while also aligning with global standards and targets. For example, physical risks tend to materialise in the medium and longer-term and are more significant under a business-as-usual current policies scenario, while transitions risks tend to materialize in the shorter term and are more significant under an optimistic Net Zero 2050 scenario.

Further detail on these risks and opportunities and the expected magnitude of impact under the specified scenarios and time horizons is included in Strategy (b) and Risk management (b) respectively.

Comply

Ithaca Energy will continually monitor and evaluate existing and future possible climate related risks and opportunities, updating the Climate Risk Register on an annual basis as outlined in Risk Management (a).

Disclosure	Alignment and next steps
Strategy continued	
(b) Describe the impact of climate-related risk and opportunities on the organisation's businesses, strategy and financial planning	**Explain**
In 2023, we undertook a detailed review of our climate-related risks and opportunities and have developed our risk assessment to provide a quantitative assessment of the financial impacts of the most material of our physical and transitional risks and opportunities. Risks and opportunities were identified through a risk assessment process which assessed the severity and likelihood of each risk/opportunity under the scenarios and timeframes outlined above. The table below summarises the material physical and transitional risks and opportunities, their potential financial impact to our business, qualitative discussion of the relative magnitude of their financial impact under assessed scenarios and time horizons (drawn from the outputs of the quantitative assessment performed), and the key activities we undertake to manage these. The analysis covers both operated and non-operated assets. For further information, see note 19 of the Financial Statements. We are acutely aware of our role in contributing to the decarbonisation of our value chain, the oil and gas industry, and to the economy-wide low-carbon transition. Our emissions reduction plan is centred on our Net Zero by 2040 target, ten years ahead of the North Sea Transition Deal (NSTD) commitments, and our supporting interim targets. Further information on our targets, as well as details of our ongoing and planned emissions reduction activities such as Captain electrification, can be found in the Energy Transition section on pages 46 to 51. We are increasingly considering the implications of climate-related risks and opportunities in our financial planning processes, and the detailed climate risk assessment below has helped us understand these potential impacts over the climate scenarios and time horizons which we have assessed. As well as through our emissions reduction plan and inclusion of climate-related targets in our Executive remuneration (see Metrics and targets (a) for further details), we are continually looking to integrate climate change-related impacts into our strategic and business thinking. Our approach to building and maintaining strategic resilience through governance integration has been detailed further in the Governance section above. Our intention is to conduct a high-level review of the quantitative scenario analysis assessment annually, and an in-depth update every three years, or following any major changes to the business such as divestments or acquisitions.	We are fully compliant with the qualitative requirement of the disclosure. Our intention is to further mature our climate scenario analysis and disclosures and take critical learnings from this exercise forwards toward quantitative assessment. We will look to define future actions to enhance data quality and validate and refine our methodologies to further our understanding and achieve full compliance. Additionally, we will review the outputs of the climate scenario analysis and consider how we can best integrate the results into our business decision-making process, ensuring we fully respond to the resiliency of our business model and strategy consider the two contrasting climate scenarios.

TIME HORIZON — Short-term | Medium-term | Long-term

Scenario analysis output table

The below table qualitatively summarises the outcomes of the scenario analysis performed for the material climate-related risks and opportunities. For further information on the climate scenario analysis process, see Strategy (c). For definitions of timelines used in the scenario analysis table below, see Strategy (a).

TCFD taxonomy	Climate-related risk/opportunity	Potential financial impact	Relative magnitude of financial impact from scenario analysis	Mitigation activities
Physical risk – acute S M L	**Increased severity of extreme weather events:** Indirect impact to the business from operational disruption and forced 'downtime' of Ithaca Energy's assets due to increased severity and frequency of extreme weather such as storms resulting in revenue reduction due to drilling interruptions and potential increase in repair costs.	• Increases in extreme weather, most notably storms and high winds and waves, could cause disruption to drilling operations as health and safety concerns cause a cease in operations, causing subsequent losses in revenue. • Ithaca Energy's North Sea offshore platforms are resilient to extreme weather, but increased damage repair costs across operated and non-operated assets may increase under increased frequency of extreme weather. This may also have an impact on Ithaca's insurance premiums. • The impact of extreme weather could further disrupt the wider supply chain.	The impact from increased severity of extreme weather events is expected to be relatively **low** under both 'Current Policy' and 'Net Zero' scenarios. As resilience is already built into the design of Ithaca Energy's assets to withstand the extreme weather conditions of the North Sea and while frequency and severity of extreme weather is expected to increase in the future, any increase in financial damages and disruption are expected to be limited.	• Continue to assess and embed resilience and mitigation measures, relating to environmental hazards and climate change allowances, in the design, construction and operation of our offshore assets. • Continue to maintain and update our severe weather policy and business continuity plans, including asset level emergency response plans. • We undertake meteorological and oceanographic studies for all our offshore developments, which incorporate the latest climate scenarios.
Transition risk – policy & legal S M L	**Increased tax burden including carbon pricing mechanisms:** Introduction of carbon taxation applied to both direct (Scope 1 & 2) emissions and indirect (Scope 3 supply chain) emissions, increasing operational costs.	• Increased exposure to carbon pricing through increased prices and decreased free allowances would result in direct cost for Ithaca in relation to Scope 1 and 2 emissions, and an indirect cost in relation to Scope 3 emissions. • The potential indirect cost arising from Scope 3 emissions would likely be passed on to Ithaca Energy from upstream suppliers as a percentage of the total footprint and cost, such as for purchased goods and services. • For Ithaca's non-operated assets an equity share of the asset's emissions and associated costs are likely to be passed to Ithaca. Changes in equity share will vary the cost exposure due to change in equity share of GHG emissions. • Achieving climate targets would significantly reduce Ithaca's GHG emission footprint, hence mitigating a large amount of carbon price exposure.	The impact of carbon pricing is expected to be more material **(moderate)** under a 'Net Zero' scenario, especially in the short term, as carbon prices increase and policy changes (e.g. reduction in free allocations). This impact is expected to be less material (in the medium to longer-term from 2030) as Ithaca implements measures to reduce greenhouse gas emissions and meet its Net Zero by 2040 target, therefore reducing exposure to increasing carbon prices. In a 'Current Policies' scenario, the risk of carbon pricing is expected to be **low** as carbon prices rise slightly to their peak in 2030 before declining until 2050.	• Maintain our roadmap for reaching our Net Zero 2040 target, including meeting our interim 25% reduction by 2025 on operated assets and 50% reduction by 2030 on portfolio basis. • Continue to invest in low-carbon activities available to Ithaca Energy, to lower our emissions footprint, such as the ongoing/planned electrification project at Captain as set out on page 47. • Continue to use an internal carbon price to inform capital planning and business decisions and stress test resilience of Ithaca Energy's operating model to market-based carbon price regimes. The current price of carbon used is £70/tCO_2e, and is re-assessed annually. • Continually assess our strategy for offsetting our residual emissions to reach our Net Zero 2040 target.

TCFD taxonomy	Climate-related risk/opportunity	Potential financial impact	Relative magnitude of financial impact from scenario analysis	Mitigation activities
Transition risk – policy legal S M L	**Increased risk from litigation, non-compliance and licenses:** Increased scrutiny on oil and gas sector resulting from rising instances of non-compliance and litigation results in increased direct legal costs, and reduced revenue from perceived loss of social license to operate, including risk related to the impact of the proposed OGA plan if it were legislated in its current form.	• There are potential direct and indirect financial impacts related to climate-related litigation such as through class action against Ithaca Energy. The direct impact would be a potential increase in legal expenses. • Non-compliance and fines may be relevant if Ithaca fails to comply with climate regulation or related disclosure requirements. However, this is considered unlikely as changes in the regulatory environment are tracked by Ithaca Energy. • Increased scrutiny following litigation or non-compliance could also result in a loss of Ithaca Energy's social licence to operate and subsequently a potential loss of future licencing rights, affecting Ithaca's ability to generate revenue.	The impact of increased climate litigation is expected to have the greatest impact under a 'Net Zero' scenario, but remains **low** under both 'Net Zero' and 'Current Policies' scenarios. Ithaca Energy's current legal spend is limited and we are not expecting a significant increase in litigation related to climate matters specifically, under both scenarios the impact is expected to remain **low** over all timeframes considered.	• Closely monitor emerging regulation and requirements, including through engagement with external consultants, customers, and trade associations to understand how they apply to Ithaca. • Continue to work towards and transparently report against our pathway to Net Zero by 2040. • Clearly communicate any future development carbon removal/offset ambitions and strategy. • Continue to seek independent assurance over our Scope 1 and 2 emissions, and other KPIs and reported metrics. • Continue to work with peers and industry bodies to provide constructive challenge to the OGA plan
Transition risk – market S M L	**Increasing cost of capital and/or reduction in access to capital:** Shifting preferences and priorities of investors away from high-emitting industries with an insufficient approach to climate change, results in increasing costs of capital and/or increased third-party divestment.	• As financial institutions come under increasing regulatory and societal pressure to align their portfolios to a Net Zero world, it may become harder (reduced or more conditional access) and more expensive for Ithaca to source funding if the carbon intensity of the business does not align with regional, investor and lender expectations. • As a result, Ithaca Energy may face issues with divestment and securing funding for exploration activities such as capital investments and mergers and acquisitions. • Ithaca's ownership structure largely protects against large-scale divestment, but ongoing demonstratable progress against climate targets should limit the extent of divestment.	The impact of increasing cost of capital and/or reduction in access to capital is considered **moderate** under all scenarios and time horizons. This risk is more material under a 'Net Zero' scenario where interest rates are projected to be higher, and the risk of divestment is anticipated to be more likely compared to the 'Current Policies' scenario, where there will be greater continued reliance on traditional fossil fuels.	• Continue to clearly and publicly communicate our commitment to our Net Zero goals. • Continue to monitor investor and bank lending appetite and preferences in the context of decarbonisation and the energy transition. • Continue to work towards and transparently report against our pathway to Net Zero by 2040. • Consider incorporating emissions reductions targets into any lending debt facility.
Transition risk – technology S M L	**Capital costs and other barriers (e.g. grid connectivity) associated with the adoption of low emissions technologies to meet climate targets:** To meet emissions reductions targets, there will be a need to invest in emerging low emissions technologies, such as electrification and CCUS, which would result in increased capital expenditure.	• As Ithaca invests in technologies to meet climate commitments around GHG emission reduction, there is significant capital expenditure required (e.g. electrification projects). • There is some uncertainty around the availability and marginal abatement cost of certain technologies such as CCUS which is dependent on scale up to reduce capex. As a result, investment may be more or less costly (or delayed) depending on the maturity curve of these types of technologies required for Ithaca Energy to reach targets. • The return on investment for these technologies is largely driven by the avoided cost associated with carbon price exposure, driven by policy implementation which can save Ithaca cost over the longer term.	The impact of capital costs to achieve Ithaca's climate targets is more material **(moderate)** in the 'Current Policies' scenario, especially in the medium to long-term (2040–2050) as the marginal abatement costs of low emission technologies are likely to stay relatively high and any reductions in operational costs from carbon savings are limited due to lower carbon prices. However, in the 'Net Zero' scenario, investing in low emissions technologies to meet climate targets over the medium to long term is likely to materialise as a **moderate** net opportunity for Ithaca given cost savings associated with carbon pricing outweigh increased expenditure on low emission technologies.	• Develop a clear roadmap to reaching our Net Zero 2040 target, including a marginal abatement cost curve (MACC) and capital allocation plan to set a clear strategy prioritising the most effective emissions reductions activities in terms of cost and reduction potential. • Continue to monitor the global market for emerging low carbon technologies, such as CCUS, and associated government policies affecting technology development. • Continue to progress with the Captain, Rosebank and Cambo electrification projects.

TIME HORIZON — Short-term | Medium-term | Long-term

Scenario Analysis Output Table continued

TCFD taxonomy	Climate-related risk/opportunity	Potential financial impact	Relative magnitude of financial impact from scenario analysis	Mitigation activities
Transition risk – market/policy and legal S M L	**Reduction in demand and commodity prices for oil and gas due to changing consumer preferences and/or government regulations:** Contraction in oil and gas demand and market value (i.e. commodity price changes) due to changes in government policies and shifting consumer preferences towards lower carbon alternatives, resulting in reduced revenue.	• Changing consumer preferences towards lower carbon energy sources and demand reductions as a result of climate policy may reduce demand for Ithaca Energy's oil and gas products. • Coupling reduced demand with excess supply could significantly reduce global prices of hydrocarbons, which both reduces revenue and increases the risk of stranded assets. • Production changes in the short term for Ithaca sees an increased risk, which can be mitigated through diversification of the business into other energy sources.	The potential impact of global demand reduction for hydrocarbons and low oil and gas prices is expected to be **moderately high** under a 'Net Zero' scenario, particularly in the medium-term, despite long-term contracts partially shielding Ithaca from abrupt changes to revenue. This impact assumes demand for Ithaca's products declines in line with global demand and Ithaca's existing assets have not reached end of useful life. Over the longer term in both scenarios demand is projected to reduce, although at a much slower rate in the 'Current Policies' scenario, which is initially **moderately high** in the short-term, decreasing to **moderate** over the medium- to long-term.	• Continue to conduct reviews of our corporate strategy and business model in the context of the energy transition and changing demand/prices for oil and gas. • Continue to explore investment in emissions reductions to reduce the emissions intensity of Ithaca's products. • Regularly consider business diversification into the wider energy supply • Continually assess Ithaca Energy's ability to pivot the business as demand dictates and assess Ithaca's ability to improve/maintain market share of hydrocarbon supply should relative carbon intensity become a differentiating factor. See transition opportunity for further details.
Opportunity – market S M L	**Increased demand for Ithaca Energy's products due to the lower relative carbon intensity of UKCS O&G and shifting consumer preferences:** The UKCS low GHG/BOE oil and gas provides a potential competitive advantage as transition energy in the global commodity market which may increase market share and revenue.	• As the world decarbonises and policy restricts the use of carbon-intensive fuels, the relative carbon intensity of hydrocarbons globally is likely to factor into purchasing decisions for refiners and end users in relations to downstream processing and combustion. • The UKCS has a naturally low-carbon intensity compared to other regions which may increase demand for UKCS hydrocarbons vs more carbon-intensive sources. • This relative increase in market share for UKCS may increase demand for Ithaca Energy's products and hence revenue.	The potential impact of increasing demand for UKCS oil and gas is expected to be more material **(moderate)** in the 'Net Zero' scenario, in the short to medium-term as consumers move to lower carbon intensity hydrocarbons, before moving to alternative renewable energy sources in the longer-term. In the 'Current Policies' scenario the opportunity becomes more material **(moderate)** in the long-term as demand for oil and gas products remains steady, with a continued preference for lower-carbon intensity hydrocarbons.	• Ongoing implementation of GHG emission saving projects in-line with climate targets will reduce Ithaca's carbon intensity compared to peers maintaining a strong position in the UKCS. • Ongoing horizon scanning on how hydrocarbon characteristics are pricing into decisions on hydrocarbon selection (e.g. carbon intensity as well as API gravity and sulphur content). • Continue to develop a lower carbon intensity portfolio, as demonstrated by our investment in electrification projects at our Captain and Rosebank assets.

Disclosure	Alignment and next steps
Strategy continued	

(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Ithaca Energy assessed its resilience to the selected material climate risks and opportunities using a combination of quantitative and qualitative scenario and sensitivity analysis, as outlined in Strategy (b). Scenario analysis is a process for identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. Scenarios are plausible projections of future macroeconomic and environmental states based on key trends and inputs such as differing macroeconomic drivers and techno-economic outcomes and are not designed to deliver precise outcomes or forecasts. Instead, scenarios provide a way for the Group to consider how the future might look if certain trends continue or certain conditions are met. With the support of an enlisted third-party, we assessed the short-list of seven prioritised climate-related risks and opportunities over the short, medium and long-term horizons under the following scenarios:

- Optimistic 'Net Zero' scenario of 1.5°C global warming, which closely maps to the IPCC's representative concentration pathway RCP2.6; and
- 'Current policies' scenario of 3°C+ global warming, which closely maps to the IPCC's representative concentration pathway RCP8.5

Transition risks were assessed using predominantly International Energy Agency (IEA) scenarios. Where data was not available or appropriate, the Network for Greening the Financial System (NGFS) scenarios were utilised. Physical risks were assessed using IPCC AR6 models for RCP2.6 and RCP8.5 scenarios.

The Net Zero scenario assumes all necessary climate policies and related measures are implemented sufficiently to achieve global Net Zero greenhouse gas emissions by 2050 and subsequently limit global warming to 1.5°C. Therefore, under such a scenario, we expect transition risks, driven by changes in policy, markets and consumer behaviour, to have a much greater impact on society and our business than physical risks. Our analysis shows transition risks in this scenario may have a negative impact on the Group's growing portfolio of existing assets and new investment or M&A opportunities, due to increased carbon costs, demand contraction for hydrocarbons and lower commodity prices. This would likely result in higher operating costs, lower revenues and reduced overall asset valuations. Therefore, Ithaca Energy continually evaluates the financial exposure of current assets as well as potential assets over the short, medium and long-term. The Group has plans to support the energy transition, as described within the ESG section above (see page 48) which includes an emissions reduction strategy focusing on short-term operational improvements, mid-term portfolio revitalisation and long-term targeted electrification. Additional mitigation measures include exploring further emissions reduction activities and initiatives to maximise asset efficiency, industry collaboration on emissions reduction, including examination of developing technologies, and exploring further M&A and investment opportunities.

In contrast, the 'Current Policies' scenario assumes that some climate policies are implemented, and as such, some global warming is experienced. Therefore, under this scenario, we expect physical risks driven by longer-term weather changes from climate change to have a greater impact on our business compared to the Net Zero scenario. Our analysis shows that lower carbon costs and higher commodity prices resulting from a less pronounced transition (in comparison to the Net Zero scenario) mean the operational costs, revenues, profit margins, production dates and Company valuations are not as negatively affected. However, the increased physical risk in the long-term of this scenario may result in damage to assets or supply chain disruption, not only leading to financial losses from production and operational delays, but also increases in insurance costs and contingency planning and design, resulting in lower profits and asset valuations.

Based on the climate scenario analysis performed and the current mitigation measures in place, Ithaca Energy considers itself more resilient under a 'Current Policies' scenario as we currently have and will continue to design effective contingency and response plans for offshore development projects to mitigate against increasingly severe physical climate events. We expect potential changes in demand and commodity prices to be the most significant climate risk to our business, particularly under a Net Zero scenario. However, we believe Ithaca Energy has inherent resilience to this risk given UKCS' lower carbon-intensity production versus other producing regions are anticipated to be preferred as policy changes drive down spending on more emissions-intensive products. Ithaca Energy will continue to build robustness and resilience by utilising the outputs from the climate scenario analysis to inform our sustainability strategy as well as management and planning measures to mitigate the worst impacts of both physical and transition risks. For example, we will periodically review the credibility of our emissions reduction and Energy Transition plans in line with our Net Zero targets, including our commitments to zero routine flaring, 25% operated emissions reduction by 2025 and continued investment in lowering the carbon footprint of our portfolio such as electrification projects at our Captain and Rosebank assets. Our targets are discussed earlier in this ESG section.

Explain

We will consider further integration of different climate scenarios and related commodity price forecasts and look to incorporate these into existing models to provide more granular disclosure regarding Ithaca Energy's resilience in areas including financial resilience and strategy, as well as to develop and integrate measures to increase the overall resilience of our business.

Disclosure	Alignment and next steps
Risk Management	

(a) Describe the organisation's processes for identifying and assessing climate-related risks

This year, the initial climate risk register, developed in 2022, was refreshed with the help of a third-party organisation as part of the climate-risk and opportunity financial impact assessment process. Based on the existing enterprise risk register and climate risk register, a consideration of existing and emerging regulation, as well as knowledge of Ithaca Energy and our industry more widely, a new long-list of climate-related risks and opportunities was created covering all relevant TCFD categories. Each risk and opportunity was evaluated and given a Current Risk Level score of materiality based on our existing Enterprise Risk Management framework and Risk Prioritisation Matrix considering the potential financial impact to the Group, the likelihood of occurrence, the timing of the risk and the type and location of our existing portfolio. Further information on how the materiality of climate-related risks is assessed can be found in the Risk management section (b) below. Following this, a risk validation workshop was facilitated for senior stakeholders from across the business. The long-list of climate-related risks and opportunities were reviewed by these stakeholders, and those determined to be material to Ithaca Energy in terms of impact and likelihood were confirmed to be taken forwards for quantification through the climate scenario analysis described in Strategy (c) (see page 63), ensuring alignment with those risks and opportunities deemed most material against the enterprise risk management framework.

Going forward, Ithaca Energy identifies and evaluates climate-related risks at the organisational level and the asset and investment level on an ongoing basis.

At the **organisational level,** responsibility for the climate risk register sits with the HSE and Energy Transition teams. This includes evaluation of the risks and opportunities to account for additional planned mitigation measures used to calculate a post-mitigation residual risk level score. The most material climate-related risks were integrated into the Group's formal enterprise risk register under the principal risk 'Energy Transition and Net Zero Delivery' and will be monitored closely on an ongoing basis in conjunction with other significant business risks. Responsibilities of the HSE and Energy Transition teams also extend to the review of the climate risk register and identification of any new climate-related risks and opportunities on a quarterly basis, as part of wider annual re-assessment and following any material change to the business. This process includes a review of the discrete asset and function risk registers as well as a consideration of any changes to existing and emerging regulatory requirements and government policies (also considered as part of the 'UK Government's Energy and Fiscal Policies' Group emerging risk).

This informs whether any risks need to be updated or added to the climate risk register, including a (re)assessment of Current and Residual Risk Level Scores, and any changes communicated to the leadership team as appropriate. On a six-week basis or following any major updates, the HSE and Risk teams will consult on the need to escalate any climate-related risks and opportunities to discrete Group Principal Risks based on financial materiality and mitigation/risk management requirements, before being raised for discussion with the ELT.

At the **asset and investment level**, significant climate-related risks relating to fossil fuel prices, economic lifetime, expected cessation of production and carbon costs have been integrated into the risk assessment and due diligence process for each asset, investment, merger or acquisition opportunity. This is used to inform asset management, investment and strategic decision-making. Additionally, each asset holds their own risk register which feed into the organisational level climate risk register held by the HSE team. From the asset risk registers, the top 10 risks are raised to ELT on a monthly basis, overseen by the Risk function to manage escalation to principal risks where necessary.

Comply

We will seek opportunities to further embed and integrate process for identifying and assessing climate-related risks to inform corporate decision-making and financial planning for existing and future assets.

Disclosure	Alignment and next steps

Risk Management continued

(b) Describe the organisation's processes for managing climate-related risks

As a Group principal risk under the 'Energy Transition and Net Zero delivery' risk, climate change is governed and managed in line with the Group's risk management framework outlined on pages 84 and 85.

As sub-risks within this Group Principal Risk, Ithaca Energy's Risk, Compliance and Insurance team review and consider each risk identified in the Climate Risk Register described above to identify possible options to mitigate, transfer, accept or control each risk.

If deemed material, each risk will be assigned an overall risk owner, before current and additional planned risk mitigation measures are then defined and also assigned an action owner and due date. Decisions to mitigate, transfer, accept or control each risk are based on the team's assessment of the most viable or attractive options, such as cost and value delivered. This process will be repeated for any new climate related risks identified and reviewed on an annual basis for existing risks. Further information on the Group risk governance structure and process can be found in the Risk management section on pages 84 to 91.

Ithaca will also closely monitor the prioritised climate risks and opportunities with the aim of reducing risk across climate scenarios and strengthening our long-term resilience, with current management and mitigation actions for those risks summarised in Strategy (b) on pages 59 to 62.

As previously described, risks and opportunities identified in Ithaca Energy's Climate Risk Register have been assessed against our Enterprise Risk Management framework and Risk Prioritisation Matrix to consider the financial impact to the Group, likelihood of occurrence and timing of the risk. This allows the climate-related risks and opportunities to be categorised according to the following risk level scores:

- Risk Levels 1-4 **(High)**
- Risk Level 5 **(Moderately High)**
- Risk Level 6 **(Moderate)**
- Risk Level 7+ **(Low)**

High and **Moderately High** climate-related risks are monitored closely by the energy transition team, with any material changes and progress communicated to the leadership team. Where appropriate, material climate risks are communicated to the Health, Safety, Environment and Security Committee and the Audit and Risk Committee, who will review the likelihood and the impact of principal risks materialising, and the management and mitigation which aim to reduce the likelihood of their incidence or their impact.

Moderate and **Low** climate-related risks are reviewed and updated annually with the rest of the Climate Risk Register by the energy transition team, which is approved by the Chief Financial Officer.

Comply

We will look to further integrate climate-related risks and opportunities into decision-making at management level and improve the process of identifying climate risks through the Climate Risk Register.

Disclosure | **Alignment and next steps**

Risk Management continued

(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

At the organisational level, material transition and physical climate-related risks from the Climate Risk Register are embedded into the Group's Enterprise Risk Management procedures under the "Energy Transition and Net Zero Delivery" principal risk see page 89 along with other business risks to be managed appropriately. As such, each material climate-related risk will be assigned an overall risk owner, mitigation action owner and due date by the Risk, Compliance and Insurance team in line with the process outlined in Risk Management (b) above.

Further information on the Group's Enterprise Risk Management Section can be found in the Risks management section (see pages 84 to 91). Climate-related risk in terms of Energy Transition & Net Zero Delivery risks are included in the Group's Principal Risks.

Principal risks are frequently reviewed by the Leadership Team (through the Enterprise Risk Management Committee), by the ARC and at the main Board meetings. Material climate-related risks are brought forward periodically by the Energy Transition Team and Chief Financial Officer (CFO) to the Enterprise Risk Management Committee (ERMC) and the Board to guide corporate decision-making, business strategy and financial planning. The CFO reviews Group principal risks and attends the ARC and main Board meetings. In addition, the CFO will periodically review progress regarding Energy Transition and emission performance at monthly Energy Transition and emissions meetings.

At the **asset and investment level**, climate-related risks and opportunities are assessed as part of the business planning and pre-investment due diligence stage.

Comply

As the Group's climate-related risk management process and Climate Risk Register evolves, the integration of climate-related risks into the Enterprise Risk Management process will be developed further.

Metrics and Targets

(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

Ithaca have considered the all sector-specific metrics suggested by the TCFD implementation guidance to select the below set of metrics as appropriate to assess climate-related risks and opportunities in line with the strategy and risk management process:

- **Scope 1 and 2 GHG emissions**: The Group collects and tracks Scope 1 and 2 GHG emissions for each of its operated assets, as well as Scope 1 emissions for non-operated assets, measured in tonnes of carbon dioxide equivalent (tCO_2e). The breakdown of Scope 1 emissions is tracked by source, including emissions from flared hydrocarbons, other combustion, vented emissions and fugitive emissions. Ithaca Energy accounts are verified under the requirements, regulations and guidance of the 2020 UK GHG Order (UK ETS) and OPPC 2013. Scope 2 emissions are emissions from our office energy purchase. Starting this year, Scope 1 Greenhouse Gas emissions are also reported on a net equity basis, incorporating the proportional contribution from both operated and non-operated assets. This method offers a more comprehensive perspective on the Company's emissions. It is upon this full portfolio view that our longer-term emissions reduction targets are based. This aligns with the North Sea Transition Deal targets, which are basin wide targets and not specific to any individual asset. For further details see Metrics and targets (b).
- **Emissions intensity**: The Group tracks the emissions intensity of its portfolio of operated assets, comparing assets with the industry average. The emissions intensity metric considers Scope 1 and 2 GHG emissions (as above) and oil and gas production, measured in kilogrammes of carbon dioxide equivalent per barrel of oil equivalent ($kgCO_2e$/boe). Starting this year, we will also report our net equity Scope 1 emissions intensity.
- **Energy intensity**: The Group tracks the energy intensity of its portfolio of operated assets to monitor progress and identify further efficiency opportunities. The energy intensity metric considers energy consumption from operated assets and Ithaca Energy's offices, and oil and gas production, measured in terajoules per barrel of oil equivalent (TJ/boe).

Delivering on our emissions targets (as detailed in Metrics and targets (c)) is included as part of the annual score card, which helps determine annual performance bonus outcomes for almost all of Ithaca's employees. Milestones related to emissions reduction project delivery are also included in the individual objectives for relevant employees, further influencing their future remuneration. For further information on the KPIs included in performance scorecards (see page 119).

Ithaca Energy currently holds an internal carbon price assumption of £70/tonne in 2023 terms (inflated thereafter). The appropriateness of this assumption will be reviewed annually or more frequently if warranted by changes to our assessment of the outlook.

Explain

Whilst capital spent on decarbonisation efforts is tracked, going forwards, Ithaca Energy will consider further developing and disclosing specific targets related to this spend.

Following this year's update to the Climate Risk Register and completion of quantified scenario analysis per strategy (b) and risk management (a), we will consider developing further metrics related to the material climate risks and opportunities to track progress against relevant targets, informed by the All-sector and sector specific guidance per TCFD tables 1.1 and 1.2.

Disclosure	Alignment and next steps

Metrics and Targets continued

(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Gross operated asset basis	2023	2022	2021
Scope 1 GHG emissions (tCO_2e)	**435,522**	482,647	497,362
Scope 2 GHG emissions (tCO_2e) (Office energy purchased)	**270**	678	567
Total Scope 1 & 2 GHG emissions (tCO_2e)	**435,792**	483,325	497,929
Amount of Scope 1 emissions from flared hydrocarbons (tCO_2e)	**74,696**	67,362	82,312
Amount of Scope 1 emissions from other combustion (tCO_2e)	**323,655**	375,775	391,977
Amount of Scope 1 emissions from process emissions (tCO_2e)	**–**	–	–
Amount of Scope 1 emissions from vented emissions (tCO_2e)	**32,371**	39,510	22,215
Amount of Scope 1 emissions from fugitive emissions (tCO_2e)	**3,642**	949	949
Carbon intensity ($kgCO_2e$/boe)	**25.0**	23.8	24.6
Energy intensity (TJ/Mboe)	**0.35**	0.33	0.36
Percentage change in Scope 1 and 2 emissions, compared with 2019 baseline	**-23%**	-15%	-10%
Energy consumption MWh	**1,677,419**	1,879,541	2,040,278
Net equity operated and non-operated basis			
Scope 1 GHG Emissions (tCO_2e)	**566,711**		
Carbon Intensity ($kgCO_2e$/boe)	**19.2**		

Operational basis data comprises of 100% of emissions from activities operated by Ithaca Group. All emissions metrics are calculated in line with the GHG Protocol. Scope 2 emissions are calculated using a market based method.

From 2023, Scope 1 Greenhouse Gas absolute emissions, and carbon intensity are also reported on a net equity basis, incorporating the proportional contribution from both operated and non-operated assets. This method offers a more comprehensive perspective on the Group's emissions. It is upon this full portfolio view that our longer-term emissions reduction targets are based. This aligns with the North Sea Transition Deal (NSTD) targets, which are basin wide targets and not specific to any individual asset.

Ithaca Energy recognises the materiality of Scope 3 emissions in the organisation's emissions profile. As a result, we are working to better understand and influence the emissions from our value chain from both upstream and downstream activities. Using the definitions from the GHG Protocol's Corporate Value Chain (Scope 3) standard, we are evaluating which categories are most material to our activities and looking to industry for best practise in quantifying those before reporting, while continuing to engage with our supply chain to encourage Scope 3 emissions reduction.

Explain

The Group will continually monitor the appropriateness of the metrics and methodologies disclosed. Ithaca Energy will consider expanding coverage metrics to include the Scope 3 emissions, starting with the most material categories, following the GHG protocol and its defined Scope 3 categories.

Disclosure	Alignment and next steps
Metrics and Targets continued	

(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Ithaca Energy has a target of achieving Net Zero operations on a Scope 1 and Scope 2 net-equity basis 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 from a 2019 baseline of 569 ktCO_2e, and 50% by 2030 on a net-equity basis, which includes emissions from non-operated joint ventures, using the NSTD-aligned 2018 baseline. As of the end of 2023, the Group has reduced its operated Scope 1 and Scope 2 emissions by 23% compared with the 2019 baseline, 11% of which was associated with a major power generation outage on Alba.

All targets are re-baselined following any major changes to the business, including acquisitions or divestitures. To date, no targets have been re-baselined since the initial baseline development. The Group's Net Zero strategy is to invest in low carbon technologies to reduce Ithaca Energy's operational footprint (i.e. Scope 1 and 2 GHG emissions) as much as feasible. Any residual emissions will be offset by globally-recognised removals projects. Further information on our offsetting strategy will be disclosed in future reporting, where specific offset projects have been identified and/or applied.

Additionally, we set out to achieve a 0.20% methane intensity by 2025, in line with targets set by OGCI and adopted by the NSTA and OEUK. We calculate our methane intensity based on the mass of methane we emit across our operated assets, per mass of gas we export from those assets to pipeline, and express it as an intensity (%) so we can track our performance against the OGCI target over time. In 2023 our gross operated methane intensity was 0.17%. We have also reduced our gross operated absolute methane emissions by 47% compared to a 2018 baseline, in alignment with our commitment to the OEUK target of 50% absolute methane emission reduction by 2030.

Ithaca Energy is also aligned with the World Bank's Zero Routine Flaring of operated assets by 2030.

Further information regarding our climate-related targets can be found in the environmental content within the ESG section, above.

Explain

Following this year's updates to the Climate Risk Register and completion of quantified scenario analysis per strategy (b) and risk management (a), we will consider developing further targets related to the material climate risks and opportunities to manage risk exposure informed by the All-sector and sector-specific guidance per TCFD tables 1.1 and 1.2.

In 2024, we will further refine our pathway to achieving our Net Zero goals. In addition to progressing our understanding and quantification of our Scope 3 emissions, this will include reviewing our M&A guidelines to align with our Net Zero aspirations, developing trigger points for considerations of low carbon technologies, an improved internal Net Zero communications plan and the expansion of our emissions reduction opportunity set to include non-operated assets.

"Throughout all of our operations, we promote a positive and robust safety culture."

Social

The Group is committed to providing a safe and healthy working environment for all its employees, contractors and other personnel working for us, providing a process safety assurance focus and achieving excellence in Health, Safety and Environmental (HS&E) performance across all of our operations.

Health and safety

The Group is committed to providing a safe and healthy working environment for all its employees, contractors and other personnel working for us, providing a process safety assurance focus and achieving excellence in Health, Safety and Environmental (HS&E) performance across all of our operations. The Group considers its HS&E performance, prevention of process safety events, and the health, safety and security of those who work for, with and alongside Ithaca Energy as central to its business success.

To achieve this, the Group aims to manage its business in compliance with legislation and industry standards, maintain high-quality systems and processes and maintain safe and healthy workplaces. Throughout all of our operations, we promote a positive and robust safety culture, ensuring that health and safety standards are not compromised to meet commercial objectives.

In 2023, we have made improvements to our Business Management System (BMS) which implements the Safety Management System (SMS) and the EMS as documented in our HSE policy. The BMS formally describes the responsibilities of the organisation and individuals within the organisation and incorporates the Group's EMS and SMS.

Improvements initiated in 2023 have included improving and simplifying how our teams access procedures, and improvements in key procedures to provide clarity regarding compliance roles and responsibilities, and also reflect audit findings.

We proactively manage potential risks of major incidents by:

- Focusing on developing a strong leadership culture, prioritising process safety culture and Stop Work Authority;
- In 2023 launching our Group safety leadership expectations;
- Developing our process safety culture with focus on leadership training for seniors' leaders;
- Frontline Operator Process Safety training; and
- Implementation of Process Safety Fundamentals.

We also ensure that:

- Safety and environmental performance measures are included in our scorecard, tracked at established meetings and reviewed by the Board;
- HSE policy in place, which includes Company Major Accident Prevention Policy (CMAPP) requirements that provides a framework for all Group activities, supported by a Company management system;
- Regulator accepted safety cases for all offshore facilities, summarising management of potential Major Accident Hazards (MAHs) and safety and environment sections of our Company management system;
- Application of robust risk assessment and management of change processes;
- Line of Defence (LOD) auditing framework in place, driving focus on prevention of MAHs, with regular progress reporting to the Board HSE Committee;

Case study

VSA Linn Moor School

Over VSA's 150-year history, the charity has helped thousands of the most vulnerable people and their families living in communities providing vital support and services to people of all ages living with a mental health diagnosis, complex additional learning and support needs, addiction (drugs and alcohol), loneliness and isolation, and living in extreme poverty.

VSA's Linn Moor School and Campus provides specialist education and transitioning care for children and young people living with complex additional support and behavioural needs. The campus provides a nurturing, warm and aspirational learning environment for children and young people, creating the environment they need to thrive.

Within the campus grounds, VSA are one of a few specialist providers across the UK that offer a transitioning care programme for young people aged 18-25 years once they have graduated from Linn Moor School. At Linn Moor, VSA helps to prepare children and young people for their journey into adulthood, empowering students with the confidence, independence and social/life skills to enable students to live happy and healthy lives now and in the future.

At Ithaca Energy, we were overwhelmed by the work VSA do and pledged our support to Linn Moor School. Our teams have volunteered to create the Ithaca Energy 'sensory' garden, clearing ground, erecting fences and planting shrubs and trees, designed to stimulate students' senses – touch, taste and sound – using different plants and materials which help the children with their cognitive, emotional, physical, social and communication development.

With over ten teams from across our organisation participating in our efforts covering 1,600 volunteering hours, we transformed the garden from an unused area to a space where the children can enjoy with the garden due to open in spring 2024.

- Independent assurance of safety and environmental critical elements (SECE) by an Independent Competent Person (ICP) as part of our written scheme of verification;
- Independent review of well programmes by our well examiner;
- Framework for technical authorities, providing independent assurance;
- Crisis management and emergency response processes, exercised regularly; and
- Oversight and challenge of Board HSE Committee, with experienced industry leaders.

The Group monitors and manages the Serious Injury and Fatality Frequency (SIF-F) associated with its operated assets as a means of evaluating the health and safety performance of the Group and the suppliers working on the assets.

In addition, the Group monitors process safety events, monitoring Tier 1 and Tier 2 events (as defined by Institute of Oil & Gas Producers IOGP AP1453) for learning. Improving operational and process safety performance, within an open and transparent incident reporting culture, is a continual focus of the business and a combination of targets and specific measures are implemented with a view to facilitating this goal.

Our performance with regard Serious Injury and Fatalities, Process Safety Events and Recordable Case or injury rates are shown in the following table:

	2023	2022
Serious Injury and Fatalities	–	–
Process Safety Events Tier 1	1	–
Process Safety Events Tier 2	–	2
Total Recordable Case Frequency per million hours	3.31	3.38

Our 2024 focus to improve both process safety events and Recordable Case rates includes:

- **Leadership:** Supporting our frontline regarding our safety leadership expectations and human performance;
- **Controls:** Continuing to improve our control of work processes;
- **Assurance:** Delivering our Lines of Defence plans for HSE and Technical Authority Auditing; and
- **Process Safety:** Continuing to embed improvements including immersion regarding Process Safety Fundamentals, process safety Key Performance Indicators (KPIs) and the use of the Barrier Model.

Our people

The mark of a great Company isn't just about what we achieve, but how we achieve it. It's about the people who create and share in that success, the communities we support and how our work contributes to the greater good. On all counts, we are proud of who we are and what we do.

At the close of 2023, we were a complement of 631 employees reflecting some growth this year to strengthen our business and execute key business deliverables. In terms of people and culture, the year brought significant activity to further embed our vision and values following the launch in 2022.

In addition, we continued to adapt to being a public Company and all that entails in terms of accountability, formalising processes and transparent reporting.

Our people priorities and achievements in 2023, and continuing into 2024, include:

- Continuing to actively work on embedding our vision and values, with 18 interactive sessions taking place across the business focusing on building and leading culture and change and establishing our culture ambassador team which consist of employee representatives both onshore and offshore providing support. To strengthen this further and bring our values to life our shared behaviours ('Our Way') was launched in Q1 2024. These core behaviours have been developed in conjunction with employees, using the feedback from a cross-section of the organisation to provide clear expectations, asks and actions to bring our values to life day to day. During 2024,

we will embed these behaviours in our people processes to underpin how we manage ourselves and provide aligned and consistent approaches that gets the best out of our people and builds a culture we all want to be part of;
- Improving our employee engagement score by 12% since our last survey in late 2021. In May 2023 we ran our most recent engagement survey with a high participation rate of 72%. To increase transparency and build on our culture and engagement a number of employee focus groups took place during the year along with regular engagement with our employee consultation forum. In addition, leaders were empowered to have their own team planning sessions to prioritise what is important and co-create action plans. We will carry out pulse surveys in 2024 to measure our progress;
- Launching our formal graduate programme, with nine graduates across various disciplines joining the business to strengthen our talent pipeline;
- Building solid structures around employee proposition, learning and development, talent acquisition and management; and
- Evolving the people strategy ensuring it remains scalable for growth and creates a great place in which to work, develop and stay.

To attract and retain quality talent, we have various internal and external development programmes, educational assistance and graduate and apprentice training programmes. In 2023, we have been highlighting our career development tools to raise awareness, established our talent development team, developing a bespoke people leaders programme which was launched in Q1 2024 and completed succession plans for business critical positions.

Turning to employee wellbeing, supporting positive mental health and wellbeing is a cause that Ithaca Energy is passionate about. Support can be ‘direct’, e.g. specific mental health awareness days/weeks/months, free health assessments, our employee assistance programme, seminars on financial wellbeing and retirement planning, or ‘indirect’, e.g. Rig Run participation that promotes wellbeing, health and camaraderie for our offshore employees. We provide extensive employee resources and supportive guides, including trained mental health first aiders and wellbeing champions.

Our community neighbours

Ithaca Energy’s mission is to Triumph. Together. We believe that success comes from collaboration, harnessing the collective experience of our people – on and offshore and in our local community. The passion to be a good neighbour permeates Ithaca Energy’s DNA. Our aim is to be a long-term member of our local community, which we believe will help build a better society.

Over the course of 2023, we have expanded our efforts to reach a wider range of charitable and community projects broadening our community impact across social, environmental and humanitarian causes. We were delighted to have entered into a further six charitable partnerships while maintaining an active involvement with our key charity partner, VSA.

With growing interest from across our organisation, we invited our employees to nominate charities that they felt would benefit from our financial and volunteering support. Nominations were wide reaching, with Aberdeen Maggie’s Centre, the Living Well Café, AberNecessities and Camphill School selected as our local charity projects. Broadening our social impact, the charity Committee donated to The British Red Cross Appeal, to assist with aid in Syria following the Turkish earthquakes, a cause our employees were keen to support, and to the River Dee Trust to support conservation efforts in our local community.

We have built strong relationships with our charity partners and work closely with them to provide the required support, financially and practically, along with developing employee engagement opportunities and learning around different social issues: poverty, dementia, mental health, cancer and special educational needs.

Our support is multi-faceted: from financial support and volunteering, to raising awareness of social issues facing our community. Beyond our key charitable partnerships, we have matched charitable donations and supported more than 50 charitable requests from our employees, donating over £70,000 to local charities, youth and elderly groups, community sporting clubs and local schools in the North East of Scotland in 2023.

VOLUNTEERING HOURS

1,600

FUNDS RAISED FOR VSA IN 2023

£90k

Case study

Aberdeen Art Challenge

Ithaca Energy were delighted to host our annual Aberdeen School's Art Challenge again in 2023, with hundreds of students across nine Aberdeen and Aberdeenshire schools taking part in this year's challenge.

Designed to encourage creativity and develop new ways of approaching their learning outcomes, we provided participating schools with a £500 art cupboard voucher. With an overwhelming response from the applicants, each school submitted their top 10 pieces for our finalist's exhibition. We were hugely impressed with the quality, diversity and creativity of the artwork. Supporting the art and creativity provision in primary schools, even in this small way, is exactly the aim of this competition.

Participating schools again provided tremendously positive feedback with a teacher from a winning school commenting: "As well as any materials we have required for expressive arts, new watercolours and clay, the money has been used for buying materials for sensory packs to help our pupils who need tactile nurture sessions. We have also bought ear defenders for our pupils who struggle with noise and headphones with mouthpieces for pupils who use talk to type functions on the computer. It has just been so lovely to be able to supply our pupils with these extra supports that our school budget does not have room for."

Each year, our onshore staff receive four paid volunteering days to help support community projects and have participated in various activities in support of Aberdeen Cyrenians, AberNecessities' Giving Tree and Winter Appeals, The River Dee Trust, Cancer Research UK and VSA's Linn Moor School. We also offer our employees the opportunity to take part in learning lunchtimes, wellbeing seminars and webinars which have covered subjects from mental health, the menopause to personal experience of dementia and cancer treatment.

With strong involvement from across our organisation the results of our employee engagement survey highlighted the significant swell of pride in our bid to be a good neighbour. Supporting third-sector work has created a strong sense of purpose, positively impacting our engagement metrics. Our most recent engagement survey revealed a rise in our engagement score for social connection of 42% in the past 12 months.

VSA

2023 marked one year of our corporate partnership with VSA. Over the last year our partnership has flourished, from tea parties and choirs, endurance events, golf days, the Kilt Walk, the London Marathon, Run Balmoral, Aberdeenshire Enduro and social events such as our Burns Supper and two charity balls, VSA has been at the heart of it all.

Our contribution has already extended significantly beyond our initial charitable donation of £150,000, with a further £72,000 of funding in 2023. Ithaca Energy employees have raised an additional £18,000 through fundraising activities and ten teams from across the organisation have committed over 1,600 hours of their time to volunteer with the charity. In recognition of our employee's volunteering efforts, Ithaca Energy was awarded the VSA Dr Vijay Jandial Award for Corporate Volunteering.

AberNecessities

It is an honour for Ithaca Energy to support AberNecessities, a children's charity dedicated to supporting children from birth to 18 years of age, living in extreme poverty across the North East of Scotland. Our £40,000 donation provided valuable support to AberNecessities' 'Believe in Magic' and 'Warm Up Winter' campaigns.

In Aberdeen, a startling statistic reminds us that one in five children live in poverty. For these children, the magic of Christmas can often remain out of reach. AberNecessities' 'Believe in Magic' campaign seeks to address this inequality and provide an equal opportunity for every child to experience the wonder of the season. Our support of the 'Believe in Magic' campaign left us with a sense of the need to do more and we committed to provide further support for the 'Warm Up Winter' campaign. With teachers reporting more and more children struggling with freezing temperatures, AberNecessities are working with local schools to supply 'Winter Warmer' packs to help children stay warm through the colder months.

Teams from across Ithaca Energy proudly committed their time to the winter campaigns to support the charity's fantastic work in the community collecting a total of 150 gifts under our Giving Trees, as well as countless donations to the winter clothing appeal. Our volunteering teams supported efforts at the charity's Christmas HQ, from counting and costing donations, to sorting and organising the gifts and making the charity's Christmas Eve box's for distribution to local vulnerable children.

Aberdeen Maggie's Centre

Ithaca Energy are proud to partner with Maggie's Centre in Aberdeen, working closely with the charity to support their fundraising efforts, both financially and with volunteering support. Maggie's vision is to provide a new type of cancer care offering free emotional, practical and social support to people living with cancer and their family and friends. Maggie's Centres across the UK bring people together in a calm, friendly and uplifting space.

We supported the charity with an initial donation of £20,000 and held various fundraising initiatives during the year, including sponsoring and providing volunteers to support preparation for their first charity ball. In October 2023, we hosted a cancer in the workplace session alongside Maggie's Cancer Support Specialists who offered advice, support and helped our employees and managers to learn more about the impact of cancer in the workplace.

Living Well Project

We are delighted to partner with the Living Well Project, whose mission is to improve the physical, emotional and social wellbeing for the lonely and isolated, and for those living with dementia and their carers. As well as our initial donation of £20,000, the Living Well Cafes provide an opportunity for our employees to volunteer at the café, which provides a safe and supportive place for people living with dementia and/or memory problems as well as respite for their caregivers.

Continuing on our employee and charity engagement efforts, we organised a dementia in the workplace session to encourage an open and honest conversation around dementia and Alzheimer's and for us all to think about conversations at work. It was a great opportunity to meet our new charity partner and discuss how dementia affects lives.

> "The passion to be a good neighbour permeates Ithaca Energy's DNA. Our aim is to be a long-term member of our local community, which we believe will help build a better society."

Camphill School

Our final charity partner, Camphill School provides support to children and young people, many with additional support needs to reach their fullest potential with three campuses across Aberdeen. The charity recently celebrated breaking ground for a new residential home on their Murtle Estate, as well as a new zero waste social enterprise called Murtle Market which will sell organic produce, showcase the arts and crafts made by students as well as providing essential development skills for young people.

Camphill School plan to use our £20,000 donation towards their 'Building Futures, Transforming Lives – Together' campaign. We organised for our first team of volunteers to visit the site in November. They prepared glass bottles to be used in a gabion wall in the new residential house and cleared fallen leaves to make sure the paths were safe, to help the young people move around the estate.

Case study

River Dee Trust

Ithaca Energy supported the River Dee Trust, a Scottish conservationist charity that is leading landscape-scale restoration of the country's highest river, the River Dee, that stretches 81 miles from the source high up in the Cairngorms, right down through Royal Deeside to Aberdeen where it joins the North Sea.

The charities award-winning work seeks to save endangered species, including Atlantic salmon and freshwater pearl mussels. Restoration efforts include tree planting, flood prevention, removal of invasive species and innovative techniques to increase the wild salmon population.

Colleagues from Ithaca Energy volunteered to remove invasive non-native American skunk cabbage from the River Dee catchments that threaten our river's biodiversity.

> “The Board is committed to maintaining the highest standards of corporate governance.”

Governance

Ithaca Energy is led by a Board of Directors who bring a wealth of sector, Board and public market experience, guiding the business in its delivery of sustainable value creation for shareholders, through the responsible management of its assets.

The Board is committed to maintaining the highest standards of corporate governance, with a sound framework for the control and management of the Group.

We will operate in a manner that generates financial value in an environmentally viable way, while protecting the value of our assets on behalf of our shareholders.

We fully subscribe to the aim and spirit of the UN’s Sustainable Development Goals and Ithaca Energy is a signatory to the UN Global Compact. We are committed to taking action across the goals that we believe we have an ability to influence, including good health and wellbeing, quality education, gender equality, affordable and clean energy, decent work and economic growth, industry innovation and infrastructure, reduced inequalities, responsible consumption and production, climate action, life below water and peace, justice and strong institutions.

Our governing principles are rooted in dealing fairly and openly, creating a place of work that treats everyone equally. We also demand the same of every business in our supply chain.

Prior to the Group’s admission to the premium segment of the London Stock Exchange we formed a new Board and established the following Committees:
- The Audit and Risk Committee;
- The Nomination and Governance Committee;
- The Remuneration Committee;
- The Health, Safety, Environment and Security Committee; and
- The Disclosure Committee.

Please refer to the Corporate Governance Report for further overview.

Diversity, equality and inclusion

We are committed to Diversity, Equity and Inclusion (DE&I) and creating an open, diverse and inclusive organisation where all feel genuinely engaged and supported. Diversity and inclusion are fundamental to the well-being of our employees and the success of our business. A diverse and inclusive workforce will support our business capabilities, increase engagement and enhance our business results, helping to contribute to fairer and more equitable communities.

To make progress in this area, our DE&I policy confirms our commitment to a continuous programme of equality and inclusion, which supports our core values of ‘Express Yourself’, ‘Be Considered’ and ‘Bring Strength’ and ‘Deliver Results’. Our policy was published in Q1 2023 and also applies to the Board and its sub-Committees.

Our aim is that our workforce feels respected, listened to, comfortable to be themselves and able to give their best. Additionally, the Group established a DE&I network in 2022 made up of members from across the organisation who support the Group in establishing and sustaining a supportive and welcoming workplace environment, adopting a culture where all feel a sense of belonging. The network work to support the commitment to a diverse workforce, safeguarding equitable treatment and an inclusive environment. This is accomplished with leadership endorsement.

Acknowledging that the Group needs to set an example from the top down, we engaged an external specialist to provide sessions on inclusion and diversity with our Leadership Team, our Human Resources team, all managers and supervisors both onshore and offshore, and members of the newly-formed DE&I network.

Throughout 2023, we introduced mandatory online awareness sessions on diversity and inclusion for employees and contractors. In addition, online unconscious bias training is mandatory for all supervisors and managers. We will continue to engage external parties with expertise in this area to guide the business on good practice. Our Leadership Team will actively engage with our DE&I network to build on our ongoing actions and monitor our progress.

Hiring managers and talent acquisition partners must adhere to our structures and processes in order to select the best candidate based on merit. To support a fair and impartial hiring process, the recruiter ensures compliance with the recruitment process and policy. We took steps in 2023 to improve our recruitment guidance and processes to reinforce our DE&I commitments and ensure no bias in our processes.

We strive to offer fair and competitive remuneration in line with the market, and have a structured approach to remuneration, ensuring salaries are unbiased towards gender, age, seniority or nationality.

We will continue to build an inclusive and accessible environment for our talented workforce, striving to enable everyone who works for and with us, to be themselves and recognise them for their individual skills, abilities and qualities.

To continue our progress, listen to employee feedback and understand the unique experiences of our employees, we included a number of questions on DE&I in our 2023 engagement survey as well as including an optional DE&I demographic data gathering section. It is important to us to understand how well everyone feels included and gather data to help inform our actions and track our progress. To support this we provided all supervisors with a guide of talking points to explain the reasons these questions were being asked to support building trust.

Although we have taken steps to do better, we know that we are still on this journey and are determined to keep challenging ourselves to do more. In the coming year we will continue to make progress on our pledges, respect our differences and be inclusive in all that we do.

Non-discrimination and bullying

We are committed to promoting equal opportunities in all areas of employment. Employees and job applicants will receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

Similarly, we are committed to providing a working environment free from harassment and bullying and ensuring all staff are treated, and treat others, with dignity and respect.

In 2023, to support this commitment, we launched a mandatory online bullying and harassment courses for all employees and contractors which provides guidance on prevention, action and the steps to take in maintaining a positive culture.

Gender equality

Gender balance, pay and roles are key components of equality, and the Group reports on them annually. On 5 April 2023, we recorded a mean gender pay gap of 9.7% and a median of 17% between male and female employees, which largely reflects the lower proportion of female staff in more senior and technical positions.

This is reflective of the gender balance throughout the energy sector which has historically had fewer women in senior, engineering and technical roles. These roles typically attract higher levels of remuneration, which can be due to a scarcity of skills or operating in highly-competitive markets for those skills.

Case study

Umbrella Project

Ithaca Energy were delighted to support the Umbrella Project in 2023, helping to raise awareness and understanding for the 'umbrella' term of Neurodiversity, as part of our Diversity, Equality & Inclusion strategy

As we seek to promote a more inclusive environment, the Group's Umbrella Project recognises the uniqueness of every person, and that as a diverse organisation everyone has the potential to contribute in a valuable way to organisational success if given the opportunity and met with acceptance for who they are.

In support of raising awareness of Neurodiversity, our DE&I network hosted group awareness sessions with the ADHD foundation with the aim of increasing understanding of neurodiversity and how we can support colleagues in the workplace.

Our gender pay gap is further compounded by offshore allowances, a key factor for accounting for a higher average pay for men than women, as more men typically occupy these positions.

The Group has implemented a series of policies to outline the behaviour it expects of Directors, managers and employees, and of suppliers, contractors, agents and partners.

The Group is committed to complying with all applicable legal requirements, in both the spirit and letter of the law, and to uphold the highest ethical standards at all times.

Executive succession planning

Succession planning as well as talent management is of critical importance and is discussed and reviewed regularly at both Board and Nomination & Governance Committee meetings. Having clear and credible plans in place is vital to ensure that all eventualities are covered and that the continuity of the business is safeguarded with disruption minimised as we pursue our strategic plans for growth.

A regular review of the Board and our leadership team by the Committee is a key part of this process, as it allows us to assess the effectiveness of our Directors and identify potential opportunities that we might need to develop, as well as mitigate any risks. Proactive planning will help us prepare for the departure of those in leadership positions, whether through retirement, promotion or another form of exit, meaning that we can rely on able and competent successors.

Regular succession planning enables us to assess and strengthen our talent pipeline for senior roles and develop programmes to support career progression across the business.

Succession planning will strategically support our leadership development and a pipeline of leaders who are ready to step in when needed.

Anti-bribery and corruption policy

Ithaca Energy is committed to business integrity, high ethical values and professionalism in all of its business dealings and relationships, wherever we operate and to implementing and enforcing effective systems to counter bribery and corruption. It has a zero-tolerance approach to bribery and corruption and the Group's anti-bribery and corruption policy specifically prohibits the offering, giving, solicitation or acceptance of any bribe to or from any person or Company, wherever they are situated and whether they are a public official or body or private person or Company. Any breach of this policy is regarded as a serious matter and will result in disciplinary action, including, where appropriate, summary dismissal.

The Group's anti-bribery programme is built around a clear understanding of how and where bribery risks affect the business and comprises key controls such as: policies (anti-bribery, gifts and entertainment, supply chain); procedures such as conducting due diligence on suppliers; training colleagues on bribery risks; and ongoing assurance programmes such as external as well as internal audits to test that the controls are functioning effectively.

No breaches of the anti-bribery and corruption policy were identified in 2023 but opportunities to improve the control framework in this area were identified by internal audit. Ithaca Energy has appointed an anti-bribery and corruption champion to support the maturation of processes and controls.

Whistleblowing

The Group has in place a whistleblowing policy through which senior managers, officers, Directors, employees, consultants, contractors and all persons associated with us, wherever their location in the world, are encouraged to report any behaviour which they feel is not right, whether this affects them personally, or a colleague, or the safety or compliance of the business. Concerns can relate to actual or potential breaches of law or Company policy, including those relating to accounting, risk issues, internal controls, discrimination, bullying, illegality, suspicion of criminality, modern slavery and unsafe practices.

The policy is designed to make it easy for concerns to be raised. For those wishing to keep their identity anonymous, they may raise their concerns on a dedicated whistleblower hotline which is maintained by an independent external provider who will take the details of the incident and contact the Group with the report. This ensures concerns or issues can be escalated and dealt with effectively, without fear of victimisation, discrimination or disadvantage, in the interests of the business, colleagues, shareholders and other stakeholders.

All matters raised are investigated and reported to the Audit & Risk Committee. No matters were raised or reported during 2023.

Conflicts of interest policy

Through our conflicts of interest policy, both as a Group and as individuals, we avoid or declare conflicts of interest that may lead, or be seen to lead to divided loyalties. We are committed to working with honesty and transparency and ask that those who work with us to consider and declare any potential conflicts in this shared spirit.

Data protection

As an organisation, we are committed to ensuring the security and protection of all personal or sensitive data as this is critical to the sustainability and competitiveness of our business and to maintaining the trust of our customers, colleagues and investors. We recognise our obligations to meet the requirements of the General Data Protection Regulations and take every reasonable measure to safeguard all information under our control. A member of our leadership team is our designated Data Protection Officer and we have robust information security policies and procedures in place to protect data from unauthorised access, alteration, disclosure and destruction. Our technology and innovation team are responsible for promoting awareness of data protection across the organisation, assessing our compliance, identifying any gaps and implementing new policies, procedures and measures. We understand that employee awareness and understanding is critical to continued compliance.

Board recruitment

Our Directors' mix of skills, varied perspectives, knowledge of the sector and wide-ranging business experience are major contributing factors towards the proper functioning of the Board and its Committees, ensuring that matters are debated, business strategies fully discussed and critically reviewed and the strategic objectives of the Group are supported.

When a Director is being recruited, the Nomination & Governance Committee begins by evaluating the skills and experience required and from that a role specification is prepared. The Committee is conscious that diversity of social, professional, international and ethnic backgrounds as well as of cognitive and personal strengths is as important as gender diversity and the role specification will reflect this. Specialist consultants may be appointed to assist with the recruitment process and to ensure that potential candidates can bring an independent and challenging perspective to our business.

Further information on this can be found in the Corporate Governance section on pages 108 and 109.

> "Through our conflicts of interest policy, we are committed to working with honesty and transparency."

Delivering results and developing optionality

We have reduced adjusted net debt by $400 million during 2023 and have lowered our leverage ratio to 0.33 times adjusted net debt to adjusted EBITDAX whilst paying out $266 million of interim dividends.

ADJUSTED EBITDAX

$1,722.7m

NET CASH FLOW FROM OPERATING ACTIVITIES

$1,290.8m

PROFIT FOR THE YEAR

$215.6m

ADJUSTED NET INCOME

$369.6m

LEVERAGE RATIO – ADJUSTED NET DEBT TO ADJUSTED EBITDAX

0.33x

STATUTORY EARNINGS PER SHARE

21.4 cents

Our first full year as a listed Company has not been without its challenges including the investment and cash impact of fiscal changes. Yet despite these, we have reduced adjusted net debt by approximately $400 million during the year and have lowered our leverage ratio to 0.33 times adjusted net debt to adjusted EBITDAX whilst paying out $266 million of interim dividends.

We have achieved another strong year of production as well as maintaining our focus on operating costs with initiatives such as the Partnered Cost Optimisation project described below.

We have delivered a robust set of results, as well as moving forwards with sanctioning of the Rosebank development and strengthening our positions with the Cambo and Fotla prospects.

With a strong liquidity position at year end of $1,028.2 million (2022: $578.8 million), the Group has sufficient available capital to support investment and is well positioned to finance future growth plans. During the year we have entered into attractive lending arrangements including a new $100 million five-year term loan facility with bp and a $150 million capex carry arrangement which was unutilised at the year end.

Statutory profit for the year of $215.6 million (2022: $1,031.5 million) was impacted by a $557.9 million pre-tax impairment charge principally in relation to the Greater Stella area following the decision not to proceed with Harrier drilling, as a direct result of the Energy Profits Levy (EPL) and falling gas prices and in relation to Alba due to a reduction in estimated future production. In 2022, we benefitted from a one-off gain on bargain purchase of $1,335.2 million partly offset by a deferred tax charge of 766.5 million on the introduction of EPL.

The increase in the EPL rate to 35% at the start of the year was another disappointment for the industry as it further reduces the free cash available for reinvestment. However, despite this, we have continued to create substantive organic value through 2023 and we believe that our capital allocation framework should give investors confidence as we seek to continue to grow value through 2024 and beyond.

Summary of financial results

Financial key performance indicators (KPIs)

	2023	2022
Adjusted EBITDAX[1] ($m)	**1,722.7**	1,916.2
Net cash flow from operating activities ($m)	**1,290.8**	1,723.3
Available liquidity[1] ($m)	**1,028.2**	578.8
Unit operating expenditure[1] ($/boe)	**20.5**	19.0
Basic EPS (cents)	**21.4**	102.6
Adjusted net debt[1] ($m)	**571.8**	971.2
Adjusted net debt/adjusted EBITDAX[1]	**0.33x**	0.51x

Other KPIs

Total production (boe/d)	**70,239**	71,403

1. Non-GAAP measure.

Further details of financial KPIs are set out on page 27.

The Group reported average production of 70,239 boe/d for 2023 (2022: 71,403 boe/d) driving Group adjusted EBITDAX of $1,722.7 million, net cash flow from operations of $1,290.8 million and statutory profit for the year of $215.6 million.

Non-GAAP measures

Adjusted EBITDAX, adjusted net income, adjusted net debt, unit operating expenditure and certain other reported metrics are non-GAAP measures that are not specifically defined under International Financial Reporting Standards or other generally accepted accounting principles. Further details are set out on pages 221 to 223.

Case study

Partnered Cost Optimisation

In response to higher EPL cash charges and lower commodity prices, we implemented an internally-managed cost optimisation project during the year to generate additional cash for future investment.

This further embedded an already cost-conscious culture throughout the Group, focused on the right activities and also established a more empowered and engaged workforce. In addition, numerous process improvements were identified and implemented during the project.

The project delivered in-year cash savings of more than $100 million through the elimination or deferral of both operational expenditure and capital expenditure, which was split broadly equally between opex and capex.

Empowering our people to deliver improved efficiency and reduced costs is a great example of our values in action and we are confident that this will sustain value delivery well beyond 2023.

Case study

Hedging strategy in action

Our value constructive hedging policy enabled substantial participation in price upside throughout the year whilst also protecting against downside risk.

Commodity price risk is actively managed through a combination of puts, collars and swaps. On a rolling basis, our target is to hedge oil and gas prices up to a maximum of 75% of the next year's production, up to 50% of the following year and up to 25% of the third year.

During the year, hedges were typically placed at peaks in commodity markets and as a result of our hedging strategy, gains of $266 million were realised during FY 2023.

Adjusted EBITDAX analysis

	2023		2022	
Production	**kboe/d**	**mmboe**	**kboe/d**	**mmboe**
Oil	43	16	43	16
Gas	24	9	24	9
Condensate	3	1	4	1
Total production	**70**	**26**	**71**	**26**
Revenues[1]	**$/boe**	**$m**	**$/boe**	**$m**
Oil revenue	85	1,330	100	1,693
Gas revenue	76	659	149	1,348
Condensate revenue	44	49	57	76
Oil and gas hedging gains/(losses)	10	266	(19)	(501)
Total	**90**	**2,303**	**100**	**2,615**
Movement in oil and gas stocks	1	20	(5)	(130)
Tanker costs	(1)	(21)	–	(18)
Stella royalties	–	(4)	–	(11)
Total value from production	**90**	**2,299**	**94**	**2,457**
Costs				
Operating costs	(20)	(524)	(19)	(496)
Routine G&A	(2)	(34)	(1)	(28)
Forex loss/inventory provision	(1)	(18)	(1)	(17)
Total operating costs	**(23)**	**(576)**	**(21)**	**(540)**
Adjusted EBITDAX[2]	**67**	**1,723**	**73**	**1,916**

1. Revenues exclude principally other income and put premiums on oil and gas derivative instruments.
2. Non-GAAP measure.

Financial performance: adjusted EBITDAX

Adjusted EBITDAX is a key measure of operational performance delivery in the business and in 2023 was $1,722.7 million (2022: $1,916.2 million). The reduction in adjusted EBITDAX was due to a combination of lower commodity prices, higher unit operating expenditure, discussed further below and slightly lower production volumes driven mainly by the planned maintenance shutdowns in Q3 2023.

Average realised oil prices for the year were $85/boe before hedging results and $82/boe after hedging results (2022: $100/boe before hedging results and $91/boe after hedging results). Average realised gas prices for 2023 were $76/boe before hedging results and $111/boe after hedging results (2022: $149/boe before hedging results and $137/boe after hedging results).

Unit operating expenditure increased to $20.5/boe (2022: $19.0/boe) largely due to the planned Q3 shutdowns as well as inflationary pressures slightly outweighing our 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.

Revenue, opex and adjusted EBITDAX are as follows:

	2023	2022
Production (boe/d)	70,239	71,403
	$m	**$m**
Oil sales	1,329.7	1,692.7
Gas sales	658.7	1,348.2
Condensate sales	48.8	75.4
Other income	32.3	40.6
Realised losses on oil derivative contracts	(31.7)	(211.6)
Put premiums on oil derivative instruments	(11.8)	(14.6)
Realised gains/(losses) on gas derivative contracts	297.4	(289.9)
Put premiums on gas derivative instruments	(3.6)	(42.3)
Total revenue	**2,319.8**	**2,598.5**
Operating costs	(576.7)	(547.8)
Inventory movements and other items	(20.4)	(134.5)
Adjusted EBITDAX	**1,722.7**	**1,916.2**

Financial performance: adjusted net income

	2023	2022
Profit before tax ($m)	302.0	2,240.5
Tax ($m)	(86.4)	(1,209.0)
Profit for the year after tax ($m)	**215.6**	**1,031.5**
Impairment charges	557.9	–
Tax credit on impairment charges	(403.9)	–
Gain on bargain purchase ($m)	–	(1,335.2)
EPL deferred tax charge ($m)	–	766.5
Adjusted net income[1] ($m)	**369.6**	**462.8**
Earnings per share (cents)	21.4	102.6
Adjusted earnings per share[1] (cents)	36.7	46.0

1. Non-GAAP measure.

Profit for the year in 2023 was $215.6 million compared with $1,031.5 million in 2022. Profit for the year in 2022 was substantially impacted by bargain purchase gains on acquisitions of $1,335.2 million and exceptional deferred tax charges, associated with the introduction of the EPL, of $766.5 million during the year.

Total costs and charges

Total costs and charges amounted to $2,017.8 million (2022: $358.0 million) and comprised:

	2023 $m	2022 $m
Depletion, depreciation and amortisation	(740.3)	(662.9)
Operating costs	(576.7)	(547.8)
Movement in inventory	20.6	(130.3)
Inventory provision	(16.3)	–
Royalties	(4.4)	(11.3)
Impairment charges	(557.9)	(31.5)
Exploration and evaluation	(13.6)	(9.0)
Other gains/(losses)	89.1	(9.5)
Administrative expenses	(34.3)	(87.9)
Gain on bargain purchase	–	1,335.2
Net finance costs	(184.0)	(203.0)
Total costs	**(2,017.8)**	**(358.0)**

Depletion, depreciation and amortisation charges were $740.3 million (2022: $662.9 million). The year-on-year increase is principally due to the full-year effect of acquisitions made during 2022. Depletion, depreciation and amortisation per barrel was $29 (2022: $25).

Operating costs amounted to $576.7 million (2022: $547.8 million) with the increase driven by the full-year impact of acquisitions made in 2022. As noted above, unit operating expenditure increased principally as a result of the Q3 maintenance shutdowns.

Movements in oil and gas inventories was a credit of $20.6 million (2022: charge of $130.3 million) representing movements in underlift/overlift entitlement imbalances.

Materials inventory provisions of $16.3 million (2022: $nil) were made in respect of principally MonArb, Britannia and Elgin-Franklin.

Impairment charges of $557.9 million (2022: $31.5 million) principally reflects charges in respect of the Greater Stella area and Alba following changes in commodity prices and planned drilling activities due to EPL.

Exploration and evaluation costs amounted to $13.6 million (2022: $9.0 million) and principally related to licence relinquishments during the year as a result of unsuccessful geotechnical evaluation.

Other gains of $89.1 million (2022: losses of $9.5 million) comprise principally the settlement of a claim relating to a historic acquisition of $50.1 million and a $43.0 million gain on the revaluation and realisation of commodity hedges.

Administrative expenses were $34.3 million (2022: $87.9 million) with the decrease principally due to non-recurring costs associated with the IPO of$20.3 million and acquisition costs of $25.8 million in 2022.

Gain on bargain purchase in 2022 arose on the Marubeni and Siccar Point Energy acquisitions (see note 17 for further details).

Net finance costs were $184.0 million (2022: $203.0 million) with the reduction principally due to there no longer being interest on related-party loans which were repaid during 2022 and lower bank interest due to lower debt levels, partly offset by higher accretion charges as the discount rate on long-term liabilities has increased from 2.5% in the year to 31 December 2022 to 4.25% in the year to 31 December 2023.

Taxation

The tax charge for the year was $86.4 million (2022: $1,029.0 million) with the reduction principally due to the introduction of the EPL last year. The charge for 2022 included an exceptional EPL deferred tax charge of $766.5 million and a current EPL tax charge of $131.4 million compared to a 2023 EPL deferred tax credit of $215.9 million and a current EPL tax charge of $333.4 million.

Earnings per share (EPS)

Statutory EPS was 21.4 cents (2022: 102.6 cents) and adjusted EPS was 36.7 cents (2022: 46.0 cents). Adjusted EPS eliminates items which distort year-on-year comparisons such as gain on bargain purchase, impairment charges, the tax effect of these items where applicable and the exceptional non-cash deferred EPL charge upon initial implementation in 2022.

Shares in issue

During the year, 7.8 million shares were issued to the Ithaca Energy plc Employee Benefit Trust (EBT) in order to satisfy the exercise of employee share options during the year and in future. As at 31 December 2023 there were 1,014.4 million (2022: 1,006.6 million) shares in issue.

The weighted average number of shares, excluding shares held by the EBT, for EPS calculations was 1,006.7 million (2022: 1,005.2 million).

Dividends

Interim dividends of $266.0 million (2022: $nil) were paid during the year. A further interim dividend for FY 2023 of $134.0 million will be paid in April 2024.

Financial position: assets/liabilities/equity

	2023 $m	2022 $m
Total assets	6,246.6	6,759.6
Total liabilities	(3,802.2)	(4,302.1)
Net assets and shareholders' equity	**2,444.4**	**2,457.5**

Assets

At 31 December 2023, total assets amounted to $6,246.6 million (2022: $6,759.6 million), of which current assets were $845.6 million (2022: $988.7 million) and non-currents assets were $5,401.0 million (2022: $5,770.9 million). The decrease in total assets during the year was primarily due to fixed asset impairment charges of $557.9 million and lower cash balances of $100.6 million due to the repayment of debt partly offset by a higher deferred tax asset of $235.3 million due principally to the asset impairment charges.

Liabilities

At 31 December 2023, total liabilities amounted to $3,802.2 million (2022: $4,302.1 million) including decommissioning provisions of $1,859.7 million (2022: $1,720.5 million) and non-current borrowings of $718.2 million (2022: $1,213.7 million). The reduction in total liabilities during the year was primarily due to lower non-current borrowings of $495.5 million and a reduction in trade and other payables of $232.8 million due to a lower level of negative value commodity hedge positions, partly offset by higher decommissioning liabilities of $139.2 million, mainly due to revisions to asset retirement obligation estimates, and higher current tax payable of $214.4 million principally due to EPL.

Equity and reserves

At 31 December 2023, total equity and reserves amounted to $2,444.4 million (2022: $2,457.5 million) The decrease in equity and reserves during the year was primarily due to interim dividend payments of $266.0 million partly offset by the retained profit for the year of $215.6 million and net hedging gains of $23.9 million.

Financial position: cash

	2023 $m	2022 $m
Opening cash	**253.8**	**44.8**
Operating cash flows	1,290.8	1,723.3
Investing cash flows	(492.4)	(1,404.2)
Financing cash flows	(900.7)	(107.4)
Foreign exchange	1.7	(2.7)
Net cash flow	(100.6)	209.0
Closing cash	**153.2**	**253.8**
Undrawn borrowing facilities	725.0	325.0
Undrawn capex carry facility	150.0	–
Available liquidity	**1,028.2**	**578.8**

Operating cash flows

Net cash from operating activities amounted to $1,290.8 million (2022: $1,723.3 million) after accounting for adverse working capital movements of $210.8 million (2022: favourable movements of $94.8 million) with the reduction principally due to lower operating profit, the working capital movements and higher corporation tax payments during the year.

Investing cash flows

Cash flow used in investing activities was $492.4 million (2022: $1,404.2 million) reflecting capital expenditure of $478.8 million (2022: $380.6 million) driven mainly by Captain enhanced oil extraction activities and Rosebank, including ongoing modifications to the FPSO. 2022 included investing cash flows related to acquisitions (net of cash acquired) of $957.4 million being primarily the Siccar Point Energy ($926.7 million) acquisition.

Financing cash flows

Cash outflow from financing activities amounted to $900.7 million (2022: $107.4 million) with dividend payments of $266.0 million (2022: $nil), interest costs and lease payments of $141.7 million (2022: $177.2 million) and a net reduction in principal debt of $500.0 million (2022: net increase of $50.0 million).

At 31 December 2023, cash balances were $153.2 million (2022: $253.8 million) and available liquidity was $1,028.2 million (2022: $578.8 million).

Principal risks

The principal and emerging risks facing the Group are set out on pages 84 to 90.

Derivative financial instruments

Derivative financial instruments are utilised to manage commodity price risk in a substantive financial hedging programme for future oil and gas production volumes. As at 31 December 2023, the following hedges were in place:

	2024	2025
Oil		
Volume hedged (mmboe)	4.7	–
Weighted average floor hedged price ($/bbl)	78	–
Gas		
Volume hedged (mmboe)	3.0	0.5
Weighted average floor hedged price (p/therm)	137	123

Subsequent events

On 6 March 2024, it was announced that EPL will be extended by a further year to 31 March 2029. If this had been enacted at the balance sheet date, it is estimated that this would have increased the deferred tax liability by $112.2 million.

On 19 March 2024, the North Sea Transition Authority sanctioned the extension of the licence on the Cambo field to 31 March 2026.

On 26 March 2024, the Group signed an exclusivity agreement between Eni S.p.A. and Ithaca Energy covering substantially all of Eni S.p.A.'s UK upstream assets, excluding Eni S.p.A. CCUS and Irish sea assets, under which Eni S.p.A. has granted Ithaca exclusivity whilst a potential business combination is pursued. Under the terms of the proposed business combination Eni S.p.A. is anticipated to hold between 38% and 39% of the enlarged issued share capital of Ithaca Energy following completion. If this progresses further, it will be subject to the issuance of both a Circular and a Prospectus and the related shareholder approvals and will also be subject to, amongst other things, regulatory approvals.

Going concern

Management closely monitor the funding position of the Group including monitoring continued 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 produced on a weekly and quarterly/annual basis respectively along with any related sensitivity analysis. This allows proactive management of any business risks 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:

- Continuing robust commodity price backdrop and a well-hedged portfolio over the next 12 months;
- New unsecured loan arrangements of $100 million with bp which was fully drawn at 31 December 2023 and a new $150 million optional project specific capital expenditure carry arrangement available at the discretion of the Group which was undrawn at 31 December 2023;
- Reserves Based Lending (RBL) headroom of $836 million ($nil drawn versus $836 million available), plus $303 million of cash at 22 March 2024; and
- Robust operational performance and a well-diversified portfolio.

The Group's base case going concern assessment assumes an average oil price of $81/bbl and a gas price of 67p/therm in 2024 and an oil price of $77/bbl and a gas price of 75p/therm in the six months to 30 June 2025 with production in line with approved asset plans.

Owing to the ongoing fluctuations in commodity demand and price volatility, management prepared sensitivity analyses 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 the mitigation strategies within management's control, there was no reasonably possible scenario that would result in the business being unable to meets its liabilities as they fall due. The analysis demonstrated that the Group would still continue to comply with financial covenants and have sufficient liquidity throughout the period to 30 June 2025 to continue trading.

In addition reverse stress tests have been performed reflecting further reductions in commodity prices, prior to any mitigating actions, to determine at what levels they would have to reach such that either lending covenants are breached or there is no liquidity headroom left. This stress test demonstrated that the likelihood of the fall in price required to cause a breach of covenants or liquidity issue, is considered sufficiently remote in the context of the mitigation strategies available to management.

The mitigation strategies within the control of management include the reduction in uncommitted capital expenditure and variable opex savings in the low production scenario. In addition to this, there is also further potential to refinance the Group's borrowing arrangements.

Based on their assessment of the Group's financial position over the period to 30 June 2025, the Directors believe that the Group will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Throughout FY 2023 we have continued to mature and embed our risk management process.

Risk governance structure

To achieve the strategic objectives of the Group, creating value over the long term, it is important that risk is managed in a methodical and effective manner. To manage the risks the business faces, a stronger and more robust risk management framework has been designed to identify, assess and manage risk in a timely manner to ensure ongoing effective mitigation of risk.

We recognise that risk cannot be fully eliminated or mitigated, therefore it is important to maintain one of four essential relationships with individual risks: avoid, accept, mitigate or share/insure. It is the role of the Board and senior management to determine the levels of risk that is acceptable, the risk appetite, in the drive to achieve the strategic objectives of the Group.

Ithaca Energy's risk management framework

Top down Strategic risk management Review external environment Robust assessment of principal and emerging risks Determine strategic action points	**Board/Audit and Risk Committee**	**Bottom up** Operational risk management Assess effectiveness of risk management system Report on principal and emerging risks and uncertainties
Identify principal and emerging risks Direct delivery of strategic actions in line with risk appetite Monitor key risk indicators	**Enterprise Risk Management Committee / Executive Leadership Team**	Consider completeness of identified risks and adequacy of mitigating action Consider aggregation of risk exposure across the business
Execute strategic actions Report on key risk indicators	**Business Units**	Report current and emerging risks Identify, evaluate and mitigate operational risks

Risk management in Ithaca Energy

Throughout FY 2023, we have continued to mature and embed our risk management process, which are based on ISO 31000.

The Board is ultimately responsible for ensuring that Group maintains an effective risk management and internal control system by appropriately incorporating the 'three lines of defence model' into the governance structure of the Group. Selected principal risks and associated mitigations are presented and discussed at each regular meeting of the Board such that all principal risks and associated mitigations are reviewed by the Board on an annual basis.

The Audit and Risk Committee (ARC), under delegated authority from the Board, are responsible for overseeing the effectiveness of the risk management processes. Principal risks and mitigations are discussed with the ARC on a quarterly basis with revised principal risks and mitigations being approved by the ARC as required. It is acknowledged that principal risks can have interdependencies (such as Energy Transition and Net Zero delivery impacting workforce recruitment or government, fiscal and political risk impacting capital project execution) and therefore risks are considered in combination as well as on a standalone basis.

Senior management is collectively responsible and accountable for the risk management process across the organisation with each principal risk assigned and owned by a member of the Executive Leadership Team (ELT). An Enterprise Risk Management Committee (ERMC) with representation from the leadership team (including the Chief Executive Officer and the Chief Financial Officer) and Risk Management function, meet in alternate months. The principal risks facing the Group are determined and reviewed by the ERMC at each meeting. Risk assessments are revisited with consideration given to the risk velocity (the speed at which the risk could impact the business) with risks revised and updated as required. Mitigating actions are monitored and tracked to closure.

Each operation, project and function is responsible for the identification, tracking and management of their specific risks with formal risk registers maintained. Review of key risks are monitored and challenged in monthly operational and project meetings with ELT members. Risks are escalated within the defined governance structure so they can be used to inform the principal risks of the Group.

The Internal Audit Plan for 2024 was reviewed and approved by the ARC in November 2023. The areas and processes that are included in the approved Internal Audit Plan all map to a principal risk of the Group. As risk is dynamic, the Internal Audit Plan will be reviewed throughout the current year to ensure that it remains focused on the key areas of the Group and to ensure the most effective use of resources.

Emerging risks

Our risk profile will continue to evolve as a result of future events and uncertainties. Horizon scanning is also undertaken at the meetings to help anticipate future events that may impact existing principal risks or identify emerging risks that may lead to the requirement for the creation of a new principal risk. Emerging risks can be defined as risks where the scope, impact and likelihood are still uncertain, but could have a major effect on the strategic objectives of the Group. These emerging risks are monitored to understand the potential impact on our business and the speed at potential onset (risk velocity), to allow timely decision-making. Where appropriate emerging risks are escalated to our ARC as part of our regular risk reporting processes.

Emerging risks, which are managed as a subset of our principal risks are:

- UK Government's Energy and Fiscal Policies – this is an area of such uncertainty, which may lead to the introduction of onerous regulation and legislation that may result in an increasingly challenging environment for the Group. This emerging risk is closely monitored with current mitigation including engagement with the UK government, His Majesty's opposition and His Majesty's Treasury. This risk is managed as a subset of the Government, Regulatory and Fiscal risk; and
- Geopolitical instability – we monitor the impacts caused by continuing political instability. Events such as the Russian war against Ukraine, tensions in the Middle East arising from the Israeli military operations in Gaza and attacks on international shipping in the Red Sea, have an ongoing impact on inflation and the global supply chain. This emerging risk is managed and monitored as a subset of the Supply Chain risk.

We handle climate risk in the same way as we manage other risks, albeit that time horizons may be longer. We have continued to develop our climate risk approach during 2023, more detail on this can be found in our TCFD disclosures section page 52 to 68.

The Board confirms that it has carried out a robust assessment of the Group's emerging and principal risks. Through the Board and the ARC reviews, no new principal risks were identified. Set out below is the Board's view of the principal risks currently facing the Group, along with examples of how they might impact us and an explanation of how the risks are managed or mitigated.

RISK CLIMATE: Increasing / Stable / Decreasing

STRATEGIC PILLARS: Buy / Build / Boost

Principal risks

Risk title	Risk description	Key risk mitigations	Activities and Impacts in 2023
Major HSE Incident Risk Climate ↔	Operations may face a major accident or process safety event, resulting in personal injuries, loss of containment, resultant physical asset damage and/or environmental impact. A major accident event could impact production and financial performance of the Group. The Group could also be subject to regulatory actions, including fines and external reputation could be affected. **Board Oversight:** The Board sets the expectations for compliance with health and safety policies and training across the Group and regularly seeks assurance of compliance with health and safety processes by reviewing health and safety management information.	• Health and Safety is owned and driven by the leadership team who have a strong leadership culture, prioritising process safety culture and Stop Work Accountability. Safety and environmental performance measures are included in our Group scorecard and are regularly reviewed by management and the Board. • Robust and comprehensive HES policy in place, which includes Company Major Accident Prevention Policy (CMAPP) requirements providing a framework for all Group activities, supported by a Group business management system. • Regulator-accepted safety cases for all offshore facilities, summarising management of potential Major Accident Hazards (MAH) Application of Robust Risk Assessment and Management of Change processes. • Active engagement with key contractors at all levels in the organisation to ensure alignment on safety expectations. • Line of Defence auditing framework in place, driving focus on prevention of MAHs, with regular progress reporting to the Board HSE Committee. • Independent assurance of Safety and Environmental Critical Elements (SECE) by an Independent Competent Person (ICP) as part of our Written Scheme of Verification with a process in place to ensure actions are managed and implemented appropriately. • Independent review of well programmes by our well examiner. • Crisis Management and emergency response processes, exercised regularly.	We have continued to focus on safety leadership, particularly with regard to Process Safety Leadership and management of MAHs. A digital Barrier Model has been implemented, supporting reviews of the strength of our barriers by our frontline teams and asset leadership. Our Control of Work process have continued to be improved, including frontline self-assurance and changes to how we appoint our key Permit to Work roles. Contractor HSE management processes have been aligned to IOGP standards.

Risk title	Risk description	Key risk mitigations	Activities and Impacts in 2023
Cyber Security Breach **Risk Climate** ↔	Cyber security is an ongoing risk to the Group due to the constantly-evolving and intensifying threat landscape which has heightened due to the increased Group profile and media attention around the oil and gas industry. Malicious attacks may lead to system unavailability, lack of access to systems and loss of data. Leading to production downtime, financial costs, fines and reputational damage which would have a significant impact on the Group and adversely affect the Group's ability to achieve its strategic objectives. **Board Oversight:** The Board receives annual updates on the status of cyber security across the Group and emerging risks and reviews the adequacy of the Group's cyber resilience.	• Dedicated Information Risk Management team with appropriate third-party support to oversee cyber security. • Best practice security policies, tools and processes implemented to protect our applications, systems and networks. • Effective operation of cyber security systems with 24/7 monitoring and detection by Security Operation Centre. • Workforce education and ongoing awareness activities. • Independent testing and assurance of internal controls and systems. • Regular review and testing of business continuity and disaster recovery plans.	The continuation of Russia's attack on Ukraine, the Israeli-Palestinian conflict, and the global environmental movement to reduce fossil fuels are all factors which are currently contributing to the ever-evolving cyber threat landscape. Whilst these threats exist the Group has not been negatively impacted by a cyber-attack and we are continually assessing and enhancing our monitoring technologies, policies, processes and training programmes to help protect us against such threats. During 2023, we have focused on improving our cyber resilience through: • the application of more rigorous security controls, designed to detect and prevent unauthorised access or malicious activities; • targeted educational programs for our Executive Committee, Board members and the workforce; • enhancing our response and business continuity plans through a cyber lens; and • upskilling our IT technical response teams through interactive tabletop exercises.
Access to Capital **Risk Climate** ↔	The Group does not have access to sufficient capital to fund the capital investment required to deliver the core strategy of the Group. ESG and fiscal regime instability undermining lending with a number of banks withdrawing from Reserves Based Lending to oil and gas companies. Increasing decommissioning security postings exacerbates capital access risk. **Board Oversight:** The Board monitors the capital arrangements and structure of the Group on a quarterly basis as part of the financial reporting cycle.	• Board approved capital allocation framework including adjusted net debt/adjusted EBITDAX cap of 1.5x, which is calculated quarterly, and forms part of the Protect leg of the capital allocation framework. • Diversified capital structure including Reserve Based Lending facility and Corporate Bonds. • Actively managed relationships with banks in the RBL facility and bondholders via quarterly calls. • Robust hedging programme to manage the impact of commodity price exposure on leverage ratios. • Governance structure to provide regular oversight and scrutiny of the Group's financial position. • Annual capital budget preparation is reviewed and approved at Board level. • Insurance programmes in place with respect to key asset risk areas including Captain loss of production risk.	There have been changes to the RBL syndicate including the exit of a syndicate member linked with greenfield development approvals but replacement syndicate capital has been obtained including the addition of new high-quality syndicate members.

RISK CLIMATE: Increasing | Stable | Decreasing

STRATEGIC PILLARS: Buy | Build | Boost

Principal risks continued

Risk title	Risk description	Key risk mitigations	Activities and Impacts in 2023
Capital Project Execution Risk Climate ↔	The Group is currently engaged in a significant level of capital project activity (e.g. Captain EOR II, Rosebank). The Group also has future capital project plans for greenfield and brownfield developments, some of which require substantial levels of funding and technical expertise. Consequently, the Group faces significant risks associated with capital project execution and development. If a major capital project materially exceeds cost and schedule estimate it could erode project economics and create liquidity challenges for the Group. **Board Oversight:** The Board sanctions all new large capital projects and receives regular reporting on capital project progression throughout the year.	• Ithaca stage gate process provides a roadmap for moving an opportunity from initial concept through to a delivered project. • Robust investment appraisal process to enable consistent evaluation of opportunities. • Contract placement follows a formal tender Board process ensuring control and value realisation. • Project reporting is prepared monthly and presented to all project stakeholders, internal and external. • Independent technical and business assurance to provide confidence to decision-makers. • Project governance is in place to ensure the project meets the needs of the organisation and that anticipated benefits are realised.	In 2023, the Group launched a stage gate process, providing a structured route to deliver projects, adding rigour to the project process and consistent outputs. Costs have been actively managed to mitigate inflationary impacts, either through commercial negotiation or scope optimisation. Captain EOR Phase II project now ~90% complete, estimated first subsea polymer injection in summer 2024. Rosebank development consent granted and project execution commenced. Acquisition of remaining stakes in Cambo and Fotla to take full control of pre-FID work and timing.
Commodity Price Volatility Risk Climate ↑	Future commodity prices are difficult to predict but are expected to remain subject to increased levels of volatility and speed of change. The fluctuations in supply and demand, and consequent impact on commodity prices, may result in the Group being unable to deliver the anticipated financial returns to shareholders and be unable to support all ongoing operations and capital projects. This could restrict growth opportunities for the Group and limit its ability to meet its strategic objectives. **Board Oversight:** The Board approves all changes to the Group's hedging policy and receives monthly reporting on the Group's hedging status.	• Effective oil and gas price hedging framework in place using swaps, puts and zero-cost collars to protect from price downside risk whilst providing substantial price upside exposure. • Capital allocation framework designed to protect liquidity. • Balance of short and long-cycle capital investments. • Carbon credits auction participation undertaken in a disciplined manner in order to reduce exposure to price volatility.	Supply and demand dynamics continue to be fluid, driving volatility in pricing. Actively managed Forex and commodity hedging programme in 2023, with proactive hedging at peaks in commodity markets.
Production Delivery Issues Risk Climate ↔	Due to a range of factors, such as well performance, ageing assets and unexpected shutdowns/expenditure, Ithaca may be unable to deliver forecast production volumes which could then undermine the future growth and investment strategy. **Board Oversight:** The Board reviews performance of all assets and key production metrics throughout the year.	• Continual monitoring of production efficiency with losses identified and action taken to rectify. • Key metrics (leading and lagging) agreed with Board and leadership team that are regularly reviewed at all levels. • Diversified portfolio containing operated and non-operated assets across the lifecycle. • Continuous engagement with JV partners and regulatory bodies directly involved with North Sea oil and gas production.	Continued focus on ongoing investment in key assets for drilling, production enhancement and equipment reliability and availability. Assurance and challenge session put in place for business plan production profiles.

Risk title	Risk description	Key risk mitigations	Activities and Impacts in 2023
Energy Transition & Net Zero Delivery Risk Climate ↑	The Group is aligned with the government and industry regulator NSTA's Net Zero Framework and recognises that our Group needs to evolve to support the transition as we continue to focus on reducing emissions whilst supporting the UK's long-term energy needs. Transitional risks on the route to Net Zero have been identified, including changes to supply, demand and pricing for our products as well as potential for changes to the regulatory landscape which may impact how we operate our Group and the associated costs of doing so. Changes to investor requirements could also impact our access to funding and societal expectations could impact our licence to operate. Longer-term physical risks related to changing meteorological conditions because of climate change are also considered. Refer to Section Strategy (b) on pages 59 to 62 of TCFD for more detail. **Board Oversight:** The Board sets the GHG/emissions targets for the Group and maintains oversight of the progress of the GHG/emissions reduction strategy.	• GHG/emissions reduction strategy and policies in place including 2040 Net Zero goal, endorsed by the Board. • Progress versus targets regularly reviewed by CEO and leadership team monthly, and by Health, Safety, Environment and Security Committee quarterly. • Emission reduction activities linked to performance compensation. • Emissions metrics incorporated into investment decisions. • Emission forecasts built into annual Group planning processes, including review of risk and opportunities regarding climate change as part of the TCFD framework. • Processes established ensuring compliance with regulatory emissions reporting requirements, including independent verification by UKAS appointed verifier as part of UK ETS Order.	We took part in the NSTA consultation on draft Oil and Gas Authority (OGA) Plan to reduce UKCS GHG emissions, principally through electrification. Significant potential impact if the proposed OGA plan was legislated in its current form. The consultation process offers the Group the opportunity to work with peers and industry bodies to provide constructive challenge to the proposal. Progress of emissions reduction scopes, with more details provided in ESG section (see pages 44 to 77). Continued focus regarding flaring and venting, with more details provided in ESG section (see pages 44 to 77).
Workforce Recruitment & Retention Risk Climate ↔	Ithaca Energy faces a continuous challenge competing with local markets and competitors for specific skills and disciplines, especially with the general shift in the workforce dynamic in the UK and our industry, including an ageing and experienced workforce offshore. Consequently, this would impact the business's capabilities and capacity in delivering the business plan, affecting the achievement of our strategic objectives and a reduction in shareholder value. **Board Oversight:** The Board reviews workforce planning status and initiatives, including succession planning, at least annually to ensure key skills and knowledge are retained and developed across the Group.	• Succession planning and workforce planning is undertaken on a regular basis to evaluate our current and future needs, in line with the Group strategy (to help identify critical gaps and ensure continuity in key and leadership positions; retaining and developing the knowledge, quality and skills needed). • Compensation and benefits are benchmarked against the market and our peers, to ensure we remain fair, equitable and attractive to new and existing employees. • DE&I Committee in place with the aim to improve awareness across the organisation and create a more inclusive environment. • Employee consultative forum providing direct access for onshore and offshore employees to senior management.	Audit of reward package completed with initial findings showing we have a strong benefit offering which will be supplemented by SIPs and LTIPs. Employee survey completed in 2023, identifying key focus areas on communication, sense of belonging and career opportunities. Appointed culture ambassadors to support embedding the visions and values. Completed succession planning exercise for all key leadership roles. Series of DE&I awareness initiatives rolled out during 2023 supporting a sense of belonging. Post year-end, the Group launched an Executive search process to appoint a new Chief Executive Officer.
Supply Chain Capacity & Capability Risk Climate ↔	Group success and achievement of strategic objectives is dependent on supplier performance. We recognise that our suppliers are subject to similar principal risks to our own that impact on their capacity and capability, e.g. workforce retention and recruitment, financial pressures and cost escalation, volatile commodity prices and regulatory compliance. Supply chain risks could result in delays and/or increased cost to capital projects, increased unplanned production downtime, increased safety or environmental incidents, regulatory breaches which may impact achievement of strategic objectives and shareholder value. **Board Oversight:** The Board maintains oversight of the supply chain and associated key risks with a formal review at least annually.	• Formal tendering framework in place to ensure that both technical and financial hurdles are established and met by potential suppliers prior to appointment. • Diversification of suppliers and back up providers contracted for key scopes. • Robust supplier due diligence and qualification process. • Enhanced liaison, communication and management of key suppliers throughout capital projects lifecycle.	Improved internal planning and communication with contractors to ensure they have visibility of our requirements and can plan accordingly. Supply chain forums held during the year with a focus on safety performance and expectations.

RISK CLIMATE: Increasing ↑ Stable ↔ Decreasing ↓

STRATEGIC PILLARS: Buy Build Boost

Principal risks continued

Risk title	Risk description	Key risk mitigations	Activities and Impacts in 2023
Government Regulator, Political & Fiscal Risk Climate ↑	The Group could be adversely impacted by changes to the fiscal, regulatory and political regime that may undermine its ability to meet its production commitments and deliver its strategy. Furthermore, the Group is entirely exposed to the UK jurisdiction and within the UK there is currently a significant level of political uncertainty that impinges on the UK oil and gas sector. The EPL was introduced by the UK Government in 2022, increasing the tax burden on the Group. Changes to the EPL have already been introduced since it was first announced including the increase in rate and duration and the introduction of the Energy Security Investment Mechanism, and future changes may arise as we move closer to a General Election. The consequence of fiscal, regulatory or political change could significantly impinge on the future profitability of the Group and also on the economic feasibility, scale and phasing of the future investment plans. The Group is also subject to increasing threat of legal challenge, e.g. environmental challenge. This may result in protracted legal cases/judicial reviews that may delay the planned completion of future capital project developments. **Board Oversight:** The Board oversees the key regulatory and governance requirements of the Group through at least annual review of the evolving risk areas, updates from relevant specialists and the detailed work of Board sub-Committees on specific operational, HSE and fiscal matters.	• The Group engages in regular and constructive consultations with regulatory bodies, UK government departments and industry associations, to ensure the value of the industry on energy security, training etc. • Active member of the industry trade associate contributing to the strategic direction and supporting alignment across the industry. • The Group has considerable experience and robust procedures to manage legal cases and judicial review.	Ithaca is working closely with the UK government and opposition parties to ensure the impact of EPL and associated mechanisms are understood and appropriately responded to. The Group has been an active contributor to the 2023 fiscal forum and continues to engage around policy changes. We took part in the NSTA consultation on draft OGA Plan to reduce UKCS GHG emissions. We continue to work with OEUK regarding industry-wide HSE improvement areas, including late life assets and maintenance.
Major Compliance Breach Risk Climate ↔	A failure to establish and maintain an effective compliance framework may lead to deficiencies in key processes or controls and to the risk of a major regulatory compliance breach that results in significant sanctions, reputational damage, financial loss and potentially a loss of licence to operate or a prohibition notice resulting in the shutdown of activities. **Board Oversight:** The Board sets the expectations of compliance with legislative and regulatory requirements and seeks regular assurance over compliance with Group policies.	• Established governance Committees with defined roles and responsibilities for Audit and Risk, HSE, Nomination, Remuneration and Disclosure. • Board approved documented standards, policies and procedures in place. • Regulatory portal competence and training, together with necessary safety culture, embedded across the Group. • Appropriate joint venture management and support from commercial and legal with respect to Licences, Joint Operating Agreement/Unitisation and Unit Operating Agreement compliance. • Comprehensive system of internal controls over financial reporting with ongoing work to enhance and develop the robustness of material processes and controls.	Mandatory Code of Conduct training in place and independent whistleblowing line implemented. Increased HSE and Technical Assurance auditing, linking to HSE compliance requirements.

Viability statement

The Directors have assessed the viability of the Group over a three-year period to 31 December 2026 (the viability statement period) which was selected for the following reasons:

- At least annually, the Board considers the Group's operating cycles, business plan projections and debt facility requirements over the coming three-year period.
- Within the three-year period, liquid commodity price forecasts are available to use in the business plan projections. Given the lack of forward liquidity in oil and gas markets after this three-year period the Group is reliant on its own internal estimates of oil and gas prices without reference to liquid forward curves.

The viability assumptions are consistent with the going concern assessment for the period to 30 June 2025 as set out in note 3 of the financial statements with the additional assumption of a crude oil price of \$75/bbl and a UK NBP gas price of 73p/therm in the second half of 2025 and a crude oil price of \$73/bbl and UK NBP gas price of 72p/therm in calendar year 2026. This assessment included the potential financial and operational impacts, in severe but plausible scenarios, of the principal risks faced by the Group, relevant financial forecasts and sensitivities, and the availability of adequate funding.

It should be noted that key assumptions that underpin the amounts recognised in the Consolidated Balance Sheet, such as future oil and gas prices, discount rates, future costs of decommissioning, and tax rates, all go well beyond the viabilitlity statement period and take account of climate change and energy transition.

Climate change

The Board has also considered how climate risk could impact the Group's viability. Further details of the Group's assessment of risks and opportunities from climate change is contained in the strategy (b) section of our TCFD disclosures on pages 52 to 68.

The section in the TCFD disclosures which outlines the associated risks over various time horizons, has a short-term window to 2030. This short-term view most closely aligns to the three-year period considered in the viability assessment. As outlined in the TCFD section, the impact of direct climate-related matters during the next three years is expected to be limited to certain transition risks relating to policy and legal matters.

Sensitivity analysis and reverse stress tests

Sensitivities to the base case have been undertaken in line with the principal risks of the business that are considered to have the potential to directly impact the viability of the Group in the three-year period, namely:

- Reductions in crude oil prices and UK natural gas prices of 20%;
- Reductions in production levels of 10%; and
- Increases of 10% in both opex and capex was modelled across the viability statement period.

In addition, management aggregated these scenarios to create a reasonable combined worst-case scenario.In this combined downside scenario, after consideration of mitigation strategies within the control of management, the Group is forecast to have sufficient financial headroom and to operate within the requirements of its financial covenants throughout the viability statement period. The mitigation strategies within the control of management include the reduction in uncommitted capital expenditure and variable opex savings in the low production scenario.

A reverse stress test has also been performed reflecting further reductions in commodity prices, prior to any mitigating actions, to determine at what level prices would have to reach such that there is no liquidity headroom left. This stress test demonstrated that the likelihood of the fall in prices required to cause a liquidity issue is considered sufficiently remote in the context of mitigation strategies available to management.

Other principal risks

The sensitivities outlined above have particularly focused on the following principal risks: production delivery issues risk, commodity price exposure and volatility risk, access to capital risk and capital project execution and delivery risk. The other principal and emerging risks facing the Group as set out on pages 85 to 90 have also been considered over the viability statement period. On top of the sensitivities run for commodity prices and production volumes described above, the potential impacts of the Group's other principal risks on the viability of the Group over the viability statement period has been considered. The Board has reviewed the risk mitigation strategy for each of these individual risks and believes that either the risks are likely to manifest outside the three-year viability window or that the mitigation strategies are sufficient to reduce the likelihood and impact of these risks such that either individually or collectively, they would be unlikely to jeopardise the Group's viability over the period to 31 December 2026. In reaching our conclusion on viability, it has also been assumed that the Group's senior unsecured notes and RBL facility, both of which mature in 2026, can be refinanced on terms that are materially consistent with the current arrangements, or that other similar capital can be accessed, and that no changes are made to the current enacted fiscal and tax regime.

Conclusion

Based on the results of this analysis as set out above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operational existence and meet its liabilities as they fall due over the period to 31 December 2026 and that the likelihood of extreme scenarios, which would either lead to a breach of covenants or lack of liquidity, is remote.

The Board confirms that in making this statement that it carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity.

This strategic report was approved on behalf of the Board on 26 March 2024:

Iain C S Lewis
Director

Chair's introduction

Dear Stakeholder,

I am pleased to present the Governance report for Ithaca Energy plc for the year ended 31 December 2023. This section will enable you to understand Ithaca Energy's governance framework and its responsibilities and the areas of focus and performance of the Board over the past year.

The importance of strong corporate governance across the whole organisation is recognised and understood and we apply and report under the 2018 UK Corporate Governance Code (the Code). This section, together with the Directors' remuneration report, set out on pages 112 to 136, describes in greater detail how the principles and provisions of the Code have been complied with.

Corporate governance

Ithaca Energy plc is fully committed to business integrity, high ethical values and professionalism in all of its activities.

The Board's remit is to determine business strategy and the Group's appetite for risk; to monitor management's performance in delivering against that strategy; and ensure that the risk management measures and internal controls put in place are appropriate and effective.

It must ensure that the funding and talent available to the business will support it in the longer-term and must remain aware of the Group's obligations to its shareholders and other stakeholders, responding to their needs with transparent reporting and active engagement. This must all be done within a structure that is well-controlled, mitigates risk and is compliant with corporate and social responsibility.

The Board is supported by a high-calibre and experienced Leadership Team with over 200 years of combined experience. The Leadership Team, with the guidance of the Board, continue to focus on maximising value for shareholders through the safe, efficient and responsible production of our assets and the pursuit of the Group's strategic objectives to BUY, BUILD and BOOST assets as we seek to build a business of increased scale and longevity.

As Directors, we are also mindful of our statutory duty to act in the way each of us considers, in good faith, would be most likely to promote the success of Ithaca Energy for the benefit of its members as a whole, as set out in S.172 of the Companies Act 2006 and further details of how we have achieved this can be found on pages 36 to 43.

Board effectiveness

Under the Code, the Board is required to undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. In January 2024, an internally-facilitated evaluation was conducted, the first since the Group's Admission to the London Stock Exchange in November 2022 and details of the process and its outcome are covered in the Corporate Governance report on page 103.

Following this, I am satisfied that the Board and its Committees are carrying out their duties efficiently and that there is an appropriate balance of skills, experience and knowledge on the Board. The Board continues its search for a further Independent Non-Executive Director and has appointed an Executive search agency to conduct the search.

Sustainability

Operating in a sustainable manner plays a vital role in our vision to be a leading independent exploration and production Company in the UK North Sea to meet the energy needs of the UK.

Ithaca Energy is committed to its ambitions of building one of the lowest carbon emissions portfolios in the UK. We have made demonstrable progress in our decarbonisation efforts in 2023, delivering near-term emissions reduction initiatives through operational improvements and through the sanctioning of the Rosebank development, we are actively transitioning our portfolio to low-intensity assets.

We are committed to reducing our environmental impact and improving the sustainability of all aspects of our business activities and the Board has endorsed key targets supported by a well-defined emissions reduction strategy with a target of achieving Net Zero by 2040, on a Scope 1 and 2 net equity basis. Further details can be found on pages 44 to 77.

With this clear ESG mindset embedded across our operations, the Board has introduced ESG-specific performance targets to future annual bonus awards and long-term incentive plans for the Group's Executive Directors, reflecting the importance the Board places on delivering our sustainability goals while maximising returns to shareholders in a responsible manner.

Diversity, Equality and Inclusion

The Board is cognisant of the importance of creating an open, diverse and inclusive organisation where individual differences and the contributions of all are recognised and valued.

This ongoing programme aims to support a workforce that is truly representative of all areas of society and updates are provided to the Board. The Group's Diversity, Equality and Inclusion policy is designed to create and maintain an environment in which employees feel respected, listened to and comfortable to be themselves in order that they can develop to their full potential.

Relationships with stakeholders

We seek to engage with stakeholders in an open, constructive and transparent manner and make genuine efforts to ensure stakeholder views and interests are considered in a balanced manner as part of the Board's decision-making process. Our S.172 statement, detailing how we actively engage with all key stakeholders and the outcome of our stakeholder engagement, is set out on pages 36 to 43.

Board priorities for 2024

Our focus in the year is to continue the significant progress made across our strategic objectives in 2023, delivering against our BUY, BUILD and BOOST strategy. Our diverse portfolio of high-quality assets, strong pipeline of organic growth opportunities and appetite for further M&A activity supports our future growth aspirations.

We continue to constructively engage with the UK Government to help shape future energy policy to create a supportive environment for further investment in the UK North Sea, while highlighting the continued impact of fiscal and political uncertainty on meeting the UK's energy security and decarbonisation targets.

2023 has been another busy year for Ithaca Energy, and I would like to thank all of our Directors, employees, shareholders, stakeholders, partners and contractors for their continued support and making our first full year as a listed Company a successful one.

Gilad Myerson
Executive Chairman

Board of Directors

"The Board's primary objective is to ensure that **Ithaca Energy** remains a successful Company that generates and **preserves long-term value** for its stakeholders."

Gilad Myerson
Executive Chairman

Our Board, which sets the direction of the Company and monitors management in order that it can achieve long-term success, deliver sustainable value to shareholders and promotes a culture of openness and transparency, comprises experienced, high-calibre members with a strong track record

Gilad Myerson

Executive Chairman and Chair of the Nomination and Governance Committee

Date of joining:
November 2019

Experience and Board contribution:
Gilad joined the Group in 2019 to drive the growth of the Company. Currently the Executive Chairman of Ithaca Energy, Gilad also served as the CEO and CFO of the Group during the Group's transformational journey. Gilad has more than 25 years of experience building businesses and driving value-creation initiatives in the Private Equity industry. He joined the Group after serving as the COO of Theramex, a global specialty pharmaceutical Company dedicated to women and their health, backed by CVC Capital. Prior to Theramex, Gilad was a Partner at McKinsey & Company where he co-led the Private Equity Practice in EMEA, and served many of the leading US and European private equity funds on acquisition, value capture, transformation and exit of companies, achieving returns of two to six times multiple of money. Gilad has a degree in Bioinformatics from the Bar Ilan University, 2005.

Principal external appointments:
None

Committee membership:
Nomination and Governance Committee – Chair; and Disclosure Committee

Iain Lewis

Interim Chief Executive Officer and Chief Financial Officer

Date of joining:
October 2022

Experience and Board contribution:
Iain joined the Group in July 2022 and is a Chartered Accountant with 25 years of upstream oil and gas finance experience in public practice and the multinational corporate environment. Iain brings to the Board deep experience in upstream financing, accounting, capital markets, risk management and capital project management developed over ten years with EY holding senior positions in the UK and Canadian extractive industry practices and over 13 years in Executive roles in the Abu Dhabi-listed TAQA Group. A career focused mainly on UK upstream finance but with global experience in midstream, infrastructure and the wider energy value chain allows Iain to drive long-term value as the Group CFO.

Iain was appointed as Interim Chief Executive Officer in January 2024, as the Group commenced its search for a new Chief Executive Officer.

Principal external appointments:
None

Committee membership:
Disclosure Committee

Itshak Sharon Tshuva

Non-Executive Director

Date of joining:
March 2023

Experience and Board contribution:
An Israeli entrepreneur and businessman with global business operations and the major shareholder of Delek Group, Itshak Tshuva brings to the Board extensive experience in the international oil and gas markets. In pursuit of his vision and in partnership with Noble Energy, since 2000 Delek Group has discovered substantial offshore natural gas reserves in Israel and Cyprus.

Mr Tshuva has been deeply involved in the development of Ithaca Energy, both in helping to position it for the IPO last year and following Admission, in overseeing management in its implementation of the Group's strategy.

Principal external appointments:
Delek Group Limited

Committee membership:
None

Idan Wallace

Non-Executive Director

Date of joining:
October 2022

Experience and Board contribution:
In January 2020, Idan was appointed as the CEO of Delek Group Ltd, the controlling shareholder of Ithaca Energy. Prior to this, he served as the CEO of Tshuva Group, a Group of private companies owned by Itshak Tshuva, the controlling shareholder of Delek Group. Idan also served as a Director in number of leading companies in the energy, real estate and media sectors. Idan brings to the Board his extensive expertise in capital markets and in the energy sector and a genuine perspective on global business landscape. He also has wide experience in finance and in initiating and implementing major business moves and delivering results. Idan holds a degree in law from Tel Aviv University and is a member of the Israel Bar.

Principal external appointments:
Chief Executive Officer, Delek Group Limited

Committee membership:
Nomination and Governance Committee

John Mogford

Senior Independent Director

Date of joining:
October 2022

Experience and Board contribution:
John has significant global Executive experience, including in oil and gas, capital allocation discipline, commodity value-chains and health, safety and environment. His career has been spent in various leadership, technical and operational roles. After 32 years in BP, with roles in upstream, downstream, renewables and as head of HSE, culminating in positions on the Executive Committee, John has served as Managing Director and Operating Partner of First Reserve on the Boards of First Reserve's investee companies, including Chair of Amromco Energy LLC, White Rose Energy Ventures LLP, Non-Executive Director of DGE, DOF Subsea AS and MidStates Petroleum, Independent Non-Executive of BHP Group Limited, ERM Worldwide Group and the Weir Group Plc. He is a fellow of the institute of Mechanical Engineering.

Principal external appointments:
None

Committee membership:
Audit and Risk Committee; Health, Safety, Environment and Security Committee; Nomination and Governance Committee; and Remuneration Committee

Deborah Gudgeon

Independent Non-Executive Director and Chair of the Audit and Risk Committee

Date of joining:
October 2022

Experience and Board contribution:
Deborah qualified as an ACA accountant at PwC (Coopers & Lybrand) before spending eight years as Finance Executive with the Africa-focused mining and trading Group Lonrho plc. Deborah subsequently held positions with Deloitte, BDO, Gazelle Corporate Finance and Penfida Limited. Deborah has significant experience in acting as an Independent Non-Executive Director having held that position at Evraz plc, Highland Gold Mining Limited, Acacia Mining plc and currently at Serabi Gold plc and Petra Diamonds Limited.

As well as being an Independent Non-Executive Director, Deborah was or is also Chair of the Audit Committee for each of these entities making Deborah a strong fit for the Board. She brings a highly-valued contribution in terms of Board plc experience and has vast experience of corporate finance, which is an important element of the Board's ability to deliver its strategy.

Principal external appointments:
Petra Diamonds Limited; Serabi Gold plc

Committee membership:
Audit and Risk Committee – Chair; and Remuneration Committee

Dave Blackwood

Non-Executive Independent Director and Chair of the Health, Safety, Environment and Security Committee

Date of joining:
October 2022

Experience and Board contribution:
Dave has over 48 years' experience in the oil and gas sector, including seven years in the service sector with Schlumberger in the North Sea and the Middle East, and 27 years in various global roles within BP, including heading up BP's upstream business in the UK and Norway. Since leaving BP in 2009, Dave has been a Senior Advisor with Evercore, a Non-Executive Director with Valiant Petroleum, Expro, and Premier Oil plc for four years, from 2017 to 2021. Dave has a strong understanding of the technical and commercial issues in play within a full cycle oil and gas Company and has a depth of experience in developing and managing large scale complex oil and gas assets. Dave brings a wealth of experience to the Board as the Group manages current projects in the UKCS and assesses future opportunities.

Principal external appointments:
Senior Advisor, Evercore

Committee membership:
Health, Safety, Environment and Security Committee – Chair

Lynne Clow

Non-Executive Independent Director and Chair of the Remuneration Committee

Date of joining:
October 2022

Experience and Board contribution:
Lynne is an experienced HR and Operational Director who has worked extensively in the UK and abroad, across a variety of sectors. In February 2022, Lynne was appointed as a Non-Executive Director of the Board of Highlands and Islands Airports Limited for a three-year term and Chairs its People Committee. She is also a member of the Children's Panel in Scotland and a Non-Executive Director of the Scottish Prison Service. Lynne has a wealth of strategic and commercial experience obtained in KCA Deutag which, in addition to her depth of experience in human resources, enables her to make a valuable contribution to the Board and as Chair of the Remuneration Committee.

Principal external appointments:
Dundee Airport Limited; Highlands and Islands Airports Limited; and Scottish Prison Service

Committee membership:
Remuneration Committee – Chair; Nomination and Governance Committee; and Audit and Risk Committee

Assaf Ginzburg

Non-Executive Independent Director

Date of joining:
October 2022

Experience and Board contribution:
From 2004 until May 2020, Assaf held a number of senior positions at Delek US Energy and Delek Logistics Partners LP (under the ownership of Delek Group Limited until 2017), including EVP and Chief Financial Officer. Assaf is currently the Chief Financial Officer of Ormat Technologies, a global operator and developer of renewable energy electricity projects which offers geothermal, recovered energy, energy management and storage solutions. Prior to this, Assaf was a member of the Boards of Directors for each of Alon USA Energy and Delek Logistics Partners LP. Assaf has a BA in accounting and economics from Tel Aviv University. As an experienced finance professional and expert in alternative energies, Assaf contributes valuable insight to the Board as the Group shapes its energy transition plans and continues to provide strong independent challenge.

Principal external appointments:
Ormat Technologies, INC

Committee membership:
Audit and Risk Committee; Nomination and Governance Committee; Remuneration Committee; and Health, Safety, Environment and Security Committee

Julie McAteer

General Counsel and Company Secretary

Date of joining:
October 2022

Experience:
Julie joined the Group as Legal and HR Director (since renamed General Counsel and Company Secretary) in February 2020 and has over 25 years' of experience in the oil and gas sector. Julie previously held senior leadership and legal manager/corporate and commercial roles with major operators and independents covering matters in the UKCS and internationally. For the previous eight years Julie was Legal Manager and on the leadership team at Premier Oil. Prior to this she occupied legal roles for Dana Petroleum plc, Elf Exploration and TotalEnergies. Julie holds a law degree from the University of Aberdeen and is dual-qualified to practice in both Scotland and England.

As Company Secretary, Julie is responsible for advising the Board on all governance matters.

Corporate Governance report

Statement of compliance

Ithaca Energy and its Board of Directors are fully committed to upholding the highest standards of corporate governance as these play a vital part in driving the right behaviour while being crucial to overall business integrity and performance and to maintaining a sound framework for the control and management of the Group. The Company applies the provisions of the Financial Reporting Council's UK Corporate Governance Code 2018 (the Governance Code) except as disclosed on page 97. The Governance Code can be found on the Financial Reporting Council's website at **www.frc.org.uk.** Details of the Company's approach to applying the key principles of the Governance Code are set out in this section of the Report.

The Board plays a critical role in shaping business performance while creating and delivering long-term, sustainable returns for shareholders. It is responsible for determining business strategy and the Company's appetite for risk, for monitoring management's performance in delivering against that strategy and ensuring the risk management frameworks and internal controls in place are appropriate and operating effectively. The culture of the business is considered an important aspect by the Board, as well as how the business is aligned with Ithaca Energy's vision and values.

The Board is cognisant of the Company's obligations to its shareholders and other stakeholders, responding to their needs with transparent reporting and active engagement.

The Board will meet at such times as are necessary, but not less than four times a year.

When a Director is unable to attend a Board or Committee meeting, they receive the papers for consideration at that meeting and have the opportunity to discuss any issues or make any comments in advance and thereafter follow up with the Chairman of the relevant meeting.

Table of meeting attendance during 2023

Name	Board Meetings	Audit and Risk Committee	Remuneration Committee	Nomination and Governance Committee	Health, Safety, Environment and Security Committee
Gilad Myerson	10/10	N/A	N/A	3/3	N/A
John Mogford	9/10	8/8	6/6	3/3	4/4
Alan Bruce	10/10	N/A	N/A	N/A	N/A
Iain Lewis	10/10	N/A	N/A	N/A	N/A
Deborah Gudgeon	10/10	8/8	6/6	N/A	N/A
Lynne Clow	9/10	1/1*	6/6	3/3	N/A
Dave Blackwood	10/10	N/A	1/1*	N/A	4/4
Assaf Ginzburg	8/10	7/8	5/6	3/3	3/4
Idan Wallace	9/10	N/A	N/A	3/3	N/A
Itshak Tshuva	3/7*	N/A	N/A	N/A	N/A

* Appointed during 2023.

1. Board leadership and Company purpose

Principles	How we have applied the principle
A. A Board's role	The overall role of the Board is to ensure the long-term sustainable success of the Group, making considered decisions for the enduring benefit of its shareholders and relevant stakeholders. Our Directors bring a diverse set of skills, experience and industry knowledge to help the Board operate in its oversight in the delivery of the Group's strategy, while providing constructive challenge where necessary. Our Board is collectively responsible for corporate governance, determining the Group's strategic direction, reviewing management performance, approving financials, major acquisitions, disposals and capital expenditure and for providing entrepreneurial leadership to Ithaca Energy within a framework of prudent and effective controls that enable risk to be assessed and managed. It is also responsible for setting the Company's values and ethical standards. For more information, please see pages 93 to 95 (Board of Directors) and page 96 (Board leadership and Company purpose).
B. Purpose, culture and strategy	In 2022, the Company relaunched its core organisational vision, values and behavioural framework, to 'bring strength', 'deliver results', 'express ourselves' and 'be considered'. This aligns with the organisational goals that create a differential advantage and emphasises excellence throughout the business to achieve our purpose of maximising value through the safe, efficient and responsible production of our assets. More information can be found on page 2 to 7 (Company overview). A key focus for the Board is the continued establishment of these values within the business through the Employee Engagement Group led by the Employee Engagement Director, Lynne Clow, and the roll-out of the Culture Ambassador Team who are members of the workforce, empowered to provide insight to the workforce on the adoption of our visions, values and behaviours. Following the 2023 employee engagement survey, focus groups helped to build on feedback received, allowing specific areas requiring improvement to be addressed quickly, such as learning and development and communication. In 2024, our focus continues to be on embedding a strong sense of culture in the organisation through our behavioural framework. For more information, please see pages 70 and 71 (Strategic Report) and pages 108 and 109 (Governance Report).
C. Resources and controls	Ensuring efficient and effective processes and systems are in place to underpin the Company's governance procedures is a key responsibility of the Board and the Audit and Risk Committee. During 2023 the Committee reviewed various internal audit reports on the business's internal controls and processes, providing feedback and guidance on each. More information can be found on page 104. New performance measurement tools have been established which are in line with the Group's visions and values and further details are set out in the Directors' remuneration report on pages 112 to 136.
D. Stakeholder engagement	Active engagement with our stakeholders is at the heart of Ithaca Energy's values and the Board seeks to ensure there are numerous opportunities throughout the year to meet and/or speak with our shareholders, lenders, suppliers and our employees. The second employee engagement survey was carried out in May 2023 and highlighted a 12% increase in employee engagement. Further details on the process and outcomes can be found on pages 36 to 43 (Strategic Report).
E. Workforce policies	The Board is committed to ensuring that its policies and procedures remain in line with the Company's vision and values. For more information, please see pages 74 to 77 (Strategic Report).

2. Division of responsibility

Principles	How we have applied the principle
F. Chair	The Executive Chairman, Gilad Myerson, is responsible for leading the Board, setting its agenda and ensuring it is an effective working Group at the head of the Company. While not considered to be independent, the Nomination and Governance Committee and the Board consider that the role of an Executive Chairman is in the best interests of the Group in order to utilise proven leadership qualities and Gilad's significant experience. The Executive Chairman works closely with the Senior Independent Director, John Mogford, who brings a depth of experience and calibre and serves as an intermediary for the Non-Executive Directors and the Executive Chairman. For more information, please see pages 93 to 95 (Board of Directors) and page 99 (other governance disclosure).
G. Board composition, independence and division of responsibilities	The Board consisted of three Executive Directors during 2023 (and currently consists of two Executive Directors (of whom one is the Executive Chairman)), five independent Non-Executive Directors, one of whom acts as Senior Independent Director bringing significant experience, and two Non-Executive Directors, Idan Wallace, who is not deemed independent since he was appointed by Delek Group Limited, the Group's largest shareholder, and Itshak Tshuva. Mr Tshuva was appointed to the Board in March 2023 and brings a wealth of experience although is not considered independent as he is the controlling shareholder of Delek Group Limited. The Directors are collectively responsible for the success of Ithaca Energy. The roles of the Board, the Committees, the Executive Chairman, the Senior Independent Director and the CEO are documented as are the Matters Reserved for the Board and the Delegation of Authority, the latter which establishes the limits of authority for the CEO. For more information, please see pages 93 to 95 (Board of Directors) and page 99 (other governance disclosure).
H. Non-Executive Director's role and time commitment	The Non-Executives provide a pivotal role for the Board in exercising objective judgement in respect of Board decisions, holding the Leadership Team to account by providing scrutiny and challenge. The Senior Independent Director serves as a sounding board for the Executive Chairman and acts as intermediary for both the Non-Executive Directors and the Group's stakeholders. The Non-Executive Directors have all committed sufficient time to Ithaca Energy to meet their duties in relation to formal meetings of the Board and the relevant Committees as well as commit time through the year to meet and discuss issues with the leadership team. For more information, please see pages 93 to 95 (Board of Directors).
I. Company Secretary	All Directors have access to the advice and services of the Company Secretary and, at the Company's expense, the Company's legal advisors. The Company Secretary attends all meetings of the Board and its Committees and is responsible for making sure all Board procedures are observed and for advising the Board on corporate governance matters. She also has responsibility for ensuring the flow of information within the Board, its Committees and between senior management and the Non-Executive Directors. For more information, please see pages 93 to 95 (Board of Directors).

3. Composition, succession and evaluation

Principles	How we have applied the principle
J. Appointment and succession planning	The Nomination and Governance Committee, and where appropriate the full Board, regularly reviews the size, structure and composition of the Board. This Committee is also responsible for reviewing the succession plans for Directors, including the Chairman and Executive Directors and other senior executives, and ensuring the development of a diverse pipeline for succession. In accordance with the UK Code, all Directors will retire at the AGM and may offer themselves for re-election. For more information, please see pages 108 and 109 (Nomination and Governance report).
K. Skills, experience and knowledge	The Non-Executive Directors' mix of skills and wide-ranging business experience is a major contributing factor towards the proper functioning of the Board and its Committees, ensuring that matters are debated thoroughly and that no individual or Group dominates the Board's decision-making processes. Non-Executive Directors have a particular responsibility for ensuring that the business strategies proposed are fully discussed and critically reviewed and their collective experience and broad range of skills gained from across a variety of sectors means they can constructively challenge management in relation to the development of strategy and performance against the goals set by the Board. For more information, please see pages 93 to 95 (Board of Directors).
L. Board evaluation	The first annual review was conducted internally in January 2024 and further details on the process and outcomes can be found on page 103.

4. Audit, risk and internal control

Principles	How we have applied the principle
M. Internal and external audit	The Audit and Risk Committee is responsible for monitoring the relationship with, and effectiveness and independence of, our external auditors. Pursuant to its terms of reference, the Audit and Risk Committee is responsible for the consideration and recommendation to the Board, and ultimately the shareholders, on the appointment, re-appointment and removal of the Group's external auditors. During 2023, the Committee met eight times and had significant discussions about the Company's internal policies and procedures, in particular those relating to risk and the internal audit programme and the effectiveness of the external auditors of the Group. For more information, please see pages 104 to 107 (Audit and Risk Committee report).
N. Fair, balanced and understandable assessment	The Board confirms that, in its view, the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. For more information, please see pages 104 to 107 (Audit and Risk Committee report) and pages 137-139 (Directors' report and statement of Directors' responsibilities).
O. Risk management	The comprehensive and consistent management of risk is a fundamental part of the culture in Ithaca Energy and while all employees are responsible for risk management, the Directors have overall responsibility for monitoring and reviewing the effectiveness of the risk management activities from a strategic, financial and operational perspective. The Board is responsible for the Group's system of risk management system and internal controls. For more information, please see pages 104 to 107 (Audit and Risk Committee report).

5. Remuneration

Principles	How we have applied the principle
P. Remuneration policies and practices	The Remuneration Committee is responsible for determining the policy for Directors' remuneration and setting remuneration for the Executive Chairman, the Executive Directors and the senior managers who report directly to the Chief Executive Officer to ensure that they support alignment with the Group's KPIs and long-term strategy. For more information, please see pages 112 to 136 (Directors' remuneration report).
Q. Developing Executive remuneration policy	The Directors' Remuneration Policy which is designed to promote the delivery of the long-term strategy of the Group and support its objective to retain and recruit talent to our Board and senior management, was approved by shareholders at the Company's Annual General Meeting in May 2023. A revised Directors' Remuneration Policy will be put before shareholders at the 2024 AGM. As set out in the Remuneration Committee's terms of reference, no Director may be involved in the decision-making in relation to their own remuneration outcomes. For more information, please see pages 112 to 136 (Directors' remuneration report).
R. Remuneration outcomes and independent judgement	To ensure that the Remuneration Committee maintains an independent judgement when determining remuneration outcomes it considers a range of data including detailed business and individual performance information. The Remuneration Committee also receives advice from external advisers which it considers to be objective and independent. For more information, please see pages 112 to 136 (Directors' remuneration report).

Other governance disclosure

During the year under review and up until the date of this report, the Company was fully compliant with the Governance Code, with the exception of Provision 9 regarding the independence of the Chairman. The Company has an Executive Chairman, Gilad Myerson, and as such, he is not considered to be independent. However, the Board is unanimous in its continued support for Mr Myerson's appointment and considers that the role of an Executive Chairman is in the best interests of the Group, allowing it the benefit of his sound leadership and significant experience, thus ensuring the ongoing commercial success of the Group. Directors are of the view that there is sufficient independent challenge and judgement on the Board to ensure highly-effective, independent governance.

Relationship Agreement

Delek Group Limited (Delek), through its wholly-owned subsidiary DKL Energy Limited, owns an 88.55% shareholding in the Company and so is deemed a controlling shareholder for the purposes of the Listing Rules. A formal relationship agreement between the Company and Delek (the Relationship Agreement) is in place which governs relations between the two companies, to ensure that the Company is capable at all times of carrying on its business independently of Delek and it associates.

The Relationship Agreement came into effect upon the listing of the Company on the Main Market of the London Stock Exchange and will continue in force unless and until (i) the shares of the Company cease to be listed on the premium listing segment of the Official List and traded on the London Stock Exchange main market or (ii) Delek cease to own 30% or more of the Ordinary Shares of the Company. The Relationship Agreement complies with the independence provisions set out in Listing Rules 6/5/4R and 9.2.2ADR.

Under the Relationship Agreement:

- For so long as Delek holds not less than 50% of the shares of the Company, it is entitled to:
  - Appoint one observer to the Board, the Remuneration Committee and the Audit and Risk Committee; and
  - Appoint one Director to the Nomination and Governance Committee.
- Whilst Delek holds not less than 20% of the shares of the Company, it is entitled to nominate a maximum of two Non-Executive Directors to the Board of the Company (provided that the Board is able to comply with the Governance Code).
- Whilst Delek holds not less than 10% of the shares of the Company, it is entitled to nominate a maximum of one Non-Executive Director to the Board of the Company.

Itshak Tshuva and Idan Wallace are the Delek-appointed Non-Executive Directors.

Tamir Polikar is the appointed observer for the Board and the Audit and Risk Committee and Leora Pratt Levin is the appointed observer for the Remuneration Committee.

Under the Relationship Agreement, Delek undertakes that it shall:

- not take any action that would have the effect of preventing the Company from complying with the Listing Rules;
- not propose or procure the proposal of a shareholder resolution of the Company which is intended or appears to be intended to circumvent the proper application of the Listing Rules;
- comply with the Listing Rules, the Disclosure Guidance and Transparency Rules, the requirements of the London Stock Exchange, the FSMA, the Financial Services Act, UK MAR or the City Code that apply to it in connection with the Company or take any action that would prevent the Company with complying with the same regulations;
- not exercise any of its voting rights in the Company in a way that would be inconsistent with, or breach any of the provisions of the Relationship Agreement; and
- not, unless approved by the Board, take any action or omit to take any action which would be likely to result in the cancellation of admission to the main market of the London Stock Exchange.

In accordance with the Listing Rules, the Board confirms that, since the date of listing of the Company:

- The Company has complied with the undertakings in the Relationship Agreement;
- So far as the Company is aware, Delek and its associates have complied with the undertakings in the Relationship Agreement; and
- So far as the Company is aware, Delek has complied with the obligation included in the Relationship Agreement to procure the compliance of its associates with the undertakings in the Relationship Agreement.

Diversity, Equality and Inclusion

Although the UK oil and gas industry has a rich and diverse heritage, the sector has historically struggled to proportionately reflect the diversity of the workforce as a whole and, consistent with our peers, there is gender imbalance in technical and operations roles in our business.

The Company recognises the importance of continued focus and action to improve representation and conscious decisions are made in the areas of recruitment, promotion and career development opportunities to accelerate progress and mitigate the imbalance. In order to attract and retain a more diverse talent pool, we understand the need to adopt practical measures such as flexible working and that we must accelerate our efforts to create an inclusive environment.

Our Diversity, Equality and Inclusion Policy, overseen by the Diversity, Equality and Inclusion (DE&I) Committee, commits the Company to:

- Creating and maintaining an environment in which individual differences and the contributions of all are recognised and valued;
- Provide training, development and progression opportunities to all our employees so that they can develop to their full potential;
- Reviewing our policies and practices for fairness, ensuring decisions are made on merit;
- Addressing quickly disrespectful behaviour highlighted so that it can be corrected quickly;
- Providing training and support across the organisation so we can all learn and build a greater understanding of our responsibilities in respect of diversity, equality and inclusion;
- Supporting, listening and actioning recommendations from our workforce and DE&I Committee; and
- Measure and monitor key DE&I data and feedback to evaluate our progress.

During the year, a Diversity, Equality and Inclusion Network was established with approximately ten employee members. This Network is committed to educating, advocating, engaging and empowering the Ithaca Energy community to create and sustain a culture and environment that is diverse, equitable and inclusive, where everyone has a sense of belonging. The Network meets regularly and has its own section on the Company intranet where information, articles and presentations from relevant external bodies can be found. The Network has hosted a number of informal sessions with topics ranging from neurodiversity in the workplace to supporting colleagues through menopause or cancer.

Board Committees

The Board has established the following Committees, further details of which are set out in the relevant section of the report:

- **Audit and Risk Committee**
- **Nomination and Governance Committee**
- **Remuneration Committee**
- **Health, Safety, Environment and Security Committee**
- **Disclosure Committee**

The members of these Committees (other than the Disclosure Committee) are appointed principally from among the Independent Non-Executive Directors and all appointments to these Committees are for an initial period of up to three years and may be extended by no more than two additional three-year periods.

1. Audit and Risk Committee

Chair: Deborah Gudgeon
Members: John Mogford
Assaf Ginzburg
Lynne Clow
Observers: Tamir Polikar

The Audit and Risk Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual and half-year financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Group. The Audit and Risk Committee shall additionally oversee and advise the Board on the Group's overall risk appetite, tolerance and strategy, review the Group's capability to identify and manage new types of risk and keep under review the Group's overall risk assessment processes that inform the Board's decision-making.

2. Nomination and Governance Committee

Chair: Gilad Myerson
Members: John Mogford
Lynne Clow
Idan Wallace
Assaf Ginzburg
Observers: N/A

The Nomination and Governance Committee assists the Board in reviewing the structure, size and composition of the Board, including providing advice to the Board on the retirement and appointment of additional and/or replacement Directors. It is also responsible for reviewing succession plans for the Directors, including the Chairman and Chief Executive Officer and other senior executives.

3. Remuneration Committee

Chair: Lynne Clow
Members: John Mogford
Assaf Ginzburg
Deborah Gudgeon
Dave Blackwood
Observers: Leora Pratt Levin

The Remuneration Committee recommends the Group's policy and framework on Executive remuneration, determines the levels of remuneration for Executive Directors, the Chairman and other senior executives and prepares an annual remuneration report for approval by the Shareholders at the Annual General Meeting. The Remuneration Committee will also review the scale and structure of Executive Directors' remuneration and the terms of their service or employment contracts, including share-based schemes, other employee incentive schemes adopted by the Company from time to time and pension contributions and ensure that payments made on termination are fair and reasonable.

4. Health, Safety, Environment and Security Committee

Chair: David Blackwood
Members: John Mogford
Assaf Ginzburg
Observers: N/A

The Health, Safety, Environment and Security Committee evaluates the effectiveness of the Group's policies and systems for identifying and managing environmental, health and safety risks within the Group's operations. Additionally, the Committee assesses the performance of the Group with regard to the impact of environmental, health and safety decisions and actions upon employees, communities and other third parties.

5. Disclosure Committee

Chair: Julie McAteer
Members: Iain Lewis
Gilad Myerson
Ross Mitchell
Kathryn Reid
Observers: N/A

The Board has established a Disclosure Committee, Chaired by the General Counsel with members from the leadership team, in order to ensure timely and accurate disclosure of all information that is required to be disclosed to the market to meet the legal and regulatory obligations and requirements arising from the listing of the Company's securities on the London Stock Exchange, including the Listing Rules, the Disclosure Guidance and Transparency Rules and UK Market Abuse Regulations.

Division of responsibilities

The Board has responsibility for making all key strategic, management and commercial decisions that are necessary for the conduct of the Company's business as a whole, including the approval of corporate strategy, annual budgets, financial statements and reports, capital allocation (covering dividends, significant capital projects and acquisitions and disposals) and key accounting policies. There is a clear division of responsibilities between the leadership of the Board by the Executive Chairman, assisted by the Senior Independent Director, and the leadership of the Executive Leadership Team by the Chief Executive.

Executive Chairman

The Chairman is responsible for the leadership of the Board, setting the Board agenda and ensuring the overall effective working of the Board. The Chairman has regular one-to-one and Group meetings with the Non-Executive Directors without the Executive Directors being present.

Chief Executive

The Chief Executive leads the Executive Leadership Team and is accountable to the Board. His role is to develop strategy in consultation with the Board, to execute that strategy following presentation to, and consideration and approval by, the Board and to oversee the operational management.

Senior Independent Director

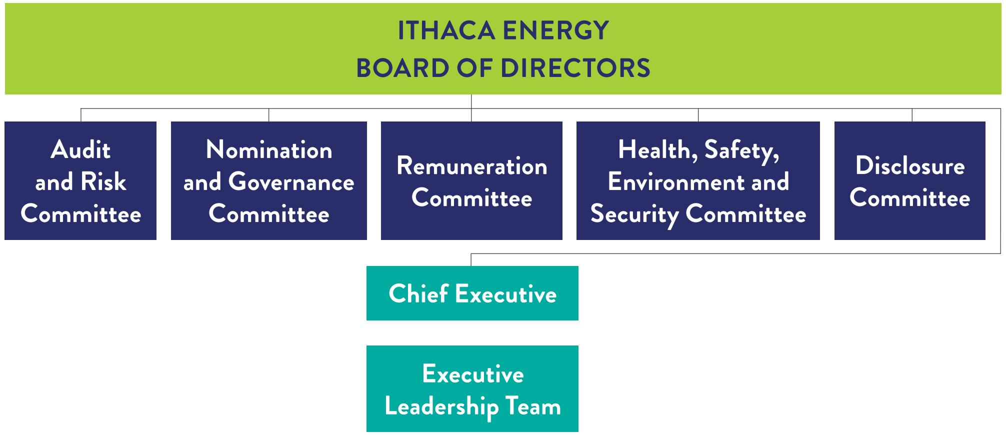
The Senior Independent Director provides a sounding board for the Chairman and serves as an intermediary for the other Directors and the shareholders when necessary. The Senior Independent Director of the Company has an important role on the Board in leading on corporate governance issues and being available to shareholders if they have concerns which contact through the normal channels of the Chair, Chief Executive Officer or other Executive Directors has failed to resolve or for which such channel of communication is inappropriate.

Non-Executive Directors

The Non-Executive Directors come with their wealth of business and commercial expertise from many industry sectors with objective judgement which allows them to constructively challenge the actions of the Group's management and leadership teams. They provide a crucial role in providing assurance that the Executive Directors are exercising good judgement when it comes to decision-making and their delivery of the Group's strategy. The Non-Executive Directors receive regular updates from the Group's management and Leadership Team to allow them to monitor both the performance of the Group and the culture within the organisation.

Company Secretary

The Company Secretary is responsible for advising the Board, through the Chairman, on all Board procedures and governance matters. In addition, each Director has access to the advice and services of the Company Secretary. The Company Secretary assists with the ongoing training and development of the Board and is instrumental in facilitating the induction of new Directors. The appointment and removal of the Company Secretary is a Board matter. The Company Secretary supports the Chairman in the provision of accurate and timely information. Board agendas drawn up by the Company Secretary in conjunction with the Chairman and with agreement from the Chief Executive. All Board papers are published via an online Board portal system which offers a fast, secure and reliable method of distribution.



The table below sets out the matters that the Board have discussed at each meeting and the key activities that have taken place during 2023.

Regular matters considered at each meeting	Key activities			
	Strategy	Operations	Governance	Stakeholders
Health, Safety, Environment and Security matters	Deep-dive sessions in relation to our assets	Operating assets reviews	Internal audit review and cyber security resilience	Discussion of Company visions and values for employees
Production updates	Long-term strategy planning sessions	Development assets reviews	Risk management framework analysis	Interactions with regulatory stakeholders
Operational updates	Senior debt planning	2023 performance and budget reviews and approvals	Risk, going concern and long-term viability reviews	Senior debt planning
Risk management	Organisational effectiveness	Debt covenants compliance and dividends	Directors' duties training	Discussion on risks relating to fiscal and regulatory policies
Business development opportunities	Discussion on various regulatory issues	Monitoring of liquidity and trading	Board evaluation and composition	
Legal and HR updates	Reporting and discussion on DE&I		Principal risks analysis	
Financial reporting			Approval of Annual Report and Accounts	

Committee Activities during 2023 – At a glance

Remuneration

Governance and Reporting

- Reviewed and approved the Directors' Remuneration Policy and 2022 Directors' Remuneration Report
- Approved a Company-wide framework for the treatment of remuneration elements for different exit circumstances
- Reviewed the Company's Gender Pay Gap Report prior to publication
- Reviewed its Terms of Reference and recommended changes to the Board for approval
- Annual performance evaluation
- Update on Company-wide remuneration matters
- Review of Committee membership

Senior Management pay decisions

- Reviewed and approved the proposed individual remuneration for each member of the ELT in relation to their performance
- Agreed the remuneration packages for incoming and outgoing ELT members in line with policy
- Reviewed wider workforce pay outcomes
- Noted the payment to Gilad under the MEP
- Approved the legacy policy payment to Gilad triggered by the successful outcome of a historic claim reported in Q1 2023

Incentive and share plan operation

- Reviewed and approved annual bonus metrics and targets
- Reviewed and approved LTIP metrics and targets
- Reviewed and approved the terms of the Company's share incentive plan

Audit and Risk

Financial Reporting

- Reviewed and approved the quarterly financial reporting and trading statements
- Reviewed and approved the Annual Report

Internal control, risk management and internal audit

- Risk review and assessment, and internal control effectiveness and approval of risk appetite statement
- Corporate governance updates
- Review of Committee membership
- Approval of internal audit plan
- Review of internal audit reports
- Annual performance evaluation

External audit

- Reviewed and approved external audit report on year-end results
- Reviewed independence of auditors
- Reviewed external audit plan

Nomination and Governance

- Reviewed composition of the Board and Committees
- Recommended the appointment of Mr Itshak Tshuva to the Board
- Discussed succession planning
- Reviewed Annual Report
- Reviewed time commitments of Non-Executive Directors
- Annual performance evaluation
- Recommended to the Board all Non-Executive Directors to be put forward for re-election at the AGM
- Initial discussion on Non-Executive Directors recruitment
- Reviewed Committee membership
- Appointment of Interim CEO

Health, Safety, Environment and Security

- Reviewed and agreed the Group's HSE strategy and performance
- Reviewed HSE reports from management together with its responsiveness to findings and recommendations made
- Approved the HSE 2023 technical assurance plan
- Evaluated the effectiveness of the Group's policies and systems in delivering the HSE strategy
- Approved the HSE improvement plan
- Reviewed external reports in relation to HSE matters and input to environmental, social and governance reporting
- Reviewed and discussed the emissions and energy transition update

Board evaluation

The effective functioning of the Board and its Committees is key to the success of the Company and Ithaca Energy recognises that performance evaluation is extremely valuable in contributing to the effectiveness of the Board. The evaluation has been designed to encourage Directors to optimise their contribution to the success of the Group and add value beyond their statutory requirements by building on existing strengths, agreeing on the challenges ahead and preparing for the future. It also provides an opportunity for the Non-Executive Directors, through their exposure on other Company boards, to draw on their experience and suggest where improvements can be made.

The 2023 evaluation exercise was conducted using a detailed questionnaire focused on the undernoted seven areas as well as the Board's interactions with each of the Audit and Risk, Nomination and Governance, Remuneration and Health, Safety, Environment and Security Committees:

- Strategy
- Board discussions during 2023
- Risk and internal controls
- Succession and composition
- Stakeholders
- Board process
- Leadership

Feedback was also obtained on the Chairman's performance which was then discussed with the Senior Independent Director.

Directors completed the questionnaire and returned it to the Company Secretary who collated and anonymised the results before providing a detailed report to the Chairman and Senior Independent Director. The report covered comments and suggestions made, together with the rating allocated to each question by Directors.

The Chairman reported the results of the evaluations at the Board meeting held on 25 March 2024.

There were many positive comments resulting from this exercise: Directors agreed that the Board was very committed to the success of the Group and that all Directors were strongly involved in every aspect of the business, even between meetings. The Board had responded well to the issues which had arisen during the year and financial and reporting performance was considered to be strong. It was determined that there was generally good discussion at meetings with debate encouraged and all Committees had performed effectively.

In terms of specific points made, it was acknowledged that the Company had become a listed entity just over a year ago and that while processes and procedures were in place, several required to be tightened up in order to improve upon the quality of information presented. Greater detail would be provided in papers on risk, health and safety and cyber with key issues focused upon, plans agreed and regular progress updates given.

Some Directors felt that a greater number of meetings, and more efficient chairing, was required to ensure a consistent flow of information and that there should be a more formalised structure. Both these points have been addressed with additional meetings added to the schedule going forward and a revised Board agenda agreed, setting out precisely what areas would be addressed at each meeting. The Group's strategy would be revisited with a view to making it clearer in order that greater focus could be given to this area and regular reports on progress against the strategy would be delivered.

Diversity on the Board was agreed to be an issue and was a critical consideration in the current recruitment of a new CEO and additional Non-Executive Directors. It was felt that succession planning for the Executive Leadership Team was opaque so this would be reviewed by the Nomination Committee with a proposal prepared for the Board's approval in due course.

Workforce engagement at a Board level was still at a very early stage, partly impacted by a change in HR Director. Despite the change in HR leadership, the Engagement Director has met with office-based staff to gather their views on a couple of occasions as part of the Employee Consultation Forum and all Board members have travelled offshore to visit crews across the Group's operated asset base. Further formal engagement with offshore crews is planned for 2024. Following further engagement, staff survey outcomes would be shared in detail with the Board. Lynne Clow holds the position of Independent Engagement Director.

The evaluation process concluded that the Board was dealing with the big issues facing both the industry, our people and the Group in an open, constructive and challenging manner and the Directors had contributed effectively.

Measured against the principal duties expected of it, the Board continues to operate effectively and to meet, in full, its obligations to support management, build the Company's culture, monitor performance in the widest sense and maintain its strategic oversight. Accordingly, the process concluded that the Board provides the effective leadership and control required for a listed Company.

In accordance with the Code, an externally facilitated evaluation will be carried out every three years.

Audit and Risk Committee report

Dear fellow shareholder

I am pleased to present my second Audit and Risk Committee (the Committee) report for the year ended 31 December 2023. This report sets out the Committee's work to ensure the interests of the Group's stakeholders are protected through comprehensive systems supporting both financial reporting and risk management.

The Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual, half-yearly and quarterly financial statements and accounting policies, internal and external audits and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of internal audit, internal controls, whistleblowing and fraud systems in place within the Group. The Committee also oversees and advises the Board on the Group's overall risk appetite, tolerance and strategy and reviews the overall risk assessment process that inform the Board's decision-making. The Committee additionally considers annually how the Group's internal audit requirements will be satisfied and makes recommendations to the Board accordingly as well as on any areas that need improvement or action.

This report provides an overview of the Committee's principal activities and key areas of focus.

The following financial reporting risks were identified as being significant, based on feedback from management and external auditors during the year, and were considered by the Committee in respect of the FY 2023 Annual Report and Accounts:

- Oil and gas reserves;
- Carrying value of oil and gas assets;
- Deferred tax recognition and recovery;
- Adequacy of decommissioning provisions; and
- Going concern.

Further details of these significant risks are set out on pages 84 to 90.

The Committee comprises:

Member	Meetings attended in 2023
Deborah Gudgeon	8/8
John Mogford	8/8
Assef Ginzburg	7/8
Lynne Clow	1/1

The Committee members are considered to possess the appropriate skills and experience to monitor and ensure the integrity of the Group's financial reporting, internal audit, internal financial control and risk management systems and to support the Group's governance. I am a qualified accountant with extensive experience of acting as Audit Committee Chair including extractive industries, Mr Mogford has significant Executive experience including within oil and gas, Mr Ginzburg is the Chief Financial Officer of a global operator and developer of renewable energy projects and Mrs Clow, who was appointed on 20 September 2023, has a wealth of strategic and commercial experience in the oil and gas industry.

In addition to the Committee members, the Executive Chairman, the Chief Financial Officer and acting Chief Executive Officer, the Company Secretary, the Assistant Company Secretary, the Chief Accountant, the Finance Manager, the Financial Reporting Manager, the Risk, Assurance and Compliance Manager, the External Audit Partner and an observer from Delek Group Ltd routinely attend meetings of the Committee.

Other senior managers of the business are invited to attend meetings as required to provide the Committee with a deeper level of insight on relevant business matters. Other members of the Board have an open invitation to attend Committee meetings to facilitate a deeper understanding of the business and support their role as Directors of the Company. The Committee meets periodically without management present and private meetings are held with internal audit and external audit without management present.

The work of the Committee to the date of this report broadly fell into three main areas and is summarised below:

Financial reporting

- Reviewed and approved the quarterly and half-yearly financial statements and associated trading update statements;
- Reviewed and approved the Group's annual results and considered the material accounting policies, principal estimates and accounting judgements used in their preparation, the transparency and clarity of the disclosures within them, and compliance with international financial reporting standards;
- Reviewed the basis for preparing the Group full-year financial statements on a going concern basis with input from the external auditors. The related disclosures in the Annual Report and Financial Statements were also reviewed;
- Considered and approved management's assessment of the Group's prospects and longer-term viability statement contained in the Annual Report and Financial Statements;
- Considered and approved disclosures on climate-related matters;
- Received reports from management and external auditors on accounting, financial reporting and taxation matters;
- Reviewed and assessed whether the Annual Report and Financial Statements, taken as a whole, were fair, balanced and understandable;
- Reviewed and approved the assumptions such as oil and gas reserves, future commodity prices, future growth rates, resultant cash flows and discount rates used in the impairment reviews and related disclosures and sensitivities, including considerations around climate change; and
- Reviewed and approved the assumptions underpinning decommissioning liabilities such as oil and gas reserves, inflation and discount rate and related disclosures and sensitivities.

Internal control, risk management and internal audit

- Reviewed the structure and effectiveness of the Group's system of risk management and internal control and the related disclosures in the Annual Report and Financial Statements;
- Reviewed the risk management activities undertaken by the Group in order to identify, measure and assess the Group's principal and emerging risks and review the velocity and scale of these;
- Reviewed reports from the internal audit department relating to control matters and monitored progress against the internal audit plan;
- Reviewed status and progress of the ongoing work to mature and develop the internal controls over financial reporting; and
- Assessed the effectiveness of internal audit by considering the activities described above.

External audit

- Considered and approved the scope, audit plan, terms of engagement and fees for external audit work to be undertaken in respect of the FY 2023 audit;
- Received reports from the external auditor on their findings during the full-year audit;
- Considered the objectivity and independence of the external auditor and the effectiveness of the external audit process, taking into account their policies to safeguard independence, non-audit work undertaken by the external auditor and compliance with the Company's policy on the provision of non-audit services and applicable regulations;
- Considered and recommended to the Board the re-appointment of the external auditor; and
- Considered and approved a letter of representation in respect of the full year to the external auditor.

The matters the Committee considers to be most significant for the FY 2023 Annual Report and Financial Statements are as follows:

Significant risks and judgements	How the Committee addressed these risks
Oil and gas reserves The estimation of oil and gas reserves from existing and yet to be commissioned fields is inherently judgemental. The Group estimates its reserves using standard recognised evaluation techniques. This estimate is reviewed internally at least annually and is also reviewed at least annually by independent consultants.	The Committee reviewed the process applied by management to estimate oil and gas reserves, whether they were in line with general industry practice and were consistent with the methodology applied in prior years. The Committee noted that management's estimates of proven and probable oil and gas reserves were materially in line with those prepared by independent consultants. The Committee concluded that the methodology adopted for estimating oil and gas reserves, which are used in impairment testing, deferred tax recognition calculations and the going concern assessment, was fair and reasonable.
Carrying value of oil and gas assets Significant judgement is required in determining whether there are indications of impairment, and conducting an impairment review involving the selection of suitable assumptions for future commodity prices, discount rate, application of Energy Profits Levy and impact of climate change on long-term commodity prices.	In assessing the impairment reviews the Committee: • Reviewed and challenged management's key assumptions for the discount rate; • Reviewed and challenged management's key assumptions for future commodity prices; and • Based on available market data, approved management's long-term assumptions of \$85/bbl in 2024, \$83/bbl in 2025 and \$87/bbl to \$93/bbl thereafter for crude oil and 101p/therm in 2024, 96p/therm in 2025 and 83p/therm to 87p/therm thereafter for UK NBP gas. The Committee also considered the disclosures on impairment, including sensitivities, and concluded that they were appropriate. Details of impairment reviews are set out in note 19 to the consolidated financial statements.
Deferred tax recognition and recovery The calculation of deferred tax is typically complicated in the oil and gas industry requiring significant judgement on future performance and profitability of assets. This is further complicated by changes made to the EPL and certain other tax enactments.	The Committee reviewed and challenged management's projections of UK taxable profits, which were consistent with those utilised in impairment reviews, and which support the recognition of a net deferred tax asset at 31 December 2023. The Committee was satisfied that these projections were reasonable. The Committee also reviewed and challenged management's assumptions with respect to accessibility of UK corporate tax history for decommissioning expenditure relief which support the recognition of a net deferred tax asset of \$627.7 million at 31 December 2023. The Committee was satisfied that these assumptions were reasonable. Further details of the net deferred tax asset are set out in note 27 to the consolidated financial statements.

Significant risks and judgements	How the Committee addressed these risks
Decommissioning liabilities Decommissioning cost estimates and assumptions are inherently judgemental with the key assumptions including the decommissioning methodology (e.g. type of vessel), day rates and discount rate.	In assessing the adequacy of decommissioning liabilities the Committee: • Reviewed and challenged management's key assumptions; and • Questioned and obtained satisfactory answers to significant changes in particular assets from FY 2022. The Committee concluded that the methodology used was reasonable and the assumptions of supply chain rates and discount rate were appropriate and supported decommissioning liabilities of $1,859.7 million at 31 December 2023. Further details of decommissioning liabilities are set out in note 23 to the consolidated financial statements.
Going concern In preparing the consolidated financial statements the Directors are required to consider the appropriateness of the going concern basis of accounting	The Committee reviewed management's projections for consistency in the base terms with those used for the impairment reviews and resultant liquidity position. In addition the Committee challenged the sensitivities modelled and agreed that they were appropriate. Overall, the Committee concluded that the projections were reasonable and supported a going concern basis of accounting. The going concern statement is set out on page 91 of the Annual Report and Financial Statements.

Internal control, risk management and internal audit

The Board is responsible for establishing a framework of prudent and effective controls, which enable risk to be assessed and managed. The Committee is responsible for reviewing the effectiveness of the Group's risk management and internal control systems, that include:

- Delegation of Authority that sets out clear authority for specific matters requiring senior management and Board approval;
- Annual financial budget and operational targets that are monitored by management and the Board;
- Financial reporting processes and preparation of financial statements that comply with relevant regulatory reporting requirements;
- Risk management process to identify principal and emerging risks and managements response; and
- Risk-based internal audit programme.

This is discussed more fully on pages 84 to 91 in the risk management section.

There are specific internal controls surrounding the financial reporting process and the preparation of financial statements, including clear guidance and procedures to ensure that the Group's financial reporting processes and the preparation of consolidated accounts comply with all applicable regulatory and financial reporting requirements. These policies are applied consistently by the financial reporting team and in each other area involved in the preparation of financial information.

Monthly performance reports and quarterly detailed management accounts are prepared and are subject to thorough review by management. These reports detail the performance of the business and support the preparation and processes for external financial reporting.

Further progress was made during the year to address the residual control deficiency observations which were raised as part of the IPO process. As a result of the completion of required actions during the prior and current year, the majority of the control recommendations have now been fully implemented.

The Committee receives regular updates on the Group's system of internal control including details of the design and effectiveness of key controls mitigating financial, operational and compliance risk. Management intends to continue to focus on further standardisation, documentation and strengthening of internal controls to give the Committee greater comfort around the effectiveness of the control environment.

Overall, the Committee is satisfied that the Group's internal control framework was operating satisfactorily during the year. The Committee will continue to work with management to identify opportunities to further enhance the internal control framework.

Internal audit

Internal audit provides independent, objective and timely assurance to senior management and the Board through the Committee, over the design and operational effectiveness of key processes and controls that manage the risks across the organisation.

A Head of Internal Audit, Risk and Insurance was appointed during the year, reporting functionally to the Chair of the Committee and administratively to the Chief Financial Officer regarding internal audit matters. Our internal audit department operates on a co-sourced model, utilising external subject matter expertise to supplement the in-house team. The Head of Internal Audit also provides oversight of internal controls compliance and the enterprise risk management process.

Five internal audits were carried out during 2023:
- Fraud risk assessments;
- Anti-bribery and corruption policy and procedures application;
- Sanctions – review controls for compliance with regulations;
- Controls for large capital projects; and
- Employee expenses –review of controls over out of pocket expenses and credit card expenditure.

During the year, the Committee:
- Reviewed and approved the 2023 internal audit plan, ensuring it aligned to the Group's principal risks;
- Approved the internal audit charter, which establishes internal audit's independence, authority, remit and reporting lines; and
- Received regular reports from internal audit on its activities and progress against the Group internal audit plan, allowing the Committee to monitor delivery against the plan.

External auditor independence and objectivity

Deloitte were appointed as the Company's external auditor during 2021 as a result of the then wholly-owned parent Company, Delek Group Limited, selecting Deloitte as auditor of the Group. The current external audit partner is David Paterson with the 2023 audit being his second year acting in this capacity. The independence of the external auditor is essential to the provision of an objective opinion of a true and fair view presented in the financial statements. Deloitte's independence is safeguarded through a numbers of control measures including:
- Limiting the nature of non-audit services performed by the external auditor;
- The external auditor's own internal processes to vet and approve any requests for any non-audit work to be performed by the external auditor;
- Monitoring changes in legislation related to auditor independence and objectivity to assist the Company to remain compliant;
- The rotation of the lead audit partner after five years;
- Independent reporting lines from the external auditor to the Committee; and
- An annual review by the Committee of the policy in place to ensure the objectivity and independence of the external auditor is maintained.

Assessing the effectiveness of the external audit process

The Committee, other Board members, senior management and finance team members evaluated Deloitte's performance and the effectiveness of the external audit process for FY 2023 financial reporting. The Committee considered the following factors:
- The quality of the interactions between the audit team and the Committee, other Board members, management and those involved in the preparation of the accounts;
- Whether the scope of the audit and the planning process were appropriate for the delivery of an effective audit;
- The external auditor's progress achieved against the agreed audit plan and communication of any changes to the plan, including changes in perceived audit risks;
- The robustness and perceptiveness with which the external auditor handled the key accounting and audit judgements and communication of the same with management and the Committee;
- The expertise and resources of the external audit team conducting the audit; and
- The quality of the auditor's recommendations for the financial reporting process and control improvements.

Taking the above factors into account and the feedback from the finance team, management, members of the Committee and the Board, the Committee concluded that the external audit process and services provided by Deloitte were satisfactory. The feedback will be shared with Deloitte and any opportunities for improvement will be considered and agreed.

A formal recommendation to reappoint Deloitte as external auditor will be made at the Annual General Meeting.

Policy on the provision of non-audit services

The Committee's policy on the use of the external auditor for non-audit services includes the identification of non-audit services that may be provided and those that are prohibited. The policy requires that the external auditor will only be used for non-audit services where regulation permits, the Group benefits in a cost-effective manner and the external auditor maintains the necessary degree of independence and objectivity.

The policy provides for a cap on fees for non-audit work of 70% of the average of fees paid to the audit firm over the previous three years for audit services. It should be noted that the three-year period commenced on 9 November 2022 concurrent with the IPO.

The Committee receives regular reports on all non-audit assignments awarded to the external auditor and a breakdown of non-audit fees incurred. The principal non-audit fees incurred during the year were in respect of the review of the half-yearly financial statements and in 2022 principally reflected work as reporting accountants for certain parts of the IPO process. Details of amounts paid to the external auditor for audit and non-audit services are set out in note 7 to the consolidated financial statements.

The Committee is satisfied that the Company is in compliance with CMA Order 2014 regarding statutory audit services.

Whistleblowing policy

The Group has a formal Whistleblowing policy (see pages 76 and 77 for further details) whereby all employees, contractors, consultants and officers are able to raise concerns regarding potentially dangerous, unlawful or unethical activities which may be going on at work or could be affecting (or risks of affecting) them or other colleagues. Any such reports are thoroughly investigated by suitably qualified personnel and where necessary appropriate action is taken.

Effectiveness of risk management and internal control systems

The Committee has completed its annual review of the effectiveness of the Group's risk management and internal control systems on behalf of the Board in order to approve the statements on risk management set out in the Strategic Report on pages 84 to 91.

Fair, balanced and understandable

The Committee has also completed its annual review of the processes in place to prepare the 2023 Annual Report and Accounts and to ensure that they are fair, balanced and understandable in order to support the Statement of Directors' responsibilities on page 139.

Tax strategy

The Committee believes that we have a responsibility to manage our tax affairs in a way that sustainably benefits the customers and communities that we serve. We also have a responsibility to shareholders to ensure that we pay the right amount of tax and ensure compliance with UK tax rules. Further information on our tax strategy, which is reviewed by the Committee annually, can be found on our website.

Committee evaluation

The Committee's annual performance evaluation exercise was carried out in January 2024 and no concerns were highlighted.

Finally I would like to express my thanks to both management and the external auditor.

On behalf of the Audit and Risk Committee:

Deborah Gudgeon
Committee Chair

Nomination and Governance report

Dear shareholder,

Chair: **Gilad Myerson**

Members: **John Mogford**
Lynne Clow
Idan Wallace
Assaf Ginzburg

The Committee's key objective is to ensure that the Board and the Executive Leadership Team is comprised of individuals with the requisite levels of skills, knowledge, experience and diversity to deliver the long-term success of the Group. The Committee is also responsible for evaluating the Directors on an annual basis, striving for a balance of skills, knowledge, independence, experience and diverse representation to allow for it to operate effectively while ensuring there is no undue reliance on any one individual.

The Committee has specific responsibilities on behalf of the Board and these are detailed below:

- To regularly review the structure, size and composition of the Board (including skills, knowledge, experience and diversity) and make recommendations to the Board;
- To consider succession planning for the Board and senior management positions and to determine the skills and experience required for such appointments;
- To evaluate the balance of skills, knowledge, experience and diversity required prior to making an appointment and to prepare a description of the role, outlining the capabilities required;
- To keep under review the leadership needs of the organisation, both Executive and Non-Executive with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- To keep fully informed about strategic issues and commercial changes affecting the Group and market in which it operates;
- To identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- To review the results of Board performance evaluation processes and time requirements for Non-Executive Directors; and
- To liaise with the other Committees of the Board to ensure that there is consistency with the Group's strategy.

Following on from the launch of Ithaca Energy's renewed visions and values framework, during 2023 we continued to work on embedding these in the business, with around 18 interactive sessions taking place, focusing on building and leading culture and change. A number of focus groups were held during the year to support the roll-out of Ithaca Energy's behavioural framework in early 2024, to build upon the Group's vision and values.

The Employee Consultation Forum plays an integral role in improving communication from the top down and the bottom up, enabling employees to voice their ideas as well as their concerns on issues which directly affect them in their place of work. It offers management the opportunity to consult over business-related issues and gain commitment to implementing new ideas and new ways of working to improve the organisation.

It's important to note that the Company doesn't replace regular channels of communication such as talking to your supervisor, manager or HR representative but understands that there may be times when an employee may want to talk to someone else. All communications with the ECF are confidential and questions submitted are done so in confidence, names are not passed to management or HR. There will also be times where the ECF is bound by the organisation to maintain confidentiality but where feasible the aim of the Company is to share as much information as possible.

The Board discusses the outputs of the ECF with the Leadership Team throughout the year together with the output of the employee engagement survey, to support the evolution of the Company's culture by building on feedback received from employees from both channels. Lynne Clow, the Group's Independent Engagement Director lead's the Board's efforts to engage with the ECF to increase engagement levels and build a strong culture within the organisation.

In addition to this, the Company has a team of culture ambassadors which will assist the Leadership Team in embedding the vision and values and behaviours framework into the culture of the Group.

In accordance with the terms of the relationship agreement between the Company and its controlling shareholder, Delek informed the Company that it wished to nominate Mr Tshuva to the Board as one of its two nominated Directors. In relation to Mr Tshuva's appointment, the Committee considered the UK Corporate Governance Code and the requirements of the Board in relation to independence and the diversity of Directors. After discussion, the Committee welcomed the recommendation of Mr Tshuva to the Board, noting his extensive experience in the international oil and gas markets and recommended his appointment to the Board.

Board diversity

The Committee understands the significance of DE&I, both in the boardroom and also across the whole business and more information on how Ithaca's DE&I policy helps create an open, diverse and inclusive organisation where everyone feels engaged and supported can be found on pages 74 and 75. Inclusivity remains a core value and our aim is for everyone to feel comfortable to be themselves, feel listened to and be able to express themselves. We are committed to an ongoing programme of equality and inclusion for all.

While there is currently no specific Board or Committee diversity policy, the Board recognises its importance and it is proposed that one be put in place during the year. Directors are familiar with the general DE&I policy and are cognisant of the need to enhance diversity on the Board and its Committees to promote innovation and alternative perspectives which will contribute to the realisation of our strategic goals.

The Board supports the principles of gender and ethnic diversity and pays close attention to the international nature of its makeup. Members of the Board and the Executive Leadership Team collectively possess diversity of gender, national birthplace, social backgrounds, cognitive and personal strengths, along with a combination of skills, experience and knowledge – all of which are vital for the effective operation of the Board and oversight of the Group.

The Committee continues to progress its search for an additional Independent Non-Executive Director and recognises the requirements of Principle J of the Code in relation to appointments promoting the diversity of gender, social and ethnic backgrounds.

A recruitment process including the appointment of external advisers to assist has commenced to find a suitable candidate to enhance not only the independence of the Board, but to bring complementary skills and experience to the Company.

While the Board is supportive of the FCA's new Listing Rule on diversity and inclusion, requiring that: (i) at least 40% of the Board are women; (ii) at least one senior Board position (Chair, CEO, CFO or SID) is a woman; and (iii) at least one Board member is from a minority ethnic background, it acknowledges that as at 31 December 2023, targets (i) and (ii) have not yet been met.

The position at year end is, unfortunately, reflective of the wider gender imbalance seen throughout the energy sector which has historically had fewer women in senior management roles. However, the Board is committed to making every effort to achieve these two targets by the end of 2024 and this will be front of mind in the ongoing search for an additional Non-Executive Director and, following the departure of Alan Bruce in January 2024, a Chief Executive Officer. New Directors with technical and professional skills to complement the existing mix of skills and experience on the Board will be sought.

All appointments to the Board are based on merit and candidates will be considered against appropriate criteria, including diversity of social and ethnic backgrounds as well as of cognitive and personal strengths in addition to gender diversity since the primary consideration is to maintain and enhance the Board's overall effectiveness to deliver strong performance and growth in line with the Company's ongoing strategic objectives.

The Committee met three times during 2023 and in addition to considering the composition of the Board, it reviewed succession planning in respect of the Executive Leadership Team.

For 2024, the Nomination and Governance Committee will be focused on:

- The appointment of a new Chief Executive Officer
- Succession planning for the Directors and senior management: In particular, the recruitment of an additional Independent Non-Executive Director, which will assist with the promotion of diversity on the Board. External advisers have been appointed to assist the Company in the search of suitable diverse candidates.
- Company strategy: The Nomination and Governance Committee will continue to monitor that the Company's strategy is aligned with its vision and values.
- Workforce engagement: Following the establishment of the Employee Consultation Forum, the Committee has been working with this forum and the business and a second workforce engagement survey was carried out in June 2023 to further understand the objectives and wishes of our employees and how we can work together to bring out the best in people. The 2023 employee engagement score increased 12% since the last survey carried out in late 2021 and the emphasis during 2024 will be on: (i) engaging further with the Company around key trends and actions; (ii) communicating opportunities for employees to contribute ideas to formulate action plans; (iii) setting up focus groups; and (iv) communicating key focus areas and actions. The Nomination and Governance Committee recognises the benefits of engaging openly with our people through our various forums.
- Lynne Clow is Ithaca Energy's Employee Engagement Director and Chairs the Employee Engagement Group, meeting with the Employee Consultation Forum for their insights, incorporating their feedback into the Board's decision-making and providing guidance across the Company's workforce engagement programme. This process is at a relatively early stage due to there being a change of HR Director during the year but the Employee Engagement Director has met with office based staff several times and will ensure there is more formal engagement with offshore crews going forward.
- Diversity, equality and inclusion: During 2023, a Diversity, equality and Inclusion Committee was established and a Diversity Policy adopted to provide further awareness within the workforce through online sessions on diversity and inclusion for all employees and contractors and unconscious bias training for supervisors and managers. As Diversity, Equality and Inclusion is a key element in the development of the Company's vision, values, culture and identity, a DE&I Network was set up to focus on how it can foster an inclusive work environment. For 2024, the DE&I Network will support the Company and involve employees in establishing and sustaining a supportive and welcoming workplace environment, adopting a culture where all staff have a sense of belonging. The DE&I Network will supplement the Company in positioning for future success with the aim to be an employer of choice, committed to a diverse workforce, safeguarding equitable treatment and securing an inclusive environment in line with its vision and values.

Gilad Myerson
Chair

Reporting on sex at year-end 2023

(Relevant persons were provided with a copy of LR9 Annex 2 which each completed)

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management	Percentage of Executive management
Men	8	80.0%	4	3	50.0%
Women	2	20.0%	0	3	50.0%

Reporting on ethnic background at year-end 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management	Percentage of Executive management
White British or other White (including minority-white Groups)	8	80.0%	4	6	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic Group, including Arab	2	20.0%	–	–	–
Not specified/prefer not to say	–	–	–	–	–

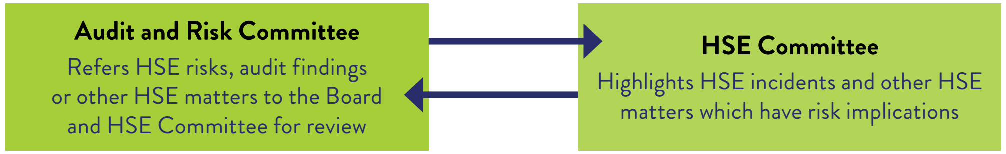
> "The Health, Safety, Environmental and Security(HSE) Committee is a key part of our business and as Committee Chair, I am pleased to report on the activities of the Board HSE Committee in 2023."

Dave Blackwood
Committee Chair

The terms of reference of the Health, Safety, Environment and Security Committee is to:

- Review and monitor the Group's HSE strategy on an annual basis;
- Evaluate the effectiveness of the Group's policies and systems in delivering the Group's HSE strategy;
- On an ongoing basis, assess the scope and effectiveness of the HSE management system framework, and systems and processes established by management to identify, assess, manage and monitor HSE risks;
- Review the scope and effectiveness of the Group's HSE management taking into account the principal risks inherent and emerging in the business (as determined by the Audit and Risk Committee and Board of Directors);
- Consider the results of any reviews and actions required for the continuous improvement of the HSE management system;
- Review the remit and the expertise and effectiveness of the work of those responsible for developing the HSE framework above;
- Review management's responsiveness to the findings and recommendations arising from the reviews;
- Investigate more deeply, on behalf of the Board, reports from management concerning all serious incidents and high-potential incidents within the Group and actions taken by management as a result of such fatalities or serious accidents;
- Review, assure, audit and approve external reporting in relation to HSE matters, and input to environmental, social and governance reporting; and
- Review the register of potential regulatory risks where any failure would threaten our licence to operate, to ensure compliance with regulatory requirements. The review includes potential significant changes to legislation and expected standards.

Figure 1: Relationship between the HSE Committee and the Audit and Risk Committee



The HSE Committee will also review principal findings from Line of Defence 2 and 3 HSE internal audits, which may also be discussed at the Audit and Risk Committee. The Audit and Risk Committee retains overall responsibility for monitoring and reviewing the effectiveness of the Group's risk management and internal control systems. Where a detailed review of HSE risks or audit findings is undertaken, this will be reviewed by the HSE Committee.

Similarly, if the HSE Committee determines that specific HSE incidents have broader implications, for risk management or internal control, across the Group these will be referred to the Audit and Risk Committee.

In 2023, we held four HSE Committees, reviewing:

1. **2023 HSE performance,** including operation safety performance, environmental compliance, High Potential Incident and Process Safety event learning.
2. **Safe operations,** including control of work improvements, safety leadership expectations and human performance. The Committee also reviewed status of maintenance backlog and well integrity status.
3. Progress regarding our **GHG emission targets**, including emission reduction projects at various stages of maturity. The Committee also reviewed our approach to Scope 3 emissions, reporting of net equity emissions and **methane management**.
4. **2023 NSTA consultation** on the OGA draft plan to reduce UKCS GHG emissions.
5. Progress of the **2023 HSE Improvement plan**.
6. Progress with **management system improvements**
7. **Assurance:** including status of HSE and Technical Assurance Line of Defence Level 2 and 3 plans and principal audit insights.

8. **Status of process safety risks** and progress with implementing improvements regarding management of process safety, including leadership training, process safety key performance indicators (KPIs), Process Safe Barrier Model Tool (Figure 2) and launch for frontline teams of Process Safety Fundamentals (PSFs, Figure 3).
9. **Regulatory activity**, learning from regulatory inspections and themes progressed in conjunction with OEUK HSE forum.
10. **Occupational health** improvements.

Looking ahead to 2024, the Health, Safety, Environment and Security Committee proposed standing agenda items and specific topics for focus includes:

Standing meeting agenda

- HSE performance and status scorecard targets;
- HSE performance leading metrics including Process Safety Key Performance Indicators;
- Serious Incidents (Significant permanent impairment) or Fatalities, Process safety Events (Tier 1 and Tier 2 events*) and High Potential Incidents, reviewing any reports of events, root causes and any actions being taken;
- Principal findings from LOD and LOD3 HSE audits and plan status; and
- Regulatory inspection feedback.

In 2024 we will complete further reviews of:
Process safety: improvements, including embedding the barrier model tool, approach to Operational Risk Assessments and use of Process Safety Fundamentals (PSFs).

Safe operations: improvements regarding Control of Work, drops prevention and contractor engagement emissions, progress regarding our Group GHG targets and North Sea Transition Deal commitments.

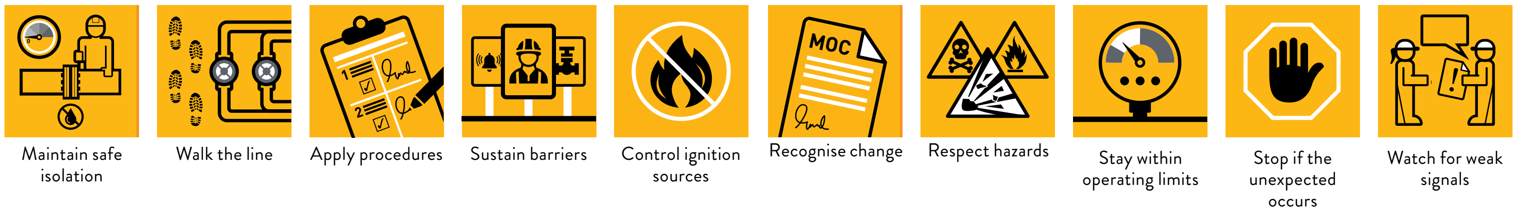
Environmental compliance: improvement with regard to permit compliance, and preparations for the Secretary of State (SOS) representative exercise planned for Q4 2024.

Dave Blackwood
Committee Chair

Figure 2: Process Safety Barrier Model Tool

Structural and marine	Process containment	Management	Ignition control	Safeguarding	Active protection	Emergency response and recover
Cargo Tank Venting	Hydraulic Containment (Rotating)	Verification	Hazardous Area Hardware	F&G Detection Systems	Active Fire Protection Systems	Emergency and Escape Lighting
Crane and Lifting Equipment	Hydrocarbon Containment	MOC		HVAC		Emergency Power
Fire and Explosion Protection	Pipeline Systems	Competency		Instrument Location Systems		Emergency Response and Rescue Vessel
Hull Integrity	Pressure Relief Systems	Alarms		Shutdown Systems		Escape Routes
Shuttle Tanker Position Keeping	Open Hazardous Drains					Escape Systems
Stability and Ballast						External Communication
Station Keeping						Helicopter Facilities
Structural Integrity						Internal Communications
						Personal Survival Equipment
						TEMPSC – Lifeboats
						Temporary Refuge

Figure 3: IOGP Process Safety Fundamentals



Directors' remuneration report

Dear shareholders,

On behalf of the Remuneration Committee (the "Committee"), I am pleased to present the Company's Directors' Remuneration Report (the "Report") for the year ended 31 December 2023.

Committee composition

The Committee works hard to ensure alignment with shareholder interests and that our approach to remuneration fully supports the Company's strategy and growth ambitions. The Committee is now comprised of five Non-Executive Directors ("NEDs"), with David Blackwood, an existing NED, joining the Committee in September 2023.

Company Performance

Ithaca Energy has made material progress in its first full year as a public Company, delivering against our IPO commitments and executing against our strategic priorities, despite the considerable headwinds created by ongoing fiscal and political instability.

Our vision is to be the highest-performing UKCS independent oil and gas Company, focused on growing value sustainably. We aim to achieve this through continued delivery against our BUY, BUILD and BOOST strategic pillars; buying high-quality, long-life assets, building a robust long-term portfolio, and boosting field performance and enhancing margins. Our strategy is underpinned by a robust financial framework, our skilled and adaptable workforce and a clear focus on safe, efficient and responsible production of our Group's assets.

Our activities in 2023 have been focused on preservation of our high-value portfolio against a challenging fiscal backdrop, together with positive progress in our strategy to build a robust long-term low-emissions portfolio as we embark on the journey to deliver first production from Rosebank. We have reported a strong financial performance in 2023, with adjusted EBITDAX of $1.7 billion and net cash flow from operating activities of $1.3 billion. With an improved liquidity position, we now have significant financial capacity to deliver on our growth plans as we look to the future. We measure our success not only by our financial performance and delivery for shareholders, but in our operating performance. In this, we have maximized the production and value of our assets in a safe and responsible manner. In summary:

- The impact of substantially lower gas prices, and to a lesser extent, oil prices were partly offset by our active hedging strategy, which resulted in a fall in adjusted EBITDAX of 10% from 2022;
- Our production in 2023 averaged 70.2 kboe/d (2022: 71.4 kboe/d), closing the year towards the mid-point of our 68-74 kboe/d production guidance range;
- Our Serious Injury and Fatality Frequency remained at zero and there was one Tier 1 process safety event; we must continue building on the existing safety culture and ensure recordable injuries and high potential events are kept at acceptable levels, whilst maintaining an open and transparent incident reporting ethos;
- We made demonstratable progress in our work to reduce emissions across our operated portfolio and meaningful progress in our steps to fundamentally transition our portfolio in the medium-term through the sanctioning of low emission intensity developments such as the Rosebank field; and
- Cash savings of over $100 million delivered during the year through the successful launch of a cost optimisation project focused on maintaining tight control on expenditure across our operated and non-operated assets and corporate overhead base despite the inflationary environment.

As a leading independent North Sea oil and gas operator, we are now looking at what we have learned from the last year and what this means for the strategy of the Group in 2024 and beyond.

Remuneration outcomes for 2023

Annual bonus

The scorecard targets covered a range of objectives that the Committee regarded as critical in challenging management to drive stretch performance while operating in a safe and sustainable way. Specifically in relation to the free cash flow target, the Committee decided that in order to provide sufficient focus to meet the emerging challenges presented by the continued low commodity prices and the impact of the Energy Profits Levy, that it was appropriate for the free cash flow metric to be equally weighted between an absolute and a cost improvement target.

2023 performance resulted in an annual bonus for the Executive Directors ("EDs") of 59.8% of their maximum opportunity, with half deferred into shares, which will vest after three years conditional upon continued employment.

The Committee considered the bonus outcome in terms of overall business performance (including safety and environmental factors), shareholder and workforce context. In addition, the Committee considered the feedback from the Audit Committee in relation to the cash savings and operational expenditure outcomes which was positive. The Committee concluded that there were no grounds for exercising its discretion to amend the scorecard outcome and that the outcome reflected the overall position of the business at the year end. Further details on the bonus outcomes are on page 115.

Long-Term Incentive Plan (LTIP)

The Company's first LTIP award was granted in December 2022 with a performance period ending on 31 December 2025, and therefore there is no LTIP vesting based on performance during 2023.

Change of Chief Executive Officer

Having led the Group through a successful IPO and first year in the listed environment, Alan Bruce agreed with the Board that he would step down from his role as Chief Executive Officer on 4 January 2024. The Board are now actively engaged in a formal search process to appoint a new Chief Executive Officer. The Remuneration Committee considered Alan Bruce's performance in positioning the Company for Admission and in the first year after Admission and determined that it would be appropriate to treat him as a good leaver under the plan rules for the purpose of bonus awards and all outstanding long-term incentive awards. In line with the terms of his Executive service agreement he was entitled to six months' payment in lieu of notice in instalments and subject to mitigation. Full details are set out on page 120.

Until a new Chief Executive Officer is appointed Iain Lewis, our Chief Financial Officer, will also fulfil the role of Interim Chief Executive Officer, with the full support of the Board.

Directors' Remuneration Policy

Our current Directors' Remuneration Policy ("Policy") was approved by shareholders at the 2023 AGM with over 99% support. The period since the 2023 AGM has been one of significant change for the Directors of the Company in relation to ongoing remuneration, roles and responsibilities including:

- The announcement on 4 December 2023 of the transfer of shares by Gilad Myerson under the Management Equity Plan ("MEP"), a legacy one-off remuneration arrangement that was in place before the IPO, with the result that he currently has no long-term incentivisation in place; and
- The change in the Chief Executive Officer role, with Alan Bruce stepping down from the role at the beginning of 2024 and Iain Lewis, Chief Financial Officer, taking on the role on a temporary basis.

In this context, the Remuneration Committee has determined that it is the right time to develop a revised Policy for approval at this year's AGM that attracts, retains, motivates and incentivises the Executive Directors to deliver against our plans and enables the business to grow and develop, aligning their interests with those of our shareholders and in line with the market.

Our current Policy was designed around four key principles set out on page 127 and a traditional plc remuneration structure of base salary, pension and benefits, annual bonus and LTIP. Having reviewed our core remuneration principles, the Committee believe that these remain the right principles to drive delivery of our strategy and that the structure remains aligned to these principles, our strategy and market practice. However, the Committee have reflected on the package delivered through our current incentive opportunities, the fiscal and regulatory environment in which we operate and the future growth opportunities within our sector since the policy was developed. In particular, the Committee have focused on forming an appropriate package for our Executive Chair post the sale of the MEP shares, which currently leaves the Company with no long-term tool to incentivise him to execute the business strategy and fully align his interests with those of shareholders in the pursuit of significant return of value.

The following changes to our Policy are therefore proposed by the Committee for 2024 onwards:

- Increase to the maximum bonus from 150% of salary to 175% of salary. It is currently intended to make use of this higher maximum bonus for the Executive Chair. The increase reflects the strategic importance of Gilad Myerson to the Company's development and is designed to appropriately reward him for achievement against our business plan.
- Increase maximum LTIP award from 225% of salary to 400% of salary. The higher maximum award is proposed to be granted to the Executive Chair only and will allow us to deliver a higher proportion of pay through stretching forward-looking arrangements which will only provide reward for achievement of above market long-term shareholder returns.
- Increase maximum shareholding requirement for the Executive Chair in line with the proposed change to the maximum LTIP award to 400% of salary.

The resulting total remuneration package positions the Executive Chair at the upper quartile of the UK oil and gas market. The Committee believes this is appropriate in the context of his experience and contribution and the need to retain and motivate the Executive Chair over the long term. A summary of the proposed changes to the Policy can be found on pages 116 and 117 and the full Policy is set out on pages 127 to 136. We have undergone a significant engagement process with our major shareholder and have their full support on the changes proposed. The Committee remains dedicated to ongoing engagement with shareholders on the issue of Executive remuneration and will continue to engage as appropriate going forward.

Legacy Policy payments

These arrangements were detailed in the 2022 Report.

Success-based compensation

Gilad Myerson was entitled to compensation linked to a successful outcome of a historical claim relating to an acquisition. The Company reached agreement on the settlement in February 2023, triggering a payment of $831,600. In addition, Idan Wallace, the CEO of the Delek Group and a NED of the Company, received a payment of $462,000 in respect of the same claim.

Management Equity Plan

As disclosed in the 2022 Report and in the IPO Prospectus, Gilad Myerson participated in a MEP, the terms of which meant he was entitled (or in certain circumstances could elect) to receive a one-time payment should a change of control of the Company, material disposal or termination of his employment not have occurred before 1 October 2023. The payment is in lieu of all MEP Shares, which must be transferred back to the Company for nil payment.

The payment was intended to operate as a floor on the value that Gilad Myerson may receive in recognition of his contribution to value creation from 2019 onwards and the incentive arrangements forfeited by him on commencing employment with the Group. Such an exit event did not occur prior to 1 October 2023 and Gilad Myerson subsequently exercised his right to transfer the MEP shares back to the Company on 1 December 2023 and accordingly received a payment of $8m, which was subject to deductions for income tax and National Insurance contributions.

Executive Director remuneration for 2024

Base salary

The base salary changes for the EDs reflect the change and increased complexity of the roles and responsibilities since Admission. They are proposed to be positioned to provide total remuneration towards the upper quartile of the market to ensure that packages remain competitive in a challenging sector where we strive to retain and motivate talent and to ensure the balance between fixed and variable pay, short-term and longer-term. Details on how pay was set across the wider workforce is set out on page 122.

It is anticipated that any further salary during the life of the Policy for the current EDs will be aligned with increases for the workforce.

	Salary[1] £000
Executive Chair[2]	750
CFO (interim CEO)[3]	500

1 Salary increases are effective from 1 January 2024, which aligns with the departure of Alan Bruce and the change in roles and responsibilities.
2. Gilad Myerson's salary increase represents a £250k increase on his current salary.
3. Iain Lewis is contracted for 80% of normal business hours under the terms of his Executive Service agreement. His 2022 salary of £300k was prorated to reflect working arrangements from a full-time salary of £375k. The proposed salary of £500k reflects an increase of £125k from his previous full-time salary.

2024 Annual bonus and LTIP opportunities

	Annual Bonus[1]		
	Target opportunity	Maximum opportunity	LTIP opportunity[2]
Executive Chair	87.5%	175%	400%
CFO (interim CEO)	75.0%	150%	200%

1 50% of any bonus earned will be deferred into shares for three years. The bonus will be assessed against financial, strategic and HSE targets aligned with the business plan. The metrics and weightings are set out on page 117.
2. The shareholding requirement for each ED will align with their LTIP award size.

The Committee have been mindful, when considering metrics for the 2024 annual bonus, of our desire to grow sustainably and the inclusion of safety, emissions, production and operating expenditure metrics directly support these goals. Performance against the financial and strategic metrics will be a measure of the value we deliver for our shareholders. The Committee remains satisfied that the current Executive remuneration framework is aligned with delivery of the Company's ambitious growth plan and targets and the creation of long-term shareholder value. Further details on the 2024 scorecard can be found on page 117.

As disclosed in the 2022 Report (and the IPO prospectus), the metrics adopted for the 2022 LTIP award were weighted between Relative TSR (50%) and a balanced scorecard (50%). The Committee have determined that for the 2024 LTIP the balanced scorecard should be removed and the weighting on Relative TSR should be increased to 100% to align more closely with shareholder experience, particularly in the light of the increased quantum of the Executive Chair's award on the current Policy maximum, and to avoid duplication with the annual bonus. The targets are set out on page 117.

We will continue to closely monitor developments in market practice and shareholder guidance over the life of the Policy.

Conclusion

The Committee looks forward to engaging with shareholders and stakeholders on an ongoing basis and welcomes any feedback or comments on this Report. I look forward to seeing shareholders at the upcoming AGM.

Lynne Clow
Chair of the Remuneration Committee

Key highlights – 2023 remuneration outcomes under the remuneration policy

Outcome of performance measures ending in the financial year

This section summarises performance against targets for the annual bonus. Full detail on the assessment of the performance conditions can be found on pages 119 and 120.

Category	Metric	Scorecards: Threshold (25%) – Target (50%) – Stretch (100%)
HSE (25%)	Tier 1 and Tier 2 safety events (15%)	37%
	Progress against emissions reduction plan (10%)	75%
Operations (35%)	Production (kboe/d) (17.5%)	36%
	Operating expense ($m) (17.5%)	100%
Growth (10%)	Reserves maturation (Mmboe) (10%)	70%
Financial (20%)	Free cash flow ($m) (10%)	0%
	Cash flow improvement ($m) (10%)	100%
Strategy (10%)	Performance against strategic plan (10%)	60%

2023 annual bonus scorecard outcome

The following table sets out the final outcome for the 2023 annual bonus. A detailed breakdown of performance can be found on pages 119 and 120.

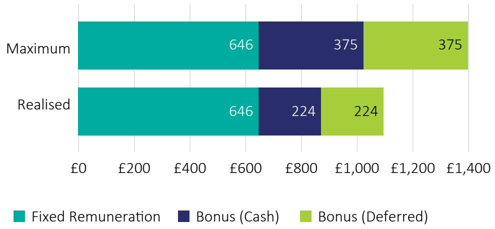
	Bonusable Salary £000	Maximum bonus % of salary	Scorecard Board approved outcome %	Outcome % of salary	Annual bonus value[1] £000
Gilad Myerson	**500**	150%	59.8%	89.7%	449
Alan Bruce	**400**	150%	59.8%	89.7%	359
Iain Lewis	**300**	150%	59.8%	89.7%	269

1 50% of any bonus earned is deferred into shares, which vest after three years, subject to continued employment.

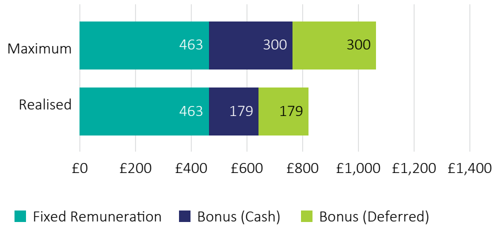
Total remuneration outcomes in 2023

The chart below shows the remuneration outcomes for ED in 2023 delivered based on performance compared to the maximum opportunity [1].

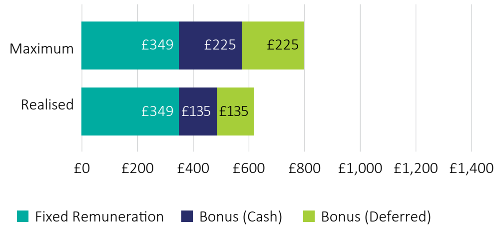
Executive Chair (£'000)



Chief Executive Officer (£'000)



Chief Financial Officer (£'000)



1 Maximum opportunity excludes the LTIP as the first LTIP awards under the Director's Remuneration Policy has a performance period ending 31 December 2025. Realised remuneration excludes legacy arrangements.

Key highlights – proposed remuneration policy and 2024 implementation

This section summarises our proposed remuneration policy, including the changes proposed. It also sets out how we propose to implement this in 2024. The full remuneration policy can be found on pages 127 to 136. The policy for Non-Executive Directors remains unchanged and is set out on page 135. The NED fees are set out on page 124.

Element of remuneration	Key features	2024 implementation
Base salary Competitive fixed level of remuneration to attract and retain Executive Directors of the necessary calibre to execute strategy and deliver shareholder value	• No change to current policy • Normally reviewed annually, taking into account a range of factors. Increases are guided by the general increase for the broader employee population but on occasion may need to recognise, for example, an increase in the scale, scope or responsibility of the role, as well as market rates.	Executive Chair – £750,000 CFO (and interim CEO) – £500,000
Benefits Provides a suitable but reasonable package of benefits as part of a competitive remuneration package	• No change to current policy • Provided where appropriate in a market-related basis, including but not limited to health insurance, life insurance/death in service, appropriate business travel (including the tax cost where appropriate), car allowance and relocation expenses	No change to quantum
Pension Provides competitive retirement benefits	• No change to current policy • Pension set in line with the contribution for the wider workforce (15% of salary)	Executive Chair – 15% CFO (and interim CEO) – 15%
Annual bonus Rewards the delivery and achievement of financial targets and key performance indicators which form part of strategy	• Increase to the maximum award opportunity for the Executive Chair from 150% of salary to 175% of salary. • Awards based on targets set annually against a combination of financial, strategic and operational KPIs. • Up to 25% of the maximum bonus is delivered for threshold levels of performance and the full bonus is paid for stretch performance. • At least 50% is deferred into ordinary shares for three years. • Awards subject to malus and clawback provisions for up to 3 years post payment and vesting.	Executive Chair – 175% CFO (and interim CEO) – 150%
LTIP Aligns the Executive Directors interests with shareholders and rewards for achievement of long-term objectives	• Increase to the maximum award opportunity from 225% of salary to 400% of salary. • Awards are subject to a three-year performance period with a two-year holding-period on the net of tax vested shares. • Dividend equivalents accrue over the period from grant to the earlier of the end of the holding period and exercise. • Awards are subject to financial and strategic KPIs. Financial metrics (including TSR) comprise at least half of the LTIP awards. • Up to 25% of the maximum award vests for threshold levels of performance and the full award vests for stretch performance. • Awards subject to malus and clawback for 6 years (from the date of grant).	Executive Chair – 400% CFO (and interim CEO) – 200%
Shareholding requirements Aligns the Executive Directors interests with shareholders	• Increase to the requirement in line with the on-going LTIP award size. • Executive Directors are required to build up the required shareholding over five years. • A shareholding requirement post-cessation of employment applies of 100% of shareholding requirement (or actual holding if lower) for one year and 50% for the second-year.	Executive Chair – 400% CFO (and interim CEO) – 200%

Performance metrics for the 2024 annual bonus

Category	Weighting	Metric
Health Safety and Environment	25%	Safety events (15%), Emissions reduction (10%)
Operations	35%	Production (17.5%), Operating expense (17.5%)
Growth	5%	Reserves maturation (5%)
Financial	20%	Free cash flow (20%)
Strategy	15%	Strategic plan (15%)

Due to commercial sensitivity, actual targets and ranges will be disclosed at the end of the performance period. The Remuneration Committee retains an appropriate level of flexibility to apply discretion to ensure that remuneration outcomes reflect overall performance and values.

Performance metrics for the 2024 Long-term incentive plan

Targets for these metrics are for the performance period 1 January 2024 – 31 December 2026.

Category	Weighting	Metric	Threshold[1] (25% vesting)	Maximum (100% vesting)
TSR	100%	TSR versus comparator Group [2,3,4,5]	Median	Upper quartile or above

1. Nil vesting below threshold performance, performance between threshold and maximum ranges between 25% and 100% on a straight-line basis.
2. Ithaca Energy's TSR performance will be assessed against that of: Africa Oil, Capricorn Energy, Diversified Energy, DNO ASA, Energean, EnQuest, Genel Energy, Harbour Energy, Kosmos Energy, Maurel & Prom, Okea ASA, Seplat Energy, Serica, Tullow Oil, Vermillion Energy.
3. The peer group will be subject to re-evaluation throughout the performance period to adjust for the effects of corporate events such as mergers and acquisitions, with substitutes introduced where necessary to maintain the approximate size and comparability of the Group.
4. Relative TSR will be calculated incorporating a 3-month average of return index prior to start and at the end of the performance period. The calculation will be on a local currency basis.
5. There is no change to the comparator Group from the 2022 Long-term incentive plan. The comparator Group for awards granted in 2022 published in our 2023 Directors' Remuneration Report incorrectly included Aker BP, Apache Corp, Hibiscus, Marathon Oil, Murphy Oil, Orron Energy & Santos.

Annual Report On Remuneration

This section of the report sets out how Ithaca Energy has implemented its Policy and legacy arrangements for EDs in 2023. This is in accordance with the requirements of the Large & Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

Single total figures of remuneration (audited)

Executive Directors[1]	Base Salary £'000	Benefits[2] £'000	Annual bonus[3] £'000	LTIP £'000	Pension[4] £'000	Other[5] £'000	Total £'000	Total Fixed Pay £'000	Total Variable Pay £'000
Gilad Myerson	**500**	**78**	**449**	–	**68**	**7,268**	**8,363**	**646**	**7,717**
Gilad Myerson (2022)	458	79	–	–	60	7,229	7,826	597	7,229
Alan Bruce	**400**	**11**	**359**	–	**52**	**147**	**969**	**463**	**506**
Alan Bruce (2022)	91	2	36	–	12	5,895	6,036	106	5,930
Iain Lewis	**300**	**9**	**269**	–	**40**	**1**	**619**	**349**	**270**
Iain Lewis (2022)	68	2	27	–	9	285	391	80	311

1 2022 figures reflect remuneration earned since appointment as a Director of the Company. Gilad was a Director for the whole year, Alan and Iain were both appointed with effect from 10 October 2022.
2 Benefits includes the cost, where relevant, of private medical insurance, accommodation, travel and car allowance. 2023 benefits with a value over £5,000:

	Gilad £'000	**Alan** £'000	**Iain** £'000
Car allowance	9	9	7
Taxable travel[1]	68	–	–

1. This represents the gross taxable value of expenses relating to accommodation, travel and subsistence incurred whilst travelling on Company business.

3 Bonus payable for the financial year; EDs are required to defer half of any bonus earned into Ithaca Energy shares which will vest after three years, subject to continued employment.
4 Pension provision is up to 15% of salary as a payment into a defined contribution pension scheme and/or a cash amount in lieu of a pension contribution. Any cash allowance paid is reduced to take into account additional employer costs.
5 Other comprises the following legacy arrangements as detailed in the 2022 Report:
Gilad Myerson: 2023: payment in lieu of all MEP shares transferred back to the Company for nil payment of $8,000,000 (GBP equivalent using an exchange rate at date of payment of GBP 1 = USD 1.2536), success based compensation linked to a successful outcome of a historical claim relating to an acquisition of $831,600 (GBP equivalent using an exchange rate at date of payment of GBP 1: USD 1.20998), a cash dividend payment of £197,307 relating to vested but unexercised shares, the amount of £2,102 representing the value at grant of shares under the Company share incentive plan; 2022: value of nil-cost options (awarded July 2021) and the value of 210,263 MEP shares (15% of the B1 Ordinary Shares under the MEP), both of which vested on Admission (using Admission share price of £2.50) although the MEP shares were transferred back to the Company on 1 December 2023 for nil payment, a contractual payment of $1,000,000 as part of the MEP (using an average 2022 exchange rate of GBP 1 = USD 1.23683), and a one-off IPO bonus (£50,000).
Alan Bruce: 2023: a cash dividend payment of £144,910 relating to vested but unexercised shares, the amount of £2,102 representing the value at grant of shares under the Company share incentive plan; 2022: value of nil-cost options (awarded July 2021), 20% of which vested on Admission (using Admission share price of £2.50), the full value is shown as performance conditions fell away on Admission (details of the amount that lapsed on cessation of employment are set out on page 120), also included is a one-off IPO bonus (£50,000)
Iain Lewis: 2023: the amount of £1,498 representing the value at grant of shares under the Company share incentive plan; 2022: value of At-IPO award of 120,000 nil-cost options with no performance conditions granted on 21 December 2022, valued using the share price at the time of award of £1.956, and a one-off IPO bonus (£50,000).

Directors Remuneration in 2023

2023 Annual bonus outcomes

The maximum bonus opportunity for EDs in 2023 was 150% of salary and subject to an assessment of performance against a scorecard of measures.
Half of any bonus earned is payable in cash following the year-end and the other half is deferred into Ithaca Energy shares, which vest after three years.
The following section contains details on the targets and the Remuneration Committee's assessment of outcomes for the period 1 January 2023 – 31 December 2023 against each of the metrics in the scorecard.

Performance against scorecard (audited)

Category	Achievement	Weighting	Threshold	Target	Stretch	Actual	Result (% of overall outturn)	Result (% weighted outturn)
HSE	Tier 1 and Tier 2 safety events[1]	15%	2	Year on year improvement	0	–	37%	5.5%
	Progress against emissions reduction plan[1]	10%		Assessment against plan		–	75%	7.5%
Operations	Production (kboe/d)	17.5%	67	74	77	70	36%	6.3%
	Operating expense[2] ($m)	17.5%	651	592	570	545	100%	17.5%
Growth	Reserves maturation (Mmboe)[3]	10%	15	20	25	22	70%	7.0%
Financial	Free cash flow ($m)[4]	10%	581	646	711	459	0%	0%
	Cash flow improvement ($m)[5]	10%	40	50	60	127	100%	10.0%
Strategy	Performance against strategic plan[1]	10%		Assessment against plan		–	60%	6.0%
Total		**100%**						**59.8%**

1. The outcome of the Committee assessment against qualitative metrics set out below; 2. Operating costs (including tanker costs) less tariff income; 3. Maturation of projects from undeveloped 2P reserves to developed 2P reserves; 4. Group free cash flow less dividend payments and certain other items; 5. Cost savings from the Partnered Cost Optimisation project as described on page 79.

Performance against qualitative metrics

Category	Metric	Highlights from Assessment	Result (% of overall outcome)
HSE	Tier 1 and Tier 2 safety events	Safety is a key part of our business, and an active decision was taken to focus on serious incidents through our scorecard targets. Key factors in determination of the final outcome were: • 1 Tier 1 – Captain FPSO Marine Gas Oil release May 2023. • No Tier 2 Process safety events.	5.5%
	Progress against emissions reduction plan	Targets to achieve our objective of minimising the environmental impact of our operations were set with reference to the areas with highest potential reduction opportunities. Focus was on Captain FGR and Electrification targets and key factors in determination of the final outcomes were: • Completed Captain FGR targets to commence FEED by end of Q2 and complete concept definition (FID ready) by Q4. • Captain Electrification target to commence FEED by end of Q2 completed in accordance with Plan. • Positive progress against Captain Electrification concept definition including Technical Authority engagement completed and Permits, Licenses, Authorisation, Notification and Consent (PLANC) register in place meeting milestones. Tender Board endorsement for Detail Design Contracting Strategy underway.	7.5%
Strategy	Performance against strategic plan	In our first full year following a successful IPO, strategic targets have focused on embedding Company vision and values as well as progress against growth opportunities. The final outcome was determined with consideration of the following: • Positive progress on implementation of Company vision and values. • Inorganic growth objectives achieved through the completion of Rosebank FID, closure of Cambo partner deal in November 2023 and project milestones for Fotla progressed. • Options for deepening interests in legacy assets and due diligence on organic growth opportunities progressed in line with plan.	6.0%

Discretion
The Committee is conscious of the provisions of the 2018 Code, with remuneration Committees being encouraged to review incentive outcomes against individual and Company performance, together with any wider circumstances, and to exercise independent judgement and discretion in relation to remuneration outcomes. Taking into account overall business performance, individual performance and shareholder and workforce context, the Committee was of the view that the bonus outcome was appropriate and there were no grounds for exercising its discretion to amend the scorecard outcome.

LTIP vesting in respect of a performance period ending in 2023
Not applicable.

Awards granted during 2023 (audited)
Not applicable. Initial awards under the LTIP were made in December 2022 and reported in the 2022 Report. As detailed in the 2022 Report the next award was anticipated to be made in 2024.

Payments to past Directors (audited)
No payments were made to past Directors during the year.

Payments for loss of office (audited)
The Board announced on 5 January 2024 that Alan Bruce had stepped down as Chief Executive Officer. The Company's policy for payment for loss of office is set out on pages 133 and 134.

All payments to Alan Bruce in respect of 2023 are reported in the single figure of remuneration. The following payments have been made in respect of the period from 1 January 2024 up to the date his employment ceased on 4 January 2024. Until this point he continued to receive his base salary of £400,000 per annum and all benefits in line with the terms of his Executive service agreement.
- Base salary: £6,154
- Benefits: £157
- Pension: £800
- Payment in lieu of 9 days' holiday accrued but untaken: £13,846

Alan Bruce remained eligible to receive a bonus for the period up to 31 December 2023. He will not be eligible for a bonus for 2024.

When his employment ceased on 4 January 2024 he was entitled to the following payments:
- £200,000 in lieu of his notice period (6 months), paid in instalments and subject to mitigation
- £7,500 + VAT towards legal fees in connection with his departure

Treatment of outstanding incentive awards:
The Remuneration Committee considered Alan Bruce's performance in positioning the Company for Admission and the first year after Admission and determined that it would be appropriate to treat him as a good leaver under the plan rules for the following outstanding long-term incentive awards.

Option awards
As disclosed in the 2022 Report, Alan Bruce was granted one-off options on 21 July 2021. The full value was reported in 2022 as performance conditions fell away on Admission. As a good leaver Alan Bruce can exercise the option shares that have vested up until the date his employment ceased on 4 January 2024. Of the total number of options, 20% become exercisable on Admission and a further 20% became exercisable on 14 August 2023. The remaining 60% lapsed at the date his employment ceased. Malus and clawback provisions will apply as detailed in the rules.

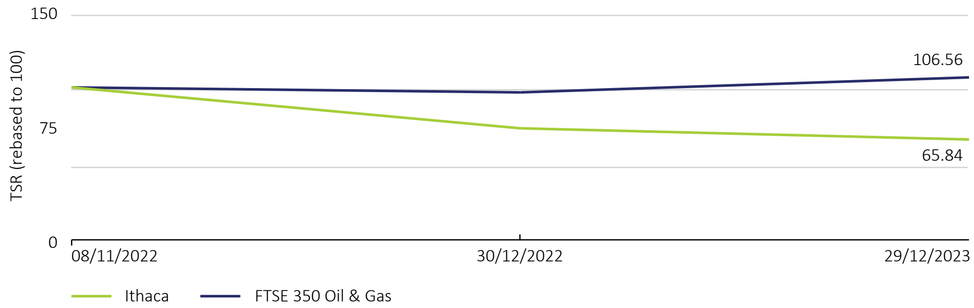
2022 Long-Term Incentive Award
As disclosed in the 2022 Report, Alan Bruce was granted a performance share award under the 2022 long-term incentive plan ('LTIP Award') of 360,000 shares. The extent to which the LTIP Award shall become vested shares shall be determined by the Remuneration Committee in accordance with the rules of the plan and subject to a pro-rata reduction to the number of shares based on the period starting on the grant date and ending on the date his employment ceased relative to the performance period of the award. Malus and clawback provisions will apply as detailed in the rules.

Shareholding requirement:
In accordance with the Company's policy on shareholding requirements, Alan Bruce is required to hold shares equal to the lesser of his shareholding on cessation of employment and the in-employment requirement for the first year and half this amount for the second year post-cessation.

Executive Remuneration in Context

Historical TSR performance

The table below compares the TSR performance of the Company since Admission against the TSR of the FTSE350 Oil & Gas sector. This index was chosen as it is a recognised equity market index of which Ithaca Energy is a member:



Historical CEO remuneration outcomes

The table below outlines the Group CEO's single figure for total remuneration, and annual bonus and LTIP outcomes as a percentage of maximum opportunity and will be built up over a period of ten years:

	2023	2022
Annual bonus payout (as a % of maximum opportunity)	60%	78%
LTIP vesting (as a % of maximum opportunity)	–	–
Group CEO single figure of remuneration (£000) [1]	969	6,036

1 Remuneration earned since appointment as a Director of the Company, 10 October 2022

Percentage change in remuneration of the Directors

The change in salary, bonus and benefits of each of the Directors and that of the wider workforce is set out below.

	2022-23			2021-22		
	Salary[2]	Benefits[3]	Bonus[4]	Salary	Benefits	Bonus
Executive Chair						
Gilad Myerson	0%	(0.5%)	(47.8%)	11.1%	28.6%	6.2%
Executive Directors						
Alan Bruce (CEO)	0%	1.1%	74.2%	–	–	–
Iain Lewis (CFO)	0%	1.3%	61.1%	–	–	–
Non-Executive Directors[5]						
David Blackwood	0%	–	–	–	–	–
Lynne Clow	0%	–	–	–	–	–
Assaf Ginzburg	0%	–	–	–	–	–
Deborah Gudgeon	0%	–	–	–	–	–
John Mogford	0%	–	–	–	–	–
Itshak Sharon Tshuva	n/a	n/a	n/a	n/a	n/a	n/a
Idan Wallace	n/a	n/a	n/a	n/a	n/a	n/a
All UK-based employees[1]	5.2%	7.0%	(0.6%)	5.5%	13.2%	63.6%

1 UK-based employees are shown as this comprises Ithaca Energy's entire workforce. The same population as at 31 December 2022 and 31 December 2023 has been used to calculate the change in remuneration which is calculated on a full-time equivalent basis.
2 Changes in salary (including the Executive Chair and EDs) have been calculated on a full-year equivalent basis at 31 December 2022 and 31 December 2023.
3 The change in benefits for Gilad Myerson reflects a decrease in the gross taxable value of travel-related expenses incurred whilst travelling on Company business during 2023. The change in benefits for employees (including EDs) are based on the change in medical and dental premium paid by the Company on their behalf (the dental premium for 2022 included a half-year, from the date of introduction). Benefits do not include pensions contributions for these purposes. The 2021-22 benefits changes were reported in the 2022 Report.
4 The decrease in bonus for Gilad Myerson reflects the difference between the bonus delivered under the remuneration policy in 2023 and the IPO bonus of £50,000 paid in 2022 in addition to the contractual payment under the MEP. The percentage change in bonus for Alan Bruce and Iain Lewis reflects the fact that this is the first full year of operation of the Directors Remuneration Policy under which there was a change in their remuneration structure from their pre-IPO arrangements, as disclosed in the 2022 Report and in the IPO Prospectus. 2021-22 changes are in the 2022 Report.
5 Remuneration for the NEDs is disclosed on page 124.

How pay was set across the wider workforce in 2023

Our approach for setting pay across the wider workforce aligns with our executives. Base salaries are targeted at an appropriate level to reflect an individual's role and responsibilities against the relevant market for which the Company completes for talent. In 2023, all employees were eligible to be considered for a bonus award which rewards for performance at a suitable level for the employee's role. The Company engages with its employee associations on remuneration matters. Additionally, the Board have established a programme to connect with and gather feedback from employees, details of which are set out on page 96. This provides opportunities to have direct communication between employees and NEDs on a range of topics including remuneration.

CEO Pay ratio reporting

The table below shows the ratio at median, 25th and 75th percentile of the total remuneration received by the Group CEO compared to the total remuneration received by UK employees. Total remuneration reflects all remuneration received by an individual, and includes salary, benefits, bonus, pension and value from incentive plans. Details on total remuneration for each quartile employee, and the salary component within are also shown.

Year	Method	P25 (lower quartile)	P50 (median)	P75(upper quartile)
2023	Option B	11:1	9:1	6:1
2022	Option B	65:1	57:1	44:1

- The Company has reviewed the methodology to calculate the CEO pay ratio and has used Option B, whereby we have identified employees for comparison using our gender pay gap data set (snapshot data from 5 April 2023) as it uses a data set which has already been processed and reviewed by the Remuneration Committee and enables timely reporting for disclosure purposes. Employees at P25, P50 and P75 were identified. The total remuneration was calculated on a full-time basis for these three employees, and for others either side of the quartiles to check for anomalies.
- The single figure for Alan Bruce £968,733 was used to calculate the ratio; this represents remuneration for a full year; however, it does not include any LTIP vesting outcomes as the first LTIP award under the Director's Remuneration Policy has a performance period ending on 31 December 2025. The extent to which the award shall become vested shares will be determined by the Remuneration Committee, in accordance with the plan rules at that time. The single figure for Alan Bruce used to calculate the ratio in 2022 included the value of legacy arrangements in place at the time of the IPO; the ratio is therefore not representative of a 'typical year'.

The table below shows the total remuneration figure for each quartile employee and the salary component within this.

Year		P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2023	Salary[1]	£69,552	£83,262	£99,046
	Total remuneration	£88,179	£109,702	£156,279

1 Given the different fixed pay structures of offshore and onshore employees, any offshore allowance is included in the Salary figures.

- In reviewing the employee pay data, the Committee is comfortable that the P25, P50 and P75 individuals identified appropriately reflect the employee pay profile at those quartiles, and that the overall picture presented by the ratios is consistent with our pay, reward and progression policies for employees.

Relative importance of spend on pay

The table below outlines the Group's adjusted net income, dividends paid to shareholders and share buybacks, compared to overall spend on pay in total. Adjusted net income is shown, as this is one of the Group's key measures of performance.

	2023 $m	2022 $m	% change between 2022-2023
Adjusted net income	369.6	462.8	(20.1)%
Ordinary dividends paid to shareholders	266.0	–	–
Share buybacks	–	–	–
Total staff costs	142.7	113.3[1]	25.9%

1 This figure is a correction from the figure reported in the 2022 report.

Statement of Directors' shareholding and share interests

ED share ownership requirements

Under the Policy, EDs are required to build a shareholding in the Company of:

Role	% of base salary
Executive Chair, CEO	225%
CFO	200%

- EDs are required to retain 50% of the net shares released from Deferred Share Bonus Plan and LTIP awards until the shareholding requirement is met
- The shareholding requirement should normally be built up over a period not exceeding five years
- Unvested share awards that are subject to performance conditions are not taken into account in applying this test
- A post-cessation holding period of two years applies. This is at the same level as the current (within employment) guideline for the first year, reducing to half in the second year. The Committee retains the discretion to waive part or all of the guideline where considered appropriate, for example in exceptional or compassionate circumstances

ED share ownership requirements (audited)

	Shares held	Options held					
Executive Directors	Owned outright[1]	Vested but not exercised[2]	Unvested and subj. to continued employment[3]	Unvested and subj. to perf. conditions[4]	Shareholding requirement (% of salary)	Shareholding at 31 December 2023[5] (% of salary)	Requirement met
Gilad Myerson	1,403,444	1,087,300	0	0	225%	571%	Yes
Alan Bruce	685	1,087,300	1,630,949	360,000	225%	500%[6]	Yes
Iain Lewis	483	44,909	80,000	240,000	200%	31%	No

1 Gilad Myerson: amount relates to 1,402,759 shares from vested and exercised one-off options granted on 21 July 2021 and 685 purchased shares under the SIP. This includes a correction from the amount reported in the 2022 Report which should have been 1,402,759. The only variance for 2023 is the shares purchased under the SIP. Alan Bruce and Iain Lewis: amount includes purchased shares under the SIP.

2 Gilad Myerson and Alan Bruce: Options granted in 2021 which vested on Admission, but have not yet been exercised. The Options are denominated in US$ and amount to $2,002,755 (shares are calculated using an exchange rate GBP 1 = USD 1.27736 and share price of £1.4420, the closing price on 29 December 2023). Iain Lewis: One-third (40,000) nil cost options of a one-off grant of 120,000 nil cost options in December 2022 vested on 9 November 2023. The amount includes dividend equivalent shares of 4,909.

3 Alan Bruce: Options granted in 2021 which vest in equal tranches on the anniversary of the grant date. The Options are denominated in US$ and amount to $3,004,133 (shares are calculated using an exchange rate GBP 1 = USD 1.27736 and share price of £1.4420, the closing price on 29 December 2023). Iain Lewis: Two-thirds (80,000) nil cost options of a one-off grant of 120,000 nil cost options in December 2022 which are due to vest in equal tranches on the second and third anniversary of Admission.

4 2022 LTIP awards granted to Alan Bruce and Iain Lewis in December 2022

5 Current shareholding calculated using shares held (beneficially or in trust), and options (on a net of tax basis) that are vested or unvested subject to continued employment, using a share price of £1.442, the closing price on 29 December 2023.

6 Alan Bruce's employment ceased on 4 January 2024 at which time shares subject to continued employment (calculated as 1,630,949) lapsed in full. His shareholding (% of salary) as at this date is 200%.

The only changes to EDs interests in Ithaca Energy Shares during the period 1 January 2024 to 15 March 2024 relate to 326 shares acquired by Gilad Myerson and 326 shares acquired by Iain Lewis under the Company's Share Incentive Plan, in which all employees are eligible to participate.

Dilution

Awards granted under Ithaca Energy employee share plans are primarily satisfied through shares purchased in the market.

The Company monitors the number of shares issued under the Ithaca Energy employee share plans and their impact on dilution limits. The Company's usage of shares compared to the relevant dilution limits set by the Investment Association in respect of all share plans (10% in any rolling ten-year period, starting from the date of Admission) and Executive share plans (5% in any rolling ten-year period, starting from the date of Admission) was 0% of the Company's total issued share capital on 31 December 2023[1].

1 The 2022 annual report and accounts reported the Company's usage of shares compared to the relevant dilution limits was 0.94% of the Company's total issued share capital on 31 December 2022. This should also have been 0%in respect of both all share plans and Executive share plans.

Promoting all-employee share ownership

We believe that share ownership by our employees helps them to understand the interests of the Company's shareholders. On 31 December 2023 86.1% of our employees were shareholders through participation in the Ithaca Energy plc Share Incentive Plan. This allows employees to buy Ithaca Energy plc shares directly from their earnings. As at 31 December 2023 a total of 543 employees were making a monthly average contribution of £146.

Remuneration for Non-Executive Directors

Single total figure for remuneration for Non-Executive Directors (audited)

The table below sets out the total remuneration earned by each NED who served during 2023:

Non-Executive Directors[1]	Fees 2023 £'000	Benefits 2023 £'000	Other 2023 £'000	**Total 2023 £'000**	Fees 2022 £'000	Benefits 2022 £'000	Other 2022[4] £'000	**Total 2022 £'000**
David Blackwood	95	–	–	**95**	24	–	50	**74**
Lynne Clow	95	–	–	**95**	24	–	50	**74**
Assaf Ginzburg	75	–	–	**75**	24	–	50	**74**
Deborah Gudgeon	95	–	–	**95**	24	–	50	**74**
John Mogford	105	–	–	**105**	26	–	100	**126**
Itshak Sharon Tshuva[2]	–	–	–	**–**	n/a	n/a	n/a	**n/a**
Idan Wallace[2,3]	–	–	382	**382**	–	–	–	**–**

1 All NEDs, except for Itzhak Sharon Tshuva, were appointed to the Board on 31 October 2022; fees and benefits since this date are shown.
2 Itshak Sharon Tshuva, a Director of Delek, was appointed on 30 March 2023. He, along with Idan Wallace, receives no additional fee from Delek for his Directorship of the Company.
3 Idan Wallace received a payment of $462,000 (GBP equivalent using an exchange rate at date of payment of GBP 1: USD 1.20998), triggered by the successful outcome of a historical claim reported in the 2022 Report.
4 Represents the value of the shares that each NED subscribed to on Admission, using the Admission share price of £2.50.

Approach to NED fees for 2024

NED fees were originally set prior to Admission and are reviewed annually.

Role	Fee from 1 January 2024[2]	Fee from 14 November 2022
Board membership fee	£79,000	£75,000
Additional fees paid: Senior Independent Director	£35,000	£30,000
Committee Chair[1] Audit & Risk, Remuneration, HSE	£25,000	£20,000

1 Gilad Myerson's base salary is deemed to include any other fees as a Director of the Company or Group; as such a fee for the Chair of the Nomination Committee has not been set.
2 NED fees will increase of 5%, in line with the budget for the wider workforce. An increase of £5,000 will be made to the Senior Independent Director and Committee Chair fees to reflect roles and responsibilities since Admission.

NED shareholdings (audited)

NEDs	Shares held at 31 Dec 2023	Shareholding requirement (% of fees)	Current shareholding[1] (% of fees)	Requirement met
David Blackwood	20,000	100%	38%	No
Lynne Clow	24,932	100%	48%	No
Assaf Ginsburg	110,000	100%	211%	Yes
Deborah Gudgeon	20,000	100%	38%	No
John Mogford	70,000	100%	135%	Yes

1 Current shareholding has been calculated using shares held (beneficially or in trust) using a share price of £1.4420, the closing share price on 29 December 2023.

There were no changes to NEDs interests in Ithaca Energy Shares during the period 1 January 2024 to 15 March 2024.

The Remuneration Committee

The full terms of reference for the Committee can be found on the Company's website at https://www.ithacaenergy.com/about-us/governance and are also available from the Company's General Counsel and General Manager, Business Affairs.

Committee membership

The members of the Committee are shown below.

	Member since	Meetings in 2023
Lynne Clow (Chair)[1]	31 October 2022	7/7
David Blackwood[2]	20 September 2023	1/1
Assaf Ginzburg	31 October 2022	5/7
Deborah Gudgeon	31 October 2022	7/7
John Mogford	31 October 2022	7/7

1 Chair from 31 October 2022.
2 David Blackwood attended 4 meetings, by invitation, prior to his appointment to the Committee.

The Committee met seven times during 2023; five meetings were scheduled and two additional occasions were used to consider matters.

The Company's Executive Chair is invited to all Committee meetings and the Group General Counsel and General Manager, Business Affairs acts as secretary to the Committee. The Chair of the Committee reports to subsequent meetings of the Board on the Committee's work and the Board receives a copy of the agenda and the minutes of each Committee meeting.

During the year, the Committee received assistance in considering Executive remuneration from a number of senior managers, who attended certain meetings (or parts thereof) by invitation during the year, including the CEO, the CFO and the General Manager, People and Culture.

In accordance with the relationship agreement with Delek Group Limited an appointed observer has attended.

No person was present during any discussion relating to their own remuneration.

From January 2023, PricewaterhouseCoopers LLP (PwC) were approved by the Committee and appointed as its advisers. A representative from our external adviser attends, by invitation, all Remuneration Committee meetings to provide information and updates on external developments affecting remuneration as well as specific matters raised by the Remuneration Committee. Outside the meetings, the Remuneration Committee's Chair seeks advice on remuneration matters on an ongoing basis. The advice that the Committee receives is independent and objective. PwC have confirmed that there are no conflicts of interest. There are no other connections with the Company or individual Directors. The Committee notes that PwC is a member of the Remuneration Consultants Group and voluntarily adheres to its Code of Conduct in relation to Executive remuneration consulting in the UK. Pinsent Masons LLP (Pinsents), appointed by the Company, provided advice on share incentive plan-related matters, including on senior Executive remuneration issues.

During the year, PwC was paid £92,175 and Pinsents was paid fees of £42,873 for their advice to the Committee on these matters. Fees were charged on a time-spent plus expenses basis. Other services provided to the Company by Pinsents include corporate and employment law advice.

The Committee reflects on the quality of the advice provided and whether it properly addresses the issues under consideration as part of its normal deliberations. The Committee is satisfied that the advice received during the year was objective and independent.

The role of the Remuneration Committee

To consider and make recommendations to the Board in respect of the remuneration policy across the Company including:
- Rewards for the Executive Chair, EDs and senior managers
- The design and targets for the annual bonus plan throughout the Company
- The design and targets for any employee share plans
- Changes to employee benefit structures (including pension)

The Remuneration Committee's work in 2023

The key matters discussed/approved were:

Jan – March	• Preparation of the Directors' remuneration policy and consultation with shareholders • 2022 Director's remuneration report • Approve performance for the 2022 bonus targets • Set 2023 annual bonus scorecard targets • Review remuneration outcomes for Executive Directors and senior employees
April – June	• Review Director's remuneration and market best practice
July – September	• Mid-year review of targets and performance against target for annual bonus for the EDs • Review Company-wide remuneration policy updates
October – December	• Review forecast year-end outcomes for allocation of bonus • Update the Remuneration Committee Terms of Reference

At various points throughout the year, the Committee also made remuneration decisions for senior employees within the Remuneration Committee's remit.

Remuneration Committee effectiveness

The Committee reviews its remit and effectiveness each year. As this is the first full year of Committee operation the first review will be conducted in 2024.

Statement of voting at AGM

The results of the shareholder vote at the Company's 2023 AGM on 24 May 2023 in respect of the Policy and the 2022 Directors' Remuneration Report is set out below.

	Percentage of votes cast		Number of votes cast		
	For	Against	For	Against	Withheld
Directors' Remuneration Policy	99.64%	0.36%	957,531,800	3,493,618	925
Directors' Remuneration Report	99.66%	0.34%	957,720,069	3,305,349	925

Directors' Remuneration Policy

This Policy will govern Ithaca Energy's future remuneration for Executive Directors ("EDs") and and Non-Executive Directors ("NEDs"), and is intended to apply for up to three years from the date of the AGM, subject to approval by shareholders. Detail on how we propose to implement this in 2024 is set out on pages 116 and 117.

Proposed remuneration policy

This section summarises the changes proposed from our current remuneration policy, including the rationale for the change.

Element of remuneration	Proposed Changes	Rationale
Annual bonus Rewards the delivery and achievement of financial targets and key performance indicators which form part of strategy	• Increase to the maximum award opportunity to 175% of salary for the Executive Chair. • For the CFO (and interim CEO) the award opportunity remains at 150% of salary.	• The current policy permits a maximum award opportunity of 150%. • It is currently intended to make use of the higher maximum bonus for the Executive Chair only. The increase reflects the strategic importance of Gilad Myerson to the Company's development and is designed to appropriately reward for achievement against our business plan.
LTIP Aligns the Executive Directors' interests with shareholders and rewards for achievement of long-term objectives	• Increase the maximum award opportunity to 400% of salary for the Executive Chair. • For the CFO (and interim CEO) the award opportunity remains at 200% of salary.	• The current policy permits a maximum award opportunity of 225% of salary. • This change provides an appropriate package with which to incentivise our Executive Chair to execute the business strategy and fully align his interests with those of shareholders in the pursuit of significant return, post the transfer of the MEP shares. • The higher maximum award is proposed to be granted to the Executive Chair only and will allow us to deliver a higher proportion of pay through stretching forward-looking arrangements which will only provide reward for achievement of above market long-term shareholder returns.
Shareholding requirements Aligns the Executive Directors' interests with shareholders	• Increase to the requirement in line with the ongoing LTIP award size.	• This change is proposed to fully align interests of Executive Directors with those of shareholders, in the pursuit of significant return of value.

Committee process to determine Remuneration Policy

The Committee designed the Policy around the following key considerations:

- Forward-looking remuneration arrangements should be simple; facilitating greater transparency and alignment with shareholders' interests over the longer term;
- Alignment with standard market practice and compliance with the UK Corporate Governance Code (the Code);
- The ability to attract, retain and motivate EDs of the right calibre to ensure the continued success of the Company, within a highly competitive environment, whilst ensuring the level and form of remuneration is appropriate; and
- Remuneration should be aligned with the key corporate metrics that drive growth and increase shareholder value with significant emphasis on variable pay.

The role of the Committee and the formulation of the Policy is undertaken in a way that ensures remuneration decisions are undertaken in a manner that prevents and manages any potential conflicts of interest. Should any conflicts arise these will be alerted to the Committee who will determine appropriate decisions in the best interests of Ithaca Energy's stakeholders.

The Committee is of view that the proposed Policy is well-aligned with the Code's six principles:

- **Clarity:** The Policy supports the financial and strategic objectives of the Group and aligns EDs' interests with those of shareholders. There is clear disclosure of metrics, weightings and assessment of variable remuneration outcomes;
- **Risk:** The Policy ensures risk is reflected in outcomes through: 1) the Committee's discretion to adjust formulaic outcomes to properly reflect any risk events; 2) deferral of annual bonus and LTIP (over three and five years respectively), subject to malus and clawback provisions mitigates against future risk; and 3) the within- and post-employment shareholding requirements align to the successful delivery of the Group's long-term strategy;
- **Simplicity:** We intend to operate a simple remuneration framework, comprising fixed pay elements, along with short- and long-term variable elements using well understood market standard elements. This provides clear line of sight for both EDs and shareholders;
- **Proportionality:** Incentive elements are closely aligned to our strategic goals and robustly assessed, with the Committee having full discretion to adjust outcomes to ensure they align with overall Group performance; and
- **Predictability:** The Policy sets out the possible future value of remuneration which EDs could receive, including the impact of share price appreciation of 50% (the application of the Policy is illustrated on page 133).

Remuneration Policy – Executive Directors

The following table sets out each element of remuneration for EDs and how it supports Ithaca Energy's short and long-term strategic objectives:

Element and how it supports our short and long-term strategic objectives	Operation	Maximum opportunity	Performance conditions and assessment
Base salary Provides a competitive fixed level of remuneration to attract and retain EDs of the necessary calibre to execute Ithaca Energy's strategy and deliver shareholder value.	Base salaries for the EDs will normally be reviewed annually by the Committee. The following factors are taken into account when determining base salary levels on appointment: • Remuneration levels at comparable oil and gas companies; • The need for salaries to be competitive; • Experience and responsibilities of the individual ED; and • The total remuneration available to EDs and the components thereof and the cost to Ithaca Energy. Base salaries will normally be reviewed annually, but the Committee reserves the right to review fees on a discretionary basis if it believes an adjustment is required to reflect market rates or scope of responsibilities.	There is no prescribed maximum annual increase. The Committee is guided by the general increase for the broader employee population but on occasion may need to recognise, for example, an increase in the scale, scope or responsibility of the role, as well as market rates.	Any movement in base salary takes account of the performance of the individual and the Group.
Benefits Provides EDs with a suitable but reasonable package of benefits as part of a competitive remuneration package.	In line with the wider workforce, benefits may be provided where appropriate and on a market-related basis, including but not limited to health insurance, life insurance/death in service, reasonable travel (including the tax cost where appropriate), car allowance and relocation expenses. EDs will be able to participate in the Company's all-employee share plans on the same basis as other eligible employees.	The Committee determines the appropriate level taking into account market practice and individual circumstances. There is no prescribed maximum. Maximum contributions under 'all employee' share plans will be set in line with the wider workforce and within any other relevant operating limits.	None.
Pensions Provides market-competitive retirement benefits for EDs.	Pension provision is a payment into a defined contribution pension scheme and/or a cash amount in lieu of a pension contribution. Pension payments do not form part of salary for the purposes of determining the extent of participation in the Company's incentive arrangements.	The maximum pension provision is 15% of salary, in line with the wider workforce. Any cash amount paid may be reduced to take into account additional employer costs.	None.

Element and how it supports our short and long-term strategic objectives	Operation	Maximum opportunity	Performance conditions and assessment
Annual Bonus Rewards EDs for the delivery and achievement of financial targets and key performance indicators which form part of the business strategy. Deferral provides alignment with shareholders' interests and aids retention of key personnel.	Awards are based on performance in the year against targets set by the Committee. Any bonus is paid annually in cash and shares with at least 50% of any bonus earned deferred into ordinary shares for three years. The deferred shares are not subject to any further conditions, save for continued employment. Deferred share awards may include additional shares (or, at the discretion of the Committee, cash) equivalent to the value of the dividend roll-up, and may assume dividend reinvestment. Malus and clawback provisions apply as detailed within the Policy.	The maximum bonus opportunity is 175% of base salary.	Targets are set by the Committee each year that are appropriately stretching in the context of the business plan. They are based on a corporate scorecard that consists of a combination of financial, strategic and operational KPIs. The Committee may change the KPIs within the scorecard, and their weighting, from year to year to ensure they remain aligned to Company strategy. The Committee has the ability to include an element of bonus based on personal performance, or to adjust the outcomes of the corporate scorecard based on personal performance. Up to 25% of the maximum bonus is paid for achieving a threshold level of performance and the full bonus is paid for delivering stretching levels of performance. For performance below threshold, no bonus is paid.
Long Term Incentive Plan (LTIP) Rewards EDs for achievement of the Group's longer-term objectives. Aligns the EDs' interests with those of shareholders. Aids retention of key personnel and encourages focus on sustaining and improving the long-term financial performance of the Group.	Awards granted annually under the LTIP will be subject to a three-year performance period and will be settled in shares. The Committee sets targets each year so that they are stretching and facilitate growth for shareholders, while remaining motivational for management. EDs must retain the net of tax number of vested LTIP awards for a two-year holding period. LTIP awards may include additional shares (or, at the discretion of the Committee, cash) equivalent to the value of the dividend roll-up, and may assume dividend reinvestment over the period from grant to the earlier of the end of the holding period and the date of exercise. Malus and clawback provisions apply as detailed within the Policy.	Maximum award is 400% of base salary.	The initial LTIP award will vest based on financial and strategic performance conditions which are aligned to KPIs. Financial metrics (including TSR) will comprise at least half of LTIP awards. Up to 25% of the award vests for threshold levels of performance.

Element and how it supports our short and long-term strategic objectives	Operation	Maximum opportunity	Performance conditions and assessment
Shareholding requirement To ensure that EDs' interests are aligned with those of shareholders.	EDs are required to build the a shareholding in line with the on-going LTIP award size. For the first year of the Policy the requirements are: • Executive Chair: 400% of base salary • CFO (and interim CEO): 200% of base salary. The requirement should normally be achieved over a five-year period. At least half of LTIP and deferred bonus awards should be retained on vesting if the shareholding requirement is not met. For two years following cessation of employment, EDs are subject to a post-employment shareholding requirement. The requirement is equal to the lesser of the shareholding on cessation and the in-employment requirement for the first year and half of this amount for the second year post-cessation.	N/A	None.

Notes to the Policy table

Explanation of chosen performance measures and target setting

Performance measures will be selected to reflect the key performance indicators which are critical to the realisation of our business strategy and delivery of shareholder returns, which includes Total Shareholder Return (TSR).
The performance targets are reviewed each year to ensure that they are sufficiently challenging. When setting these targets the Committee will take into account a number of different reference points including, for financial targets, the Group's business plan and consensus analyst forecasts of Group performance. Full vesting will only occur for what the Committee considers to be excellent performance.

Malus and Clawback

The following table illustrates the time periods during which malus and clawback provisions may apply for each element of variable remuneration:

Remuneration element	Malus	Clawback
Annual bonus (cash)	Up to the date of the cash payment.	Up to three years post the date of any cash payment.
Annual bonus (deferred shares)	To the end of the three-year vesting period.	Up to three years post-vesting.
LTIP	To the end of the three-year vesting period.	Up to three years post-vesting.

Conditions under which malus and clawback may apply include:

- If it is discovered that there has been a material misstatement of the Group's financial results for any period;
- If it is discovered that an error of calculation has occurred when assessing the performance conditions or size of award;
- If the participant has committed fraud or misconduct;
- If circumstances where the Participant has, by an act or omission, contributed to injury to the reputation of the Group;
- If the behaviour of the participant materially fails to reflect the governance or values of Ithaca Energy or has caused injury to the reputation of the Group; and/or
- If the Company has suffered an instance of material corporate failure.

Discretions

In exceptional circumstances such that the Committee believes the original measures and/or targets are no longer appropriate e.g. corporate activity, the Committee has discretion to amend performance measures and targets during the year.

The Committee may also, in exceptional circumstances, amend the formulaic annual bonus pay-out and/or amend the LTIP vesting upwards or downwards should the formulaic outcome not, in the view of the Committee, reflect the overall business performance or individual contribution.

Any such changes would be explained in the subsequent Report and, if appropriate, be the subject of consultation with the Company's major shareholders. Consistent with best practice, the LTIP rules also provide that any such amendment must not make, in the view of the Committee, the amended condition materially less difficult to satisfy than the original condition was intended to be before such event occurred.

In line with market practice, the Committee retains discretion relating to operating and administering the Annual Bonus and LTIP. This discretion includes:

- Timing of awards and payments;
- Size of awards, within the overall limits disclosed in the Policy table;
- Determination of vesting;
- Ability to override formulaic outcomes;
- Treatment of awards in the case of change of control or restructuring;
- Treatment of leavers within the rules of the plan, and the policy on payments for loss of office; and
- Adjustments needed in certain circumstances, for example, a rights issue, corporate restructuring or special interim dividend.

Approach to recruitment remuneration

In the event that a new ED or NED was to be appointed, remuneration would be determined consistent with the Policy table, paying no more than is considered necessary. The table below sets out the additional elements of remuneration that would be considered for the appointment of a new ED.

Remuneration element	Policy and operation
Buy-out awards	• If it were necessary to attract the right candidate, due consideration would be given to making awards necessary to compensate for forfeited awards in a previous employment. • In making any such award, the Committee will take into account any performance conditions attached to the forfeited awards, the form in which they were granted and the timeframe of the forfeited awards. • The value of any such award will be no higher, on recruitment, than the forfeited awards and will not be pensionable nor count for the purposes of calculating bonus and LTIP awards. • Any such award would be in addition to the normal bonus and LTIP awards set out in the Policy table.
Relocation costs	• Where appropriate, the Company will offer reasonable relocation benefits to assist them, and their dependants in moving home and settling into the new location and to help support with the costs of a relocation or a residence outside a home country. • Benefits would normally be market-related and time-bound.
One-off recruitment award	• The Remuneration Committee retains the ability to grant a one-off share award that ordinarily would be subject to performance conditions of up to 200% of salary in addition to a normal LTIP award in exceptional recruitment circumstances, where absolutely necessary and in the best interests of shareholders.

Alignment of the Policy with the wider employee population

The Group aims to provide a remuneration package for all employees that is market-competitive and operates the same reward and performance philosophy throughout the business. The table below sets out details on the remuneration approach for employees, including EDs:

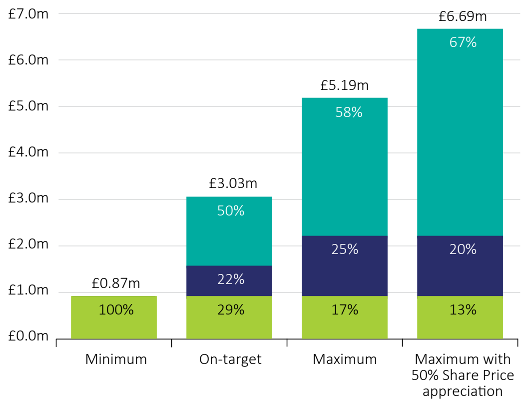
Element of reward	Approach
Base salary	• Salaries for employees are set in line with market levels, in order to attract and retain employees. • Employees' salaries are reviewed annually, with increases for EDs normally being set with reference to increases for employees.
Benefits	• All employees, including EDs, are eligible to participate in the Company's benefits, which include 3.5 times salary death-in-service cover, private medical benefit, dental plan and income protection. Employees can increase and/or extend cover if they so choose. • In 2023 the Company will operate a Share Incentive Plan, which will offer a 2:1 match on shares purchased by employees up to statutory limits. All employees will be eligible to participate in this plan.
Pension	• All employees are eligible to participate in a defined contribution pension scheme with a 15% employer contribution. The approach is the same for EDs.
Annual bonus	• All employees are eligible to participate in Annual Bonus arrangements, with payouts being based on a combination of corporate and personal performance. The same corporate scorecard is used for EDs as the employee population. • Different bonus opportunities reflect the levels of employee seniority, determined by grade, with more senior employees receiving higher bonus opportunities to increase the proportion of their pay that is performance-based and at risk.
Long-term incentives	• Long-term incentive awards are available to senior management with the same performance conditions as those for the EDs. • In addition, a number of more junior individuals participate in the Restricted Share Plan, under which share awards are granted without performance conditions
Shareholding requirements	• Only EDs have a shareholding requirement

Illustrations of the application of the Policy

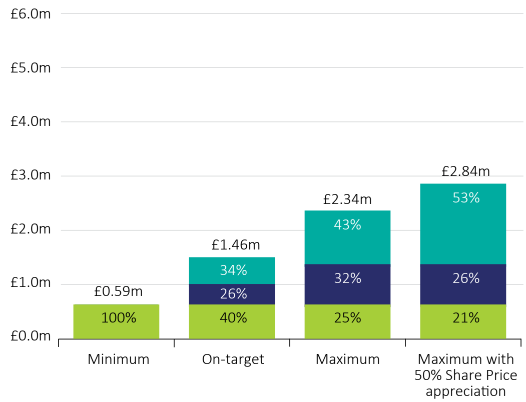
The charts which follow illustrate the remuneration that would be paid to the Executive Chair and CFO (and interim CFO) assuming four different performance scenarios in the first year of the Policy's operation and excluding any legacy arrangements. Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration and variable remuneration.

The scenarios in the graphs are as follows:

Executive Chair



Chief Financial Officer (and interim CEO)



Key	Element	Minimum performance	On-target performance	Maximum performance	Maximum performance with 50% share price growth
	Fixed remuneration	2024 base salary, benefits and pension	2024 base salary, benefits and pension	2024 base salary, benefits and pension	2024 base salary, benefits and pension
	Annual bonus[1, 2]	None	50% of maximum opportunity	100% of maximum opportunity	100% of maximum opportunity
	Long-Term Incentive Plan[2, 3, 4]	None	50% of maximum opportunity	100% of maximum opportunity	100% of maximum opportunity plus 50% share price growth

1 Maximum bonus opportunity is 175% of base salary for the Executive Chair and 150% of salary for the CFO (and interim CEO)
2 Dividend accrual on deferred remuneration has been excluded from all four scenarios; share price movement has been excluded from the minimum, target and maximum scenarios.
3 Maximum LTIP opportunity is 400% of base salary for the Executive Chair and 200% of salary for the CFO (and interim CEO).

Service contracts for Executive Directors

The period of notice required in the service contracts is six months by the ED and the Company. The service contracts and letters of appointment are available for inspection by shareholders in advance of and at the forthcoming AGM, and during normal business hours at Ithaca Energy's registered office address. There are no further obligations which could give rise to a remuneration or loss of office payment other than those set out in the Policy table, the policy on payments for loss of office and change of control.

Payments for loss of office

When assessing whether payments will be made in respect of loss of office, the Committee will take into account individual circumstances including the reason for the loss of office, Ithaca Energy and individual performance up to the loss of office and any contractual obligations of both parties.

Contractual payments

In the event of early termination, the Company may make a payment in lieu of notice up to a maximum of six months' salary. Any payment is subject to phasing and mitigation requirements.
In the event of gross misconduct, the Company may terminate the service contract of an ED immediately and with no liability to make further payments other than in respect of amounts accrued at the date of termination.
The current ED service contracts permit the Company to put an ED on garden leave for some or all of the duration of the notice period.
To mitigate any uncertainty of employment that the IPO may cause the CFO, given the relatively short tenure, the following time-bound condition applies:

- If the CFO's employment is terminated prior to 25 July 2024, other than for cause, then a sum equivalent to 12 months' base salary would become payable.

Annual bonus and LTIP

The treatment of awards under the Annual bonus and LTIP for leavers will depend on whether or not they are classified as a Good Leaver. This would typically be where an ED left for reasons including retirement, redundancy, death, ill-health, injury or disability, the sale of a business outside of the Group or the employing Company ceases to be a member of the Group, or any other circumstances as determined by the Committee.

For 'other' leavers, account will be taken of individual circumstances, contractual terms, circumstances of the termination and the commercial interests of the Company to determine whether or not to treat an ED as a Good Leaver.

The table below sets out the leaver treatment for awards under the Annual Bonus and LTIP.

Remuneration element	Treatment for Good Leaver	Treatment for Other Leaver	Remuneration Committee Discretion
Annual bonus	• Eligible for a bonus paid, taking into account performance. • Any bonus paid would normally be subject to pro-rating for time served as an ED during the year. • Bonus payments would ordinarily be made at the normal time following the year end • Normally, a portion of any bonus earned would be deferred into shares for three years, consistent with the treatment in the Policy table.	• No eligibility for bonus.	• It is at the discretion of the Committee as to whether departing EDs would be paid a bonus. In exercising its discretion on determining the amount payable, and the form and timing of payment, to an ED on termination of employment, the Board would consider each instance on an individual basis, taking account of factors such as performance and circumstances of the termination. • When determining whether a bonus or any other payment should be made to a departing ED, the Committee will ensure that no 'reward for failure' is made.
LTIP	• LTIP awards continue to vest at their original vesting date, subject to satisfaction of the relevant performance conditions. • In the event of death, LTIP awards will normally vest immediately. The number of awards vesting will be determined by the Committee taking into account performance as at the date of cessation. • The number of awards vesting will normally be reduced to reflect the proportion of the vesting period that has elapsed at the date of cessation of employment. • Any vested but unexercised awards can be exercised in the six-month period (or 12-month period in the case of death) following cessation or vesting.	• Unvested LTIP awards lapse on the date of cessation of employment.	• The Committee may allow LTIP awards to vest as soon as reasonably practicable on cessation of employment in exceptional circumstances, such as ill-health. • The Committee may decide, acting fairly and reasonably, that a lesser reduction for time may be made.

Deferred bonus awards

In the event that an ED leaves due to dismissal for cause or resignation, unless the Committee determines otherwise, unvested deferred bonus awards will lapse. Any vested but unexercised awards will cease to be exercisable with effect from the beginning of the notice period, unless the Committee determines otherwise.

In the event that an ED leaves for any other reason, unvested deferred bonus awards continue to vest at their normal vesting date, unless the Committee determines otherwise. Any vested but unexercised awards can be exercised in the six-month period (or 12-month period in the case of death) following cessation or vesting.

Payments in the event of a change of control

The treatment of each element of remuneration under a change of control is set out in the table below.

Remuneration element	Remuneration Policy and operation
Annual bonus (cash)	• An annual bonus may be paid subject to time pro-rating (unless the Committee determines otherwise) and performance to the date of the change of control. • Any annual bonus awarded would be paid fully in cash.
Annual bonus (deferred shares)	• Unless the Committee agrees to exchange outstanding deferred bonus awards into awards in the acquiring Company, any outstanding deferred shares will ordinarily vest in full at the date of change of control (other than in respect of an internal reorganisation).
LTIP	• Unless the Committee agrees to exchange outstanding LTIP awards into awards in the acquiring Company, LTIP awards will vest subject to time pro-rating and performance at the date of change of control (other than in respect of an internal reorganisation). • The Committee has discretion to reduce the extent of or disapply time pro-rating.

Remuneration Policy – Non-Executive Directors

The NEDs (except Itshak Sharon Tshuva) have entered into letters of appointment with Ithaca Energy dated which last for an initial period of three years and are subject to annual re-election. As at 31 December 2023, the unexpired term of the letters of appointment is one year and 10 months. Itshak Sharon Tshuva entered into a letter of appointment in March 2023 and is subject to annual re-election. As at 31 December 2023 the unexpired term of his letter of appointment is two years and 3 months. The letters of appointment are available for viewing at Ithaca Energy's registered office during normal business hours, and prior to and at the AGM.

The appointment of any non-independent NED is terminable in accordance with the relevant Relationship Agreement. The NEDs will only receive payment until the date their appointment ends and no compensation is payable on termination.

The table below sets out the key elements of the Policy for NEDs:

Element and how it supports our short and long-term strategic objectives	Operation	Maximum opportunity	Performance conditions and assessment
NED Fees Provides a market competitive level of fees to reflect the time commitment and contributions that are expected from the NEDs.	The Board as a whole is responsible for setting the remuneration of the NEDs, other than the Chair whose remuneration is determined by the Committee. NEDs are paid a base fee in cash. Additional fees may be paid for additional responsibilities such as acting as Senior Independent Director or for membership or Chairing sub-Committees of the Board. The NEDs do not participate in Ithaca Energy's incentive arrangements and no pension contributions are made in respect of them. Reasonable travel and subsistence expenses (including the tax cost where appropriate and within the Company's travel and expenses policy) may be paid or reimbursed by Ithaca Energy.	The fees paid to NEDs will normally be reviewed annually, but the Committee reserves the right to review fees on a discretionary basis if it believes an adjustment is required to reflect market rates, scope of responsibilities or performance. There is no prescribed maximum increase, but in general the level of fee increase for the NEDs will be set taking account of any change in responsibility or time commitment required, and the general rise in salaries across the UK workforce.	None.
Shareholding requirement To ensure that NEDs' interests are aligned with those of shareholders.	NEDs are expected to build and maintain a holding in the Company's shares of 100% of their base fee. NEDs have three years from the date of their appointment to the Board to build and maintain this holding. The Committee may waive this requirement for certain exceptional personal circumstances.		

Statement of employment conditions elsewhere in Ithaca Energy

Remuneration arrangements are determined throughout Ithaca Energy based on the same principle that reward should be achieved for delivery of Ithaca Energy's business strategy and should be competitive within the market to attract and retain high calibre talent, without paying more than is necessary.

Senior managers below Board level with a significant ability to influence Ithaca Energy's results may participate in an annual bonus plan and a long-term incentive which reward both performance and loyalty and are designed to retain and motivate.

While the Committee has not formally consulted with employees in forming this Policy, the Committee considers pay and employment conditions across Ithaca Energy when reviewing the remuneration of the EDs and other senior employees and is comfortable that the proposed Policy is appropriate and consistent with the approach to remuneration across the Group. The Committee considered the range of base salary increases across Ithaca Energy when determining increases to award to the EDs. Other considerations include: changes in benefits and bonus, in addition to salary, of UK employees compared with that of Directors; the ratio of CEO pay to that of employees; spend on pay compared with, for example net income and dividends; and gender pay gaps. The Committee also receives advice on Executive remuneration matters from its appointed advisors, which includes benchmarking of ED remuneration.

Consideration of shareholder views

The Committee takes the views of shareholders seriously and these views are taken into account in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the majority shareholder was consulted regarding the proposed remuneration packages for EDs. The Committee welcomes an open dialogue with its shareholders on all aspects of remuneration.

Lynne Clow
Remuneration Committee Chair

Directors' report

The Directors present their Annual Report with the audited Group and Company financial statements for the year ended 31 December 2023.

The Directors' report comprises pages 92 to 139 and the sections of the Annual Report incorporated by reference, as set out below:

This Annual Report has been prepared for, and only for, the members of the Company, as a body, and for no other persons. The Company, its Directors, employees, agents and advisors, do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

Management report
The Directors' report, together with the Strategic Report set out on pages 8 to 91, form part of the Management Report for the purposes of DTR 4.1.5R.

Company number
Ithaca Energy plc is registered in England with the Company number 12263719.

Directors
The Directors' of the Company and their profiles are detailed on pages 93 to 95. In accordance with the UK Code, all Directors will retire at the AGM being held on 16 May 2024 and may offer themselves for re-election.

Dividends
In addition to the dividend of $133 million paid to shareholders on 9 March 2023, the Board paid a second interim dividend of $133 million on 29 September 2023. A third interim dividend of $134 million will be paid following the publication of the full-year results delivering a total dividend of $400 million for 2023.

Political donations
No political donations were made during the financial year.

Director indemnities
During the financial year, the Company had in place an indemnity to each of its Directors under which the Directors of the Company may be indemnified out of the assets of the Company against certain costs, charges, expenses, losses or liabilities which may be sustained or incurred in or about the execution of their duties. The indemnity was in force for all Directors who served during the year.

Directors' interests
The interests of the Directors in the Ordinary Shares of the Company as at 31 December 2023 are set out on pages 123 and 124.

Capital structure

1. Share capital

The issued share capital of the Company comprises of 1,014,372,281 Ordinary Shares of £0.01 each, all of which are fully-paid and freely transferable. The liability of each Shareholder is limited to the amount, if any, unpaid on the shares held by that shareholder. Since incorporation, the Company's share capital has been issued in conformity with the laws of England and Wales.

Details of the Company's issued share capital, together with details of any movement in the issued share capital during the year, are shown in note 5 to the Company financial statements.

The Company did not purchase any of its own shares during 2023 or up to and including 26 March 2024, being the date of this Directors' Report.

2. Significant shareholders

The significant holdings in the Company's issued share capital (in addition to the shares held, indirectly, by Delek Group Limited, (holding 88.55%)) as at 31 December 2023 are as follows:

– Fidelity Investments (3.60%)
– Mizrahi Tefahot Bank (1.10%)

3. Articles of Association

The Company's Articles of Association may only be amended by special resolution at a General Meeting of shareholders. The Company's Articles of Association contain provisions regarding the appointment, retirement and removal of Directors along with their powers and duties. A Director may be appointed by an ordinary resolution of shareholders in a general meeting following nomination by the Board or a member (or members) entitled to vote at such a meeting.

4. Registrar

In connection with the Ordinary Shares traded on the London Stock Exchange, the Registrar is Computershare.

5. Significant agreements which would be affected by a change of control

The following agreements will, in the event of a change of control of the Company, be affected as follows:

- Under the up to $1,225m senior secured revolving borrowing base facility agreement between, among others, Ithaca Energy (E&P) Limited and certain subsidiaries and a syndicate of financial institutions, upon a change of control (save for certain exceptions) each lender has the right to serve notice.
- Upon the occurrence of a 'Change of Control', IENS plc will be required to offer to repurchase the 2026 Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest (if any) to the date of the purchase.
- The Deeds of Indemnity all provide that, in the event of a change of control, the surety will be entitled to make demand for the payment of cash to cover a deposit in an amount equal to an amount the relevant surety determines is the amount of the maximum aggregate liability of the surety in connection with any outstanding bond or bonds.

Company share schemes (LR 9.8.4)

In 2022, the Company put in place a long-term incentive plan (LTIP) to align with best practice and the terms of the remuneration policies for the Directors. The LTIP enables the Executive Directors and selective employees of the Group to be granted awards over Ordinary Shares. As at 31 December 2023, 2,560,537 awards had been granted under the LTIP. Details of the share based awards are set out in note 32 to the consolidated financial statements.

Auditor information

Each person who is a Director at the date of approval of this Annual Report and Financial Statements confirm that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

Julie McAteer
Company Secretary
26 March 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable United Kingdom laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (including United Kingdom Accounting Standard FRS 101 'Reduced Disclosure Framework') and applicable laws.

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the Group and Company financial statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with specific requirements in International Accounting Standards (and in respect of the Company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- State whether applicable United Kingdom-adopted International Accounting Standards have been followed for the Group financial statements and United Kingdom Accounting Standards, including FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities; and
- The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the Corporate Governance Statement in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules.

In accordance with the principles of the UK Corporate Governance Code, the Directors are responsible for establishing arrangements to evaluate whether the information presented in the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, and making a statement to that effect. This statement is set out on page 98 of the Annual Report.

Each of the Directors, whose names and functions are set out in Board of Directors on pages 93 to 95 confirm that to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with United Kingdom-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The Company's financial statements, which have been prepared in accordance with United Kingdom Accounting Standards including FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

This responsibility statement was approved by the Board of Directors on 26 March 2024 and is signed on its behalf by:

Iain Lewis
Chief Financial Officer and
Interim Chief Executive Officer

Independent auditor's report to the members of Ithaca Energy plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Ithaca Energy Plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit or loss;
- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;
- the related notes 1 to 34 to the consolidated financial statements;
- the Company statement of financial position;
- the Company statement of changes in equity; and
- the related notes 1 to 7 to the Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. 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 Group and 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Company for the year are disclosed in note 7 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Carrying value of Cambo • Carrying value of other oil and gas assets • Decommissioning provision • Deferred tax asset recoverability Within this report, key audit matters are identified as follows: ! Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was $50 million (2022: $40 million) which represents 2.9% (2022: 2.1%) of Adjusted Earnings Before Interest, Tax, Depreciation, Amortisation and Exploration (EBITDAX[1]) and 2% (2022: 1.6%) of net assets.
Scoping	Consistent with the way the Group is centrally managed from the Aberdeen office, we consider the Group to be one component. Consequently, all audit work was carried out by the Group engagement team.
Significant changes in our approach	A new key audit matter has been identified in the current year in respect of the carrying amount of the exploration and evaluation ("E&E") asset relating to the Cambo oil field ("Cambo"). Acquisition accounting was identified as a key audit matter in the prior year, however in the current year, the Group has not completed any significant acquisitions.

1 Adjusted EBITDAX is a non GAAP measure comprising earnings before interest, tax, put premiums on oil and gas derivative instruments, revaluation of forex forward contracts, revaluation of commodity hedges, depletion, depreciation and amortisation, impairment (charge)/reversal, exploration and evaluation expenditure, fair-value gains/(losses) on contingent consideration, and historic claims relating to acquisitions.

4. Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the Group's financing facilities including the nature of facilities, repayment terms and covenants;
- considering the linkage of the going concern assessment to the Group's business model and short and medium term risks;
- challenging the assumptions used in the forecasts, in particular commodity prices, production levels, capital expenditure (including consideration of any discretionary capital expediture) and debt facilities;
- considering the amount of headroom in the forecasts (both liquidity and covenants);
- challenging management's sensitivity analysis and mitigating actions, with sensitivities run in relation to production, commodity prices and operating and capital expenditure, and consideration of reverse stress tests on commodity prices;
- assessing the sophistication of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management; and
- assessing the Group's going concern related financial statement disclosures.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and 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.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Carrying value of Cambo (!)

Key audit matter description	The Group has an Exploration & Evaluation ("E&E") asset with a carrying amount of $391 million (2022: $364 million) in respect of the Cambo exploration asset. A key audit matter has been identified relating to management's judgment over whether there were any indicators of impairment in relation to this asset under IFRS 6 Exploration and Evaluation of Mineral Resources, given that the licence was due to expire shortly after year end. Prior to the balance sheet date the Group applied to the North Sea Transition Authority ("NSTA") for an extension to the licence term and on 19 March 2024 they received confirmation from the NSTA of a two-year extension of the licence from 31 March 2024 to 31 March 2026. The Group are also engaging with potential farm-in partners to jointly progress the development to Final Investment Decision ("FID"). In responding to the above, management performed an assessment of impairment indicators on Cambo by reference to IFRS 6. Management have concluded that there are no indicators of impairment relating to Cambo at 31 December 2023. In making this judgment, management have considered a number of factors including, but not limited to, the status of discussions with the NSTA at (and subsequent to) the balance sheet date in relation to their request for a licence extension, receipt of the licence extension on 19 March 2024, the Group's wider plans to proceed with the development, the expected future cash flows associated with such development, and the Group's engagement with potential farm-in partners to secure a joint venture arrangement to progress the project towards a FID. In reaching this conclusion, management has also considered the need to secure additional funding and the wider fiscal uncertainties, including the outcome of the 2024 UK General Election, in respect of oil and gas investments in the UK. Given the level of management judgment applied in assessing whether there are any indicators of impairment at 31 December 2023 in respect of Cambo and the importance of the asset to the Group's longer term growth strategy, this has been identified as an area of potential management bias, and therefore gives rise to a potential fraud risk in the period. Further details of this matter have been disclosed in the "Critical accounting judgements" disclosure in note 3 of the financial statements and in note 14 of the financial statements.
How the scope of our audit responded to the key audit matter	Our procedures comprised the following: • Obtaining an understanding of the relevant controls relating to the identification of indicators of impairment of E&E assets; • Evaluating management's impairment indicator assessment of Cambo at 31 December 2023, with reference to the criteria of IFRS 6; • Holding discussions with management, including those outside of finance, to understand the Group's plans in place to develop the asset through to FID; • Obtaining an understanding from management of the licence extension process and status of discussions with the NSTA throughout the audit process in the lead up to the Group obtaining the licence extension approval from the NSTA on 19 March 2024; • Reading written communications between the Group and the NSTA in respect of the licence extension process, including the initial formal extension request submitted in December 2023, subsequent clarification requests from the NSTA and related management responses, and the written confirmation of the licence extension received on 19 March 2024; • Understanding the Group's wider plans in place to progress the asset to FID after receipt of the licence extension, with reference to the Group's submissions made to the NSTA through the licence extension process. This included the status of discussions with potential farm-in partners and management's plans for securing the additional funding that will be required once the farm-out process has been completed; • Obtaining management's assessment of the recoverable amount of the asset, to determine if there is sufficient data to indicate that the carrying amount will be recovered in full if it proceeds to FID; • Understanding the potential impact of both climate change and climate change related regulation on the asset, including consideration of whether the cost assumptions in the estimate of recoverable amount take account of the cost to meet the Group's Net Zero ambition. This included assessing whether amounts are included to reflect the cost of constructing the Cambo Floating Production Storage Offtake ("FPSO") vessel to be electrification-ready and understanding the risks to full electrification as set out in note 3 of these financial statements; and • Assessing the appropriateness of management's disclosures and whether these are fair, balanced and reflective of the risks and uncertainties that could impact on the Group's ability to recover the carrying amount of the asset in full.

5. Key audit matters continued

5.1. Carrying value of Cambo continued

Key observations	We are satisfied that there is no indicator of impairment in respect of the Cambo asset at 31 December 2023 and that the associated disclosures relating to this judgement are appropriate. Whilst management's valuation model in respect of Cambo includes their best estimate of expenditure required to construct the Cambo FPSO to be electrification-ready, it does not include any additional costs that might be required to fully electrify the asset, due to technological and/or infrastructure constraints, as outlined further in section 7.3 of this report.

5.2. Carrying value of other oil and gas assets

Key audit matter description	The Group had property, plant and equipment (being primarily oil and gas assets) of $3,258 million as at 31 December 2023 (2022: $3,635 million). A key audit matter was identified in respect of determining the recoverability of the Group's oil and gas assets due to the significance of management's judgements and estimates relating to their estimated recoverable amounts. The following inputs into estimation of the recoverable amounts were identified as key focus areas: • Forecast commodity prices; • Discount rate applied; • Oil and gas reserve and resource estimates, and management's risking assumptions thereon. Included within the carrying value of the oil and gas assets which are assessed for impairment are estimated costs relating to the decommissioning of each cash generating unit ("CGU"). See the decommissioning provision key audit matter below for further details. Management performed an impairment assessment for oil and gas assets, by reference to IAS 36 Impairment. In conducting their impairment assessment at year end, management used their internal best estimate of reserves and resources and undertook a process to compare their estimate to those of a third-party firm of reserves consultants, assessing any differences arising. Management concluded that a pre-tax impairment charge of $558 million (2022: $31 million) was required. The charge primarily related to the Alba CGU of $141 million and Greater Stella Area (GSA) CGU of $373 million. The impairment was due to a reduction in short term forward commodity prices in the year and, additionally for Alba, a reduction in the estimate of remaining reserves. Further details of this matter have been disclosed in the Audit and Risk Committee report on page 105, in the "other areas of estimation" disclosure in note 3 of the financial statements and in notes 15 and 19 of the financial statements.

5. Key audit matters continued
5.2. Carrying value of other oil and gas assets continued

How the scope of our audit responded to the key audit matter	Our procedures comprised the following: **Internal controls and overall impairment review:** • Obtaining an understanding of relevant controls over management's process for identifying indicators of impairment and for performing their impairment assessment and related valuations; • Assessing management's forecasting accuracy through a retrospective review of management's forecasts; • Assessing whether forecast cash flows were consistent with Board approved forecasts and budgets, and forecasts used elsewhere, including those prepared for going concern and viability purposes and those assessing the recoverability of the deferred tax asset recognised (see key audit matter 5.4. below); • Challenging and evaluating the adequacy of the operating and capital cost assumptions within the model by reference to operator data and other third-party documentation; • Working with our modelling specialists to evaluate the arithmetical accuracy of the impairment and valuation models; • Obtaining an understanding of how the risk of climate change has been considered in the impairment assessments, including the risk of reduced commodity prices (as discussed further below) and the extent of additional expenditure management believes is required to meet the Group's published CO_2 emissions reductions targets; and Evaluating management's disclosures in relation to impairment, including related sensitivity analysis. **Forecast commodity prices** • Obtaining input from our valuations specialists to assess the appropriateness of management's forecast commodity prices and develop an independent reasonable range, through benchmarking against forward curves, peer information and market data; • As one commodity price (oil) was outside of our reasonable range, performing sensitivity analysis in respect of commodity prices and discount rate to determine for each of Ithaca Energy's CGUs, a lower end recoverable amount (applying commodity prices at the lower end of our range and discount rate at the higher end of our range) and a higher end recoverable amount (applying commodity prices at the higher end of our range and discount rate at the lower end of our range), and comparing the results of this analysis to the carrying amount of each CGU; • Performing additional sensitivity analysis on the pricing assumptions to determine the impact on the impairment conclusion of reasonably possible changes; and • Considering the potential impact on headroom by using a range of third-party price curves described as being consistent with a pathway to keep global temperature rises below 1.5°C ("Paris consistent"). **Discount rate applied** • Obtaining input from our valuations specialists to assess management's discount rate by comparison to our assessment of a reasonable range. **Oil and gas reserves and resource estimates** • Comparing management's estimates of reserves and resources to those of their third-party reserves consultant and, with input from our reserves specialists, understanding the reasons for and evaluating the reasonableness of any significant differences; and • Obtaining input from our reserves specialists to challenge and assess the risking levels applied by management to their reserve and resource estimates.

5. Key audit matters continued

5.2. Carrying value of other oil and gas assets continued

Key observations	We are satisfied with management's conclusions in respect of impairment charges required in the year of $558 million, and that the associated disclosures are reasonable. In reaching this conclusion we observed that: • Forecast oil prices were optimistic, falling outside the top end of our reasonable range from 2026 onwards; • Forecast gas prices were, overall, conservative with reference to our reasonable range; • The results of our sensitivity analysis in respect of oil and gas commodity prices and discount rates did not result in the identification of any additional impairment exposures; • The sensitivity of impairment conclusions to a Paris consistent price curve is disclosed in the "Impact of climate change on the financial statements and related notes" section of note 3 of the financial statements and the related disclosures in note 19, and indicate that the potential additional post-tax impairment is not material; and • Whilst management's impairment models in respect of the Group's development and production assets include their best estimate of expenditure required to meet the Group's CO_2 emissions reductions targets, the level of estimation uncertainty is heightened for some of the Group's longer term development projects due to technology and/or infrastructure constraints, as outlined further in section 7.3 of this report and note 3 of the financial statements.

5.3. Decommissioning provision

Key audit matter description	The decommissioning provision at 31 December 2023 was $1,860 million (2022: $1,721 million). The provision represents the present value of decommissioning costs which are expected to be incurred up to the 2060s with the majority of spend in the next 15-20 years. The liability arises in respect of both the Group's operated and non-operated assets. Decommissioning provisions are inherently judgemental areas, particularly in relation to cost estimates for operated assets and the assumptions that these are based on, including assumptions regarding day rates for vessels and rigs, and duration ("norms") of decommissioning activities. The key assumptions and judgements underpinning the provisions include: • Rates and norms assumptions for operated assets; • Cost estimates for non-operated assets; • Cessation of production dates; • Risk free discount rate; and • Long term Inflation rate. Further details of this matter have been disclosed in the Audit and Risk Committee report on page 106, in the "Key sources of estimation uncertainty" disclosure in note 3 of the financial statements (which includes details on the sensitivity of the provision to changes in discount rates), and in note 23 of the financial statements.

5. Key audit matters continued

5.3. Decommissioning provision continued

How the scope of our audit responded to the key audit matter	Our procedures included the following: **Internal controls and decommissioning model** • Obtaining an understanding of the relevant controls relating to the decommissioning provision, including management's review controls over the decommissioning cost estimation process; • Obtaining an understanding of any key changes in underlying assumptions and methodology applied; this included performing inquiries with the Group's internal specialists responsible for determining the 2023 decommissioning estimates, scrutiny of the associated models, and assessing their technical competence, capability and objectivity; • Assessing decommissioning calculations for clerical accuracy and compliance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; • Assessing the consistency of the cessation of production dates with those used in management's impairment models for oil and gas assets, as discussed in section 5.2; • Working with our modelling specialists to evaluate the arithmetical accuracy of the decommissioning cost estimate model; • Considering the impact of climate change in the estimation of the decommissioning provision, including the risk that cessation of production dates are brought forward if commodity prices were to fall within a range of third party Paris consistent price curves; • Testing a sample of the actual decommissioning spend incurred during the period for accuracy and performing a retrospective review of management's forecasting accuracy, including an assessment of whether actual spend during the year gives rise to contradictory evidence of current forecast rates; and • Evaluating the appropriateness of management's disclosures including in the key sources of estimation uncertainty and associated sensitivity of decommissioning assumptions. **Rates and norms for operated assets** • Challenging the Group's rig and vessel rate assumptions ("rates") within the cost estimate by reference to available third-party data and benchmarking to peer and market rates; • Assessing the duration ("norms") assumptions for plug and abandonment of wells, by comparison to available benchmarking data and contradictory evidence available from active decommissioning projects or operator estimates; and • Assessing the driver(s) of changes in key assumptions on specific assets and differences between actual and forecast expenditure in recent years and considering whether these provide contradictory evidence of rates and norms assumptions in the year end provision. **Non-operated assets** • Reconciling cost assumptions to operator estimates received in the year; and • Understanding any differences arising and challenging the reasonableness of any adjustments made. **Other macro-economic assumptions** • Comparing management's risk free discount rate to relevant market data, including US and UK government bond yields and peer data; and • Comparing management's inflation assumptions to market data, including the Bank of England long term inflation target.
Key observations	We are satisfied that the key assumptions in respect of discount rate, cessation of production dates, long term inflation rate and cost estimates fall within a reasonable range and that the overall provision is fairly stated. We also consider that the associated disclosures are reasonable, including the impact if the energy transition causes cessation of production dates to be brought forward for all significant assets by two years.

5. Key audit matters continued

5.4. Deferred tax asset recoverability

Key audit matter description	The Group has a $628 million (2022: $392 million) net deferred tax asset. The increase in the net deferred tax asset in the year is principally due to the net impact of the following: • $450 million increase due to accelerated depreciation; • $107 million decrease arising from derivative assets; • $216 million decrease due to utilisation of tax losses; and • $70 million increase in the deferred Petroleum Revenue Tax ("PRT") asset on Alba field. A key audit matter was identified in respect of the recoverability of the deferred tax asset. This includes the recoverability of deferred tax assets arising from tax losses which is dependent on the availability of future taxable profits and the feasibility of restructuring plans required to utilise those losses. The associated risk is lower in the current year as the Group has completed the majority of the asset transfers required to utilise the losses and recover the deferred tax asset. Further details of this matter have been disclosed in the Audit and Risk Committee report on page 105, in the "Other areas of estimation" disclosure in note 3 of the financial statements and in note 27 of the financial statements.
How the scope of our audit responded to the key audit matter	Our procedures included the following: • Obtaining an understanding of the relevant controls relating to the measurement of deferred tax assets; • Evaluating, with input from our tax specialists, the methodology applied in calculating the Group's deferred tax assets and liabilities; • Obtaining an update of management's actions and remaining restructuring plans supporting the recognition of deferred taxation; and • Assessing whether the forecasts that support the recoverability of the Group's deferred tax assets are consistent with the cash flow forecasts used for the purposes of impairment testing and going concern.
Key observations	We are satisfied that the deferred tax asset recognised in the financial statements and the related disclosures are appropriate. The cashflows used in assessing the carrying value of the Group's oil and gas assets are consistent with those utilised to support the recoverability of the Group's deferred tax asset. See key observations on carrying value of other oil and gas assets key audit matter at section 5.2 for further details.

6. Our application of materiality

6.1. Materiality

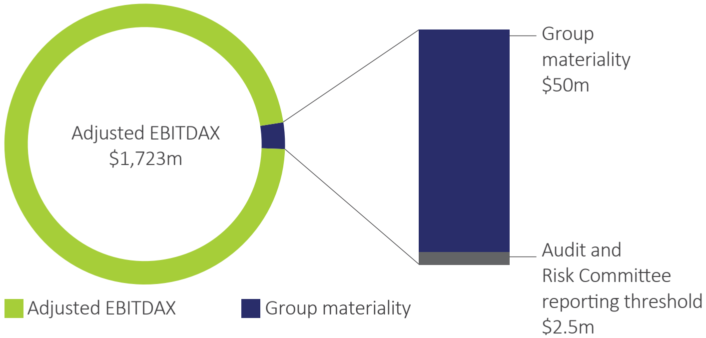
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Company financial statements
Materiality	$50 million (2022: $40 million)	$18.0 million (2022: $18.2 million)
Basis for determining materiality	2.9% of adjusted EBITDAX. Adjusted EBITDAX is an alternative performance measure and a key performance indicator. The selected materiality also represents 2% of net assets.	1.5% of net assets
Rationale for the benchmark applied	Adjusted EBITDAX was considered to be the most relevant benchmark as it is a key performance measure used by the business and excludes a number of significant items that are non-recurring in nature or are adjustments made to normalise the Group's performance.	The Company acts principally as a holding Company and therefore net assets is a key measure for this business.

6. Our application of materiality continued

6.1. Materiality continued



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	60% (2022: 60%) of Group materiality	60% (2022:60%) of Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. The quality of the control environment and conclusions from our testing of Group- wide internal controls; b. The size, nature and volume of uncorrected and any corrected misstatements identified in our previous audits; and c. Macro-economic factors such as commodity price volatility and geo-political instability.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of $2.5 million (2022: $2.0 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group and its environment, including Group wide controls, and assessment of the risks of material misstatement at the Group level. Our audit planning identified the Group's business to be a single component, and therefore all of the operations of the Group were subject to a full scope audit in Aberdeen.

7.2. Our consideration of the control environment

We obtained an understanding of the relevant controls in relation to key business processes as well as the IT systems that were relevant to the audit, being the financial reporting system.

As set out in the Audit and Risk Committee's report on page 106, progress has been made in addressing a number of the control observations that were identified in the prior year. However, the Group's control environment continues to mature and therefore is not yet at a stage that would enable us to place reliance on controls for the purposes of our audit testing. Observations raised in the current year included control recommendations in respect of commodity price forecasting and decommissioning estimates and we amended the nature, timing and extent of our substantive procedures in these areas accordingly.

7.3. Our consideration of climate-related risks

We performed enquiries of management to understand the impact of climate-related risks and controls relevant to the Group. We evaluated the climate change risk assessment and related documentation prepared by management and considered the completeness and accuracy of the climate-related risks identified and summarised in the Task Force on Climate-related Financial Disclosures report on pages 52 to 68. The Group identified in the "Impact of climate change on the financial statements and related notes" section of note 3 of the financial statements a number of key judgements and estimates with elevated climate-change and energy transition related risks, relating to: impairment of goodwill and property, plant and equipment; depreciation and useful economic lives of property, plant and equipment, intangible assets (exploration and evaluation assets); and decommissioning provisions.

We considered whether the risks identified by management within their climate change risk assessment and related documentation are consistent with our own analysis and challenged the key climate related assumptions impacting the financial statements. The key market-related matter which could have a material impact on the carrying value of the items noted above is the future demand for, and pricing of, oil and gas as the energy mix evolves in response to climate change risk and other matters. In addition, management has set a number of goals to reduce Scope 1 and 2 CO_2 emissions, including a 25% reduction by 2025 in gross Scope I and II emissions from operated assets and achieving Net Zero by 2040 on a net equity basis, and there is a risk that the forecast costs associated with these goals are understated or difficult to estimate reliably due to technology and/or infrastructure constraints. These constraints include, but are not limited to, the ability to fully electrify a number of the Group's longer life offshore assets, specifically the Rosebank and Cambo developments and the Captain field. We also assessed the disclosures within the front half of the Annual Report, with the involvement of our climate specialists, and considered whether these were materially consistent with the financial statement disclosures, complete and consistent with our understanding of the climate-related risks, assumptions and judgements during the year. All of our key audit matters are considered to be impacted to at least some degree by the impact of the energy transition on future demand for, and the pricing of, oil and gas, resulting in an impact on both costs and revenues, and in turn a risk of future impairment and/or failure to develop exploration prospects. Our consideration and response to this is discussed in the key audit matters section above.

8. 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.

9. Responsibilities of Directors

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

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

10. 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.

11. 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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was considered by the Audit and Risk Committee on 11 March 2024;
- results of our enquiries of management both in and out of finance, internal audit, the Directors and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, financial instruments, impairment, analytics and modelling, climate, IT, forensic, and reserves specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

11.1. Identifying and assessing potential risks related to irregularities continued

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the key audit matter in relation to the carrying amount of Cambo.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, the Listing Rules of the UK Listing Authority and relevant tax compliance legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Market Abuse Regulation, licence terms for the Group's oil and gas assets and environmental regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified management's judgment in determining whether there is an impairment indicator on the Cambo asset as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains this matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reading correspondence with HMRC and the UK oil and gas licencing authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with 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 Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:
- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 83, 162 and 163;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 91;
- the Directors' statement on fair, balanced and understandable set out on page 98;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 85;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 84 to 90 and 106 to 107; and
- the section describing the work of the Audit and Risk Committee set out on pages 104 to 107.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. Matters on which we are required to report by exception continued

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

We were appointed by the Board in November 2022 to audit the Group financial statements for the year ending 31 December 2022 and subsequent financial periods. Prior to the Group's initial public offering in November 2022, we were previously appointed in March 2022 to audit the Company financial statements for the year ended 31 December 2021. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, covering the years ending 31 December 2021 to 31 December 2023.

15.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

16. 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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

David Paterson ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 March 2024

Consolidated statement of profit or loss

For the year ended 31 December

	Note	2023 US$'000	2022 US$'000
Revenue	5	**2,319,811**	2,598,482
Cost of sales	6	**(1,317,010)**	(1,352,324)
Gross profit		**1,002,801**	1,246,158
Impairment charges on development and production assets	19	**(557,936)**	(31,467)
Exploration and evaluation expenses	14	**(13,634)**	(9,040)
Administrative expenses	7	**(34,259)**	(87,851)
Other gains/(losses)	8	**89,091**	(9,429)
Gain on bargain purchase	17	**–**	1,335,171
Profit from operations before tax, finance income and finance costs		**486,063**	2,443,542
Finance income	9	**5,688**	695
Finance costs	9	**(189,724)**	(203,708)
Profit before tax		**302,027**	2,240,529
Income tax	27	**(86,392)**	(1,208,997)
Profit for the year		**215,635**	1,031,532

Earnings per share	Note	2023 Cents	2022 Cents
Basic	10	**21.4**	102.6
Diluted	10	**21.2**	102.1

The results above are entirely derived from continuing operations.

The accompanying notes on pages 162 to 214 are an integral part of the financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December

	Note	**2023 US$'000**	2022 US$'000
Profit for the year		**215,635**	1,031,532
Items that may be reclassified to profit and loss			
Fair value gains on cash flow hedges	29	**92,484**	453,862
Fair value gains on cost of hedging		**3,116**	14,231
Deferred tax charge on cash flow hedges and cost of hedging	27	**(71,700)**	(200,455)
Other comprehensive income		**23,900**	267,638
Total comprehensive income for the year		**239,535**	1,299,170

The accompanying notes on pages 162 to 214 are an integral part of the financial statements.

Consolidated statement of financial position

As at 31 December

	Note	2023 US$'000	2022 US$'000
Assets			
Current assets			
Cash and cash equivalents		**153,215**	253,822
Trade and other receivables	11	**334,290**	359,994
Decommissioning reimbursements	11	**30,417**	38,115
Prepaid expenses and decommissioning securities	12	**37,678**	9,055
Inventories	13	**150,496**	176,881
Derivative financial instruments	30	**139,497**	150,858
		845,593	988,725
Non-current assets			
Decommissioning reimbursements	11	**165,064**	162,710
Exploration and evaluation assets	14	**548,354**	775,773
Property, plant and equipment	15	**3,258,206**	3,634,896
Deferred tax assets	27	**627,738**	392,456
Derivative financial instruments	30	**17,810**	21,191
Goodwill	18	**783,848**	783,848
		5,401,020	5,770,874
Total assets		**6,246,613**	6,759,599
Liabilities and equity			
Current liabilities			
Borrowings	20	**(29,913)**	–
Trade and other payables	22	**(478,607)**	(711,412)
Current tax payable	27	**(321,116)**	(106,678)
Decommissioning liabilities	23	**(107,026)**	(146,829)
Lease liability	24	**(19,898)**	(41,637)
Contingent and deferred consideration	25	**(101,669)**	(107,680)
Derivative financial instruments	30	**(13,708)**	(136,668)
		(1,071,937)	(1,250,904)

Consolidated statement of financial position continued

As at 31 December

	Note	2023 US$'000	2022 US$'000
Non-current liabilities			
Borrowings	20	**(718,238)**	(1,213,731)
Decommissioning liabilities	23	**(1,752,652)**	(1,573,711)
Lease liability	24	**(660)**	(17,221)
Contingent and deferred consideration	25	**(258,700)**	(219,120)
Derivative financial instruments	30	**–**	(27,440)
		(2,730,250)	(3,051,223)
Total liabilities		**(3,802,187)**	(4,302,127)
Net assets		**2,444,426**	2,457,472
Shareholders' equity			
Share capital	26	**11,540**	11,445
Share premium	26	**308,845**	293,712
Capital contribution reserve	26	**181,945**	181,945
Own shares	26	**(12,412)**	–
Share-based payment reserve	26	**15,494**	4,920
Cash flow hedge reserve	29	**39,818**	16,710
Cost of hedging reserve	29	**4,068**	3,275
Retained earnings		**1,895,128**	1,945,465
Total equity		**2,444,426**	2,457,472

The accompanying notes on pages 162 to 214 are an integral part of the financial statements.

Approved on behalf of the Board on 26 March 2024:

Iain C S Lewis
Director

Consolidated statement of changes in equity
For the year ended 31 December

	Note	Share capital US$'000	Share premium US$'000	Capital contribution reserve US$'000	Own Shares US$'000	Share-based payment reserve US$'000	Cash flow hedge reserve US$'000	Cost of hedging reserve US$'000	Retained earnings US$'000	Total US$'000
Balance at 1 January 2022		1	634,658	114,000	–	–	(242,791)	(4,862)	175,503	676,509
Issuance of shares for capital reduction	26	114,000	–	(114,000)	–	–	–	–	–	–
Reduction in capital	26	(114,000)	(634,658)	–	–	–	–	–	748,658	–
Issuance of shares	26	11,444	293,712	–	–	(3,004)	–	–	(10,228)	291,924
Capital contribution through debt cancellation	26	–	–	181,945	–	–	–	–	–	181,945
Share-based payments	26	–	–	–	–	7,924	–	–	–	7,924
Comprehensive income for the year:										
Profit for the year		–	–	–	–	–	–	–	1,031,532	1,031,532
Other comprehensive income		–	–	–	–	–	259,501	8,137	–	267,638
Total comprehensive income for the year		–	–	–	–	–	259,501	8,137	1,031,532	1,299,170
Balance at 31 December 2022		11,445	293,712	181,945	–	4,920	16,710	3,275	1,945,465	2,457,472
Balance at 1 January 2023		11,445	293,712	181,945	–	4,920	16,710	3,275	1,945,465	2,457,472
Dividends	33	–	–	–	–	–	–	–	(265,972)	(265,972)
Issuance of shares	26	95	15,133	–	(15,228)	–	–	–	–	–
Share-based payments	26	–	–	–	2,816	10,574	–	–	–	13,390
Comprehensive income for the year:										
Profit for the year		–	–	–	–	–	–	–	215,635	215,635
Other comprehensive income		–	–	–	–	–	23,108	793	–	23,901
Total comprehensive income for the year		–	–	–	–	–	23,108	793	215,635	239,536
Balance at 31 December 2023		11,540	308,845	181,945	(12,412)	15,494	39,818	4,068	1,895,128	2,444,426

Detail on the movements in the capital contribution reserve can be found in notes 26 and 31.

The accompanying notes on pages 162 to 214 are an integral part of the financial statements.

Consolidated statement of cash flows
For the year ended 31 December

	Note	2023 US$'000	2022 US$'000
Cash provided by/(used in):			
Operating activities			
Profit before tax		**302,027**	2,240,529
Adjustments for:			
Depletion, depreciation and amortisation	15	**740,300**	662,947
Impairment of capitalised exploration and evaluation expenditure	14	**13,634**	9,040
Impairment charges on development and production assets	19	**557,936**	31,467
Increase in contingent/deferred consideration		**8,008**	4,295
Loan fee amortisation	9	**4,508**	6,418
Fair value gains on derivatives	29	**(43,059)**	(16,787)
Gain on bargain purchase		**–**	(1,335,170)
Hedging resets[1]		**–**	(39,680)
Accretion	9	**76,162**	56,511
Finance costs	9	**109,054**	122,163
Interest income	9	**(5,688)**	–
Interest on related-party loan	9	**–**	17,924
Unrealised foreign exchange on cash and cash equivalents		**(1,725)**	2,464
Share-based payment expenses		**13,390**	14,069
Decommissioning expenditure		**(95,552)**	(65,707)
Operating cash flows before movements in working capital		**1,678,995**	1,710,483
Decrease in inventories		**26,386**	4,051
Decrease/(increase) in trade and other receivables		**12,540**	(50,575)
(Decrease)/increase in trade and other payables		**(249,760)**	141,275
Operating cash flows		**1,468,161**	1,805,234
Corporation tax paid		**(176,305)**	(81,914)
Settlement of foreign exchange and commodity derivative financial instruments	29	**(6,739)**	–
Interest received		**5,688**	–
Net cash from operating activities		**1,290,805**	1,723,320

	Note	2023 US$'000	2022 US$'000
Investing activities			
Capital expenditure		**(478,838)**	(380,640)
Acquisition of subsidiaries net of cash acquired	17	**–**	(957,452)
Deferred consideration payments	25	**(6,367)**	(55,092)
Contingent consideration payments	25	**(7,200)**	(11,040)
Net cash used in investing activities		**(492,405)**	(1,404,224)
Financing activities			
Receipt from issue of equity		**–**	299,749
Dividends paid		**(265,972)**	–
Payments for lease liabilities (principal)	24	**(41,902)**	(34,348)
Repayment of RBL loan		**(600,000)**	(500,000)
Repayment of shareholder loan		**–**	(273,055)
Drawdown of RBL loan		**–**	550,000
Drawdown of bp loan		**100,000**	–
Bank interest and charges paid		**(99,825)**	(142,820)
Interest rate swaps	9	**6,967**	851
Costs of share issue		**–**	(7,825)
Net cash used in financing activities		**(900,732)**	(107,448)
Currency translation differences relating to cash		**1,725**	(2,675)
(Decrease)/increase in cash and cash equivalents		**(100,607)**	208,973
Cash and cash equivalents at 1 January		**253,822**	44,849
Cash and cash equivalents at 31 December		**153,215**	253,822

1. Hedging resets relate to the amortisation of the deferred reset gains which have been recycled to the current year profit and loss.

The accompanying notes on pages 162 to 214 are an integral part of the financial statements.

Notes to the consolidated financial statements

1. General information
Ithaca Energy plc (the Group or Ithaca Energy), is a Company limited by shares incorporated and domiciled in the UK and is a Group involved in the development and production of oil and gas in the North Sea. The Group's registered office is 33 Cavendish Square, London, United Kingdom, W1G 0PP.

2. Basis of preparation
The consolidated financial statements are prepared in accordance with United Kingdom adopted International Accounting Standards (IAS) and in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements are presented in US Dollars as this is the functional currency of the business. All values are rounded to the nearest thousand (US$'000), except when otherwise indicated.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented.

3. Material accounting policies, judgements and estimation uncertainty
Basis of measurement
The consolidated financial statements have been prepared on a going concern basis using the historical cost convention, except for the revaluation of certain financial assets and financial liabilities, under International Financial Reporting Standards (IFRS), to fair value, including derivative instruments. Historical cost is generally based on the fair value consideration given in exchange for the assets and liabilities.

Going concern
Management closely monitor 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:
- Continuing robust commodity price backdrop and a well-hedged portfolio over the next 12 months;
- New unsecured loan arrangement of $100 million with bp which was fully drawn at 31 December 2023 and a new $150 million optional project specific capital expenditure carry arrangement available at the discretion of the Group which was undrawn at 31 December 2023;
- Reserves Based Lending (RBL) liquidity headroom of $836 million ($nil drawn versus $836 million available), plus $303 million of cash as at 22 March 2024; and
- Robust operational performance and a well-diversified portfolio.

Cash flow forecast – base case assumptions:		2024	H1 2025
Average oil price	$/bbl	81	77
Average gas price	p/th	67	75
Average hedged oil price (including floor price for zero cost collars)	$/bbl	78	N/A
Average hedged gas price (including floor price for zero cost collars)	p/th	137	123

Owing to the ongoing fluctuations in commodity demand and price volatility, management prepared sensitivity analyses 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 were was no reasonably possible scenario that would result in the business being unable to meet its liabilities as they fell due. In addition, reverse stress tests have been performed reflecting further reductions in commodity prices, prior to any mitigating actions, to determine at what levels prices would have to reach such that there is no liquidity headroom left. The stress test demonstrated that the likelihood of the fall in prices required to cause a liquidity issue is considered sufficiently remote in the context of the mitigation strategies available to management. The mitigation strategies within the control of management include a reduction in uncommitted capital expenditure and variable opex savings in the low production scenario. In addition to this, there is also further potential to refinance the Group's borrowing arrangements. The analysis demonstrated that the Group would still continue to comply with financial covenants and have sufficient liquidity throughout the period to 30 June 2025 to continue trading.

3. Material accounting policies, judgements and estimation uncertainty continued

Based on their assessment of the Group's financial position in the period to 30 June 2025, the Directors believe that the Group will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements of the Group includes the financial information of Ithaca Energy and all wholly-owned subsidiaries as listed per note 31. All intergroup transactions and balances have been eliminated on consolidation.

Subsidiaries are all entities over which the Group has control. The plc controls an entity when the Group is exposed to or has rights to variable returns from its investments with the entity and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated on the date that control ceases.

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 consolidated financial statements. These may have the potential for significant impacts on the carrying values of the Group's assets and liabilities discussed below as well as on assets and liabilities that may be reflected in the future. There is also the potential for significant impact on future cash flows. 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's ambition is to have one of the lowest carbon emission portfolios in the UK North Sea and to achieve Net Zero (whereby the amount of CO_2 added by the Group's activities is no greater than the amount taken away), on a net equity basis (by applying the Group's working interest in each respective asset to the total emissions of that asset), 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 Group's current portfolio in the short term and fundamentally transitioning the Group's 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 the eventual cessation of production of mature fields which have higher carbon intensity. Where the Group cannot reduce Scope 1 and Scope 2 emissions, Ithaca Energy will invest in carbon offsets to achieve the Group's goal of Net Zero. 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 Ithaca Energy's 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 consolidated financial statements are considered below. The items outlined below are likely to manifest themselves over a number of years and are therefore not generally 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 real terms from 2028, $93/bbl for Brent Crude and 87p/therm for UK NBP gas. Further details of climate change including a sensitivity in this area are provided in note 19.

Recoverable values used for impairment testing for all cash-generating units (CGUs) include the estimated cost of UK carbon emissions allowances of £70 per tonne for CO_2e. 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. Although no changes have been identified or recognised to date, as noted in the Strategic Report on page 46, it is anticipated that certain higher emission-intensity assets such as FPF-1 and Alba 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 Group'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.

3. Material accounting policies, judgements and estimation uncertainty continued

Intangible assets – exploration and evaluation assets

The impacts of climate change and the energy transition may affect the viability of exploration prospects. The recoverability of the existing intangibles was considered during 2023, however, no significant write-offs were identified as a result of climate change considerations. Viability of these assets will continue to be assessed on a regular basis.

Decommissioning provisions

Most of the Group's existing decommissioning obligations are estimated to be completed over the course of the next 20 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 Group's entire producing portfolio would result in an increase in the decommissioning provision of approximately $69 million (2022: $74 million). The risk in this area may increase if key assets within the Group's existing exploration, appraisal and development portfolio proceed to the production stage, as this is likely to significantly extend the life of the Group's portfolio, in some cases to 2050 or beyond.

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 Group's oil and gas portfolio, a material adverse change is not anticipated to the carrying value of the Group's assets and liabilities in the short-term as a result of climate change and the transition to a lower-carbon economy.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the consideration given for the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of completion of the acquisition. Transaction costs incurred are expensed and included in administrative expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the Group's share of the net assets acquired, the difference is recognised directly in the consolidated statement of profit or loss as a gain on bargain purchase.

Goodwill

Capitalisation

Goodwill is initially recognised and measured as set out above. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment

Goodwill is tested annually for impairment and also when circumstances indicate that the carrying value may be at risk of being impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU or Group of CGUs to which the goodwill relates. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss is recognised in the consolidated statement of profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods. The CGU for the purposes of the goodwill test is the North Sea, i.e. the entire Group portfolio of oil and gas assets which is consistent with the operating segment view of the business.

Interest in joint ventures and associates

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. Associates are investments over which the Group has significant influence but not control or joint control, and generally holds between 20% and 50% of the voting rights.

The Group'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 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 recognized at a point in time and is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected for third parties. Details of hedging gains and losses presented in revenue are discussed in the hedging accounting policy set out below.

3. Material accounting policies, judgements and estimation uncertainty continued

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 these consolidated financial statements are measured using the currency of the primary economic environment in which the Group and its subsidiaries operate (the functional currency). The consolidated financial statements are presented in US Dollars, which is the Group's presentation currency as well as the functional currency of the Parent Company and each of its subsidiaries. In preparing the financial statements of the parent and its subsidiaries, trans actions in currencies other than the entity'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 the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Exchange differences are recognised in profit or 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).

Financial instruments

All financial instruments are initially recognised at fair value on the statement of financial position. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial asset or financial liability derecognised and the consideration received/receivable or paid/payable respectively is recognised in profit or loss.

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 though profit or loss. Although the Group 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 consolidated net earnings over the life of the financial instrument using the effective interest method.

Impairment of financial assets

For trade receivables and accrued income, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead, recognises any material loss allowance based on lifetime ECLs at each reporting date. For all other financial assets, the Group measures the loss allowance using 12-month expected credit losses unless there was a significant increase in credit risk since initial recognition in which case the loss allowance is measured using lifetime expected credit losses.

In making this assessment whether the credit risk increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group considers that the credit risk increased significantly since initial recognition when the credit rating changes, the debtor has significant financial difficulty or if there was a breach of contract. For balances that are beyond 30 days overdue it is presumed to be an indicator of a significant increase in credit risk.

3. Material accounting policies, judgements and estimation uncertainty continued

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to commodity risks, interest rate and foreign exchange rate risks. These instruments include: commodity swaps, collars and options; foreign exchange forward contracts and collars; and interest rate swaps. Further details of derivative financial instruments are disclosed in notes 29 and 30.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss on remeasurement of derivatives is recognised in profit or loss immediately unless the derivative is designated in a hedge relationship and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives maturing in less than 12 months and expected to be realised or settled in less than 12 months are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of commodity risks in cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Group applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the Group expects that some or all of the loss accumulated in the cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

3. Material accounting policies, judgements and estimation uncertainty continued

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same revenue line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedge reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

If a hedge of a transaction related item is discontinued part way through the life of the hedge (e.g. due to early termination of the swap, hedging resets), but the hedged item is still expected to occur, the amounts deferred in equity would remain in equity until the earlier of: (i) the hedged transaction occurring; or (ii) expectation that the amount deferred in equity will not be recovered in the future periods.

Note 29 and note 30 set out details of the fair values of the derivative instruments used for hedging purposes and movements in the hedging reserve in equity are detailed in note 29.

Contingent and deferred consideration

Contingent consideration in relation to a business combination or asset acquisition is accounted for as a financial liability and measured at fair value at the date of acquisition with any subsequent remeasurements recognised in profit or loss in accordance with IFRS 9. These fair values are generally based on risk-adjusted future cash flows discounted using appropriate discount rates. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Deferred consideration is measured at amortised cost because the amount payable in the future is fixed.

Settlement of contingent consideration is recorded as investing outflows in the cash flow statement to the extent that cumulative amounts paid do not exceed the amount recognised at the date of acquisition, with any excess recorded as an operating cash outflow. Settlement of deferred consideration is recorded as either an investing or financing outflow in the cash flow statement, depending on the substance of the arrangement at inception. Key considerations in forming this judgment will include the extent of inferred financing costs included in the overall consideration arrangements at acquisition, the period of time over which the payments are made, the rationale for agreeing to defer elements of the consideration and the general level of funding resources available to the Group at the time of acquisition.

Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents include investments with an original maturity of three months or less. In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly-liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories – hydrocarbon and materials

Inventories of materials are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on the first-in, first-out method. Current hydrocarbon inventories are stated at net realisable value, which is based on estimated selling price less any further costs expected to be incurred to completion and disposal/sale. Non-current oil and gas inventories are stated at historic cost. Provision is made for obsolete, slow-moving and defective items where appropriate.

3. Material accounting policies, judgements and estimation uncertainty continued

Lifting or offtake arrangements

Lifting or offtake arrangements for oil and gas produced in certain of the Group'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 inventories, and 'overlift' is 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 consolidated statement of profit or loss.

Exploration and evaluation assets

Oil and gas expenditure – exploration and evaluation (E&E) assets

Geological and geophysical costs and costs incurred pre-licence are expensed 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 external 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.

Property, plant and equipment

Oil and gas expenditure – D&P assets

Capitalisation

Costs of bringing a field into production, including the cost of facilities, wells and subsea equipment, direct costs including staff costs together with E&E assets reclassified in accordance with the above policy, 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 generally on a field-by-field basis. 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.

Non-oil and natural gas operations

Non-oil and gas assets are initially recorded at cost and depreciated over their estimated useful lives on a straight-line basis as follows –

Buildings	10 years
Computer and office equipment	3 years
Furniture and fittings	5 years

3. Material accounting policies, judgements and estimation uncertainty continued

Impairment

For impairment review purposes the Group's oil and gas assets are aggregated into 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 IFRS 6. A review is carried out at each reporting date for any indicators that the carrying value of the Group's assets may be impaired or previously impaired assets (excluding goodwill) where a reversal of a previous impairment may arise. Such reviews are carried out on a field-by-field basis for both development and production assets and exploration and evaluation assets. 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 consolidated 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 or loss in the period in which the licence is relinquished.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed as incurred. Borrowing costs directly attributable to E&E assets are not capitalised and are expensed directly to profit or loss when incurred.

Decommissioning liabilities

The Group 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 Group 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 and 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.

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 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. 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.

Deferred Petroleum Revenue Tax (PRT) assets are recognised where PRT relief on future decommissioning costs is probable.

3. Material accounting policies, judgements and estimation uncertainty continued

Leases

The Group assesses at contract inception all arrangements to determine whether it is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group is not a lessor in any transactions, it is only a lessee. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The Group has elected to apply Paragraph 6 of IFRS 16 to short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Lease payments associated with these leases are expensed over the relevant lease term.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated over the useful life of the asset.

The Group's right-of-use assets are included in property, plant and equipment (note 15).

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

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 or loss as incurred.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expensed over the vesting term either on a straight-line basis or as specified in the vesting terms, based on the Group's estimate of shares that will eventually vest and is adjusted for the effects of non-market-based vesting conditions.

Fair value is measured by using a Black-Scholes or other appropriate valuation model. The expected life used in the model is adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Retirement benefit costs

The Group operates a defined contribution pension scheme and payments into this plan are charged as an expense as they fall due. There is no further obligation to pay contributions into the plan once the contributions specified in the plan rules have been paid.

Short-term employee benefits

A charge or liability is recognised for benefits accruing to employees in respect of salaries, bonuses, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid for that service. Charges or liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Non-GAAP measures

In measuring the Group's adjusted operating performance, additional financial measures derived from the reported results have been used by management in order to eliminate factors which distort year-on-year comparisons. The Group's adjusted performance is used to explain year-on-year changes when the effect of certain items is significant, including material impairment charges or reversals, non-cash bargain purchase credits, the tax effect of these items where applicable and non-cash deferred tax charges on the initial application of EPL.

Adjusted EBITDAX, adjusted net income, adjusted EPS, unit operating expenditure, leverage ratio, adjusted net debt and certain other reported metrics are non-GAAP measures that are not specifically defined under IFRS or other generally accepted accounting principles. Further details are set out on pages 221 to 223.

3. Material accounting policies, judgements and estimation uncertainty continued

Changes in accounting pronouncements

The Group has adopted all new and amended IFRS Standards effective in the consolidated financial statements for the period 1 January 2022 to 31 December 2023 including IFRS 17 *Insurance Contracts*. There was no impact of this or of any of the amendments to existing standards and interpretations which were effective from 1 January 2023.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not applied the following revisions to IFRS Standards that have been issued but are not yet effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 21	*The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*

The Company does not expect that the adoption of the amendments listed above will have a material impact on the consolidated financial statements of the Group in future periods.

Critical judgements and key sources of estimation uncertainties

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. For operated assets, cost estimates are based on management's assessment of work programmes (including durations) and supply chain conditions including, amongst other factors, applicable vessel and rig rates and durations. For non-operated assets, cost estimates are arrived at by management's review of the basis of estimates as provided by the respective operators.

While the Group 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 40 years. A nominal discount rate of 4.60% (2022: 4.25%), based on the average risk-free rate over the second half of 2023, is used to discount the estimated costs. The inflation rate applied to estimated costs is 2.0% (2022: 2.0%). Given the long-term nature of the Group's 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 Group. A reduction or an increase in this discount rate of 1% would increase or reduce the decommissioning liabilities by approximately $223 million or $188 million respectively (2022: $218 million or $201 million respectively), and is not expected to have a material impact on the corresponding decommissioning reimbursement asset. For further details regarding the estimated value, inputs and assumptions refer to note 23. Given the large number of variables involved, management consider that it is not practical to provide sensitivities for the various other individual assumptions.

3. Material accounting policies, judgements and estimation uncertainty continued

Contingent consideration

Liabilities for contingent consideration have been recognised on certain business combinations, which are measured at fair value at acquisition and remeasured at fair value through profit and loss at each reporting date. The amounts of contingent consideration ultimately payable depend on several factors, including the progress of certain of the oil and gas properties acquired and the achievement of certain production and commodity price thresholds. Management has estimated the fair value as the aggregate value of each element of the contingent consideration in each case using an appropriate valuation technique, taking into account the likelihood of occurrence of each contingent event and the net present value of the amount potentially payable. Where applicable, risking assumptions applied in the measurement of contingent consideration were consistent with those applied in the fair valuation of the related oil and gas properties.

A 20% decrease in probability of payment, with all other assumptions held constant, would result in a decrease in contingent consideration of $97.1 million (2022: $87.1 million). Whereas a 20% increase in probability of payment, with all other assumptions held constant, would result in an increase in contingent consideration of $84.1 million (2022: $83.6 million).

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 estimates

The Group's operations are subject to a number of specific tax rules which apply to exploration, development and production companies such as the Energy Profits Levy at 35%, ring-fenced Corporation Tax at 30%, the Supplementary Charge of 10% and the application of investment allowances. 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 judgements and estimates including those required in calculating the effective tax rate. The Group recognises deferred tax assets on unused tax losses where it is probable that future taxable profits will be available for utilisation. This requires management to make judgements and assumptions regarding the likelihood of future taxable profits and the amount of deferred tax that can be recognised. Further details regarding the estimated value and related inputs are set out in note 27.

The Group's deferred tax assets are recognised to the extent that taxable profits are expected to arise in the future against which tax losses and allowances in the UK can be utilised, including as a result of Group re-organisations and asset transfers. In accordance with IAS 12 Income Taxes, the Group assesses the recoverability of its deferred tax assets at each period end. Consistent with the impairment sensitivity described above, as at 31 December 2023, a 20% reduction in future revenues, with all other assumptions held constant, would eliminate current headroom and result in a deferred tax asset derecognition of $304 million (2022: $24 million). It should be noted that mitigating actions are considered to be available to materially offset this impact. An increase in future revenues would result in no additional deferred tax asset recognition on the basis that deferred tax assets are already recognised in full. The $304 million (2022: $24 million) derecognition assumes that cash flows are equivalent to taxable profits and that any reorganisation required to utilise certain deferred tax assets does not result in a displacement of other balances.

Estimates in oil and gas reserves and contingent resources

The Group'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 and goodwill, in the measurement of depletion and decommissioning provisions, the measurement of certain elements of contingent consideration, the going concern assessment, the viability assessment and in the determination of whether deferred tax assets are recoverable. The business of the Group 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 Group'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 Group'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 Group's internal estimates to those of an independent consultant to understand any differences in underlying assumptions to ensure there are no material unreconciled differences between the estimates.

For the purposes of depletion and decommissioning estimates, the Group uses proved and probable reserves; and for the purposes of the impairment tests performed and deferred tax asset recoverability, the Group 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. The sensitivity of the Group's impairment tests and deferred tax recoverability assessments to key sources of estimation uncertainty including reserves and resources is discussed below.

3. Material accounting policies, judgements and estimation uncertainty continued

Estimates in impairment of oil and gas assets and goodwill

Determination of whether the Group's oil and gas assets (note 15) or goodwill (note 18) 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 above. Management's estimates of a market participant's view of pricing and discount rates are supported by an independent consultant.

The sensitivity of the Group's carrying amounts to these assumptions is illustrated by the impairments and reversals disclosed in note 19, and by the sensitivity disclosures in note 19. Sensitivity disclosures include, in particular, the impact of a 20% reduction in forecast revenues.

Critical accounting judgements

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

Cambo field carrying value

Management has reviewed the carrying value of the Cambo field of $391 million and has concluded that due to the recent licence extension to 31 March 2026 and the detailed plans in place for final investment decision (FID), there are currently no indicators of impairment. The Group is actively engaging with potential farm-in partners to secure an aligned joint venture partnership that would progress the project towards FID and assist in obtaining the additional funding required for the project. The Group is also mindful that the outcome of the 2024 General Election could have implications for the project as well as the wider fiscal uncertainties on oil and gas investment in general. Details of contingent consideration in respect of Cambo are set out in note 17 and note 25.

4. Segmental reporting

The Group operates a single class of business being oil and gas exploration, development and production and related activities in a single geographical area, presently being the North Sea. The Group's segmental reporting structure remained in place for all periods presented and is consistent with the way in which the Group's activities are reported to the Board and Chief Decision Making Officer. The Group's activities are considered to be an individual operating segment due to the nature of the Group's operations being consistent, and such operations existing in a single geographical region that is covered by the same regulations.

5. Revenue

	2023 US$'000	2022 US$'000
Oil sales	**1,329,751**	1,692,697
Gas sales	**658,659**	1,348,212
Condensate sales	**48,789**	75,445
Other income	**32,341**	40,617
Realised losses on oil derivative contracts	**(31,676)**	(211,636)
Put premiums on oil derivative instruments	**(11,850)**	(14,629)
Realised gains/(losses) on gas derivative contracts	**297,387**	(289,877)
Put premiums on gas derivative instruments	**(3,590)**	(42,347)
	2,319,811	2,598,482

The majority of payment terms are on a specified monthly date, as detailed in the initial contract. Otherwise, payment is due within 30 days of the invoice date. No significant judgements have been made in determining the timing of satisfaction of performance obligations, the transactions price and the amounts allocated to performance obligations. Other income relates to tariff income receivable in the year.

Revenue from two customers exceeded 10% of the Group's consolidated revenue arising from hydrocarbon sales for the year ended 31 December 2023, representing $1,296 million and $436 million of revenue respectively (2022: one customer representing $2,436 million of revenue).

Revenue from contracts with customers derives largely from customers within a single geographical region, being the United Kingdom. Revenue from contracts with customers out with the United Kingdom is immaterial and is therefore not disclosed separately.

6. Cost of sales

	2023 US$'000	2022 US$'000
Movement in oil and gas inventory (including underlift/overlift)	**20,582**	(130,295)
Operating costs of hydrocarbon activities	**(576,660)**	(547,795)
Materials inventory provision	**(16,268)**	–
Royalties	**(4,364)**	(11,287)
Depreciation on right-of-use assets (note 15)	**(42,648)**	(37,438)
Depletion, depreciation and amortisation (note 15)	**(697,652)**	(625,509)
	(1,317,010)	(1,352,324)

Royalty costs represent 3.34% of Stella and Harrier field revenue paid to the original licence holders. Ithaca holds a 100% interest in the Stella and Harrier fields.

7. Administrative expenses

	2023 US$'000	2022 US$'000
Administrative expenses excluding transaction costs	**(34,259)**	(41,762)
Transaction costs	**–**	(46,089)
	(34,259)	(87,851)

Transactions costs in 2022 relate to the acquisitions of Marubeni Oil & Gas Limited (MOGL), Summit Exploration and Production Limited (Summit) and Siccar Point Energy entities, and costs incurred in connection to the IPO. Further details on the acquisitions can be found in note 17.

The total employee benefit expenses which are either capitalised or included in cost of sales, pre-licence exploration and evaluation expenses and administrative expenses are noted below.

Employee benefit expenses	2023 US$'000	2022 US$'000
Wages and salaries	**(104,027)**	(81,017)
Share-based payment charges (note 32)	**(16,369)**	(14,069)
Social security costs	**(12,290)**	(9,902)
Pension costs	**(9,997)**	(8,298)
	(142,683)	(113,286)

Disclosures on Directors' remuneration, share options, long-term incentive schemes and pension entitlements required by the Companies Act 2006 are contained in the tables and notes within the Directors' remuneration report on pages 112 to 136. Directors' emoluments in aggregate were $13.4 million (2022: $18.1 million).

The average number of employees during each year was as follows:

	2023	2022
Onshore and administrative	**316**	268
Offshore	**283**	249
	599	517

The increase in average employee numbers in 2023 reflects the full-year impact of acquisitions made in 2022 and the conversion of a number of contractor roles to staff positions.

7. Administrative expenses continued

Audit fees	2023 US$'000	2022 US$'000
Fees payable to the Company's auditor for audit of the Company's financial statements	**1,286**	1,095
Audit of the Company's subsidiaries pursuant to legislation	**326**	324
Non-audit fees provided by the auditors	**205**	4,707
	1,817	6,126

Non-audit fees provided by the auditors for the year ended 31 December 2023 comprise audit-related assurance services of $205k (2022: $170k), other assurance services of $nil (2022: $990k) and other non-audit services of $nil (2022: $3,547k), with the latter two captions in 2022 relating to reporting accountant workstreams in relation to the IPO.

8. Other gains and losses

	2023 US$'000	2022 US$'000
Gain/(loss) on financial instruments (note 29)	**43,059**	(278)
Fair value losses on contingent consideration (note 25)	**(8,008)**	(4,295)
Remeasurements of decommissioning reimbursement receivables	**5,645**	–
Net foreign exchange	**(1,673)**	(4,856)
Settlement of historic claim relating to an acquisition	**50,068**	–
	89,091	(9,429)

On 12 February 2023, the Group reached agreement on the settlement of a historic claim relating to an acquisition. Under the terms of the agreement the Group received $50.1 million.

9. Finance costs and finance income

	2023 US$'000	2022 US$'000
Loan interest and charges	**(47,494)**	(58,317)
Senior notes interest	**(58,377)**	(61,537)
Loan fee amortisation	**(4,508)**	(6,418)
Interest on lease liabilities (note 24)	**(3,183)**	(3,852)
Interest on related-party loan (note 31)	**–**	(17,924)
Accretion	**(76,162)**	(56,511)
Realised gains on interest derivative contracts (note 29)	**–**	851
Total finance costs	**(189,724)**	(203,708)
Interest income	**5,688**	695

There was no interest capitalised into qualifying assets in either the year to 31 December 2023 or the year to 31 December 2022.

10. Earnings per share

The calculation of basic earnings per share is based on the profit after tax and the weighted average number of ordinary shares in issue during the year. Basic and diluted earnings per share are calculated as follows:

	2023 US$'000	2022 US$'000
Earnings for the year:		
Earnings for the purpose of basic and diluted earnings per share	**215,635**	1,031,532
Number of shares (million)		
Weighted average number of ordinary shares for the purpose of basic earnings per share[1]	**1,006.7**	1,005.2
Dilutive potential ordinary shares	**12.7**	5.0
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,019.4**	1,010.2
Earnings per share (cents)		
Basic	**21.4**	102.6
Diluted	**21.2**	102.1

11. Trade and other receivables

Current	2023 US$'000	2022 US$'000
Trade receivables	**19,968**	31,906
Other receivables	**24,369**	14,210
Joint operations receivables	**91,960**	99,800
Accrued income	**197,993**	214,078
	334,290	359,994

Materially all trade and other receivables, including receivables from joint operations are not overdue by more than 90 days. The credit risk associated with trade receivables, accrued income and other receivables is considered to be insignificant. No ECL has been recognised in the current or prior year.

11. Trade and other receivables continued

Non-current	2023 US$'000	2022 US$'000
Decommissioning reimbursements	**165,064**	162,710

Current	2023 US$'000	2022 US$'000
Decommissioning reimbursements	**30,417**	38,115

Movements on decommissioning reimbursements were as follows:

	2023 US$'000	2022 US$'000
At 1 January	**200,825**	246,824
Accretion	**7,536**	5,946
Reimbursements received	**(22,101)**	(23,418)
Change in reimbursement estimates	**9,221**	(28,527)
At 31 December	**195,481**	200,825

The decommissioning reimbursements represent the equal and opposite of decommissioning liabilities (note 23), net of tax, associated with the Heather and Strathspey fields and relates to a contractual agreement as part of the CNSL acquisition. As part of the terms of the CNSL acquisition, Chevron have the obligation to provide the security and remain financially responsible for the decommissioning obligations of CNSL in relation to these interests. The Group pays the liabilities in respect of Heather and Strathspey and then receives full reimbursement from Chevron.

As these payments are virtually certain they have been accounted for under IAS 37 as a reimbursement asset.

12. Prepaid expenses and decommissioning securities

Current	2023 US$'000	2022 US$'000
Prepayments	**34,355**	7,415
Decommissioning securities	**3,323**	1,640
	37,678	9,055

13. Inventories

Current	2023 US$'000	2022 US$'000
Hydrocarbon underlift	**60,427**	87,563
Materials inventories	**125,674**	124,755
Provision for obsolete materials inventory	**(35,605)**	(35,437)
	150,496	176,881

14. Exploration and evaluation assets

	US$'000
At 1 January 2022	116,355
Additions	42,168
Acquisitions (note 17)	706,558
Transfers to development and production assets (note 15)	(75,005)
Write offs/relinquishments	(14,303)
At 31 December 2022 and 1 January 2023	775,773
Additions	165,516
Transfers to right-of-use operating assets and development and production assets (note 15)	(379,301)
Write offs/relinquishments	(13,634)
At 31 December 2023	**548,354**

Following completion of geotechnical evaluation activity, certain North Sea licences were declared unsuccessful and certain prospects were declared non-commercial. This resulted in the carrying value of these licences being fully written off to $nil with $13.6 million being expensed in the year to 31 December 2023 (2022: $14.3 million).

The transfers from exploration and evaluation assets to development and production assets in 2023 relates to the Rosebank development. Transfers in 2022 related to the Abigail and Jade South wells.

Included within additions in the year is equity acquired in the Cambo and Fotla developments acquired from Shell U.K. Limited and Spirit Energy Resources Limited respectively.

The write offs/relinquishments includes $nil (2022: $5.3 million) impairment relating to decommissioning revisions.

The principal component of exploration and evaluation assets at 31 December 2023 is the Cambo field with a carrying value of $391 million (2022: Cambo $364 million and Rosebank $315 million) which formed part of the Siccar acquisition (see note 17).

15. Property, plant and equipment

	Right-of-use operating assets US$'000	Development and production assets US$'000	Other fixed assets US$'000	Total US$'000
Cost				
At 1 January 2022	9,210	5,838,178	40,293	5,887,681
Additions	89,717	362,844	5,619	458,180
Acquisitions (note 17)	–	1,115,023	–	1,115,023
Transfers from exploration and evaluation assets (note 14)	–	75,005	–	75,005
Change in decommissioning estimates (note 23)	–	(278,398)	–	(278,398)
At 31 December 2022 and 1 January 2023	98,927	7,112,652	45,912	7,257,491
Additions	**26,468**	**358,361**	**1,728**	**386,557**
Transfers from exploration and evaluation assets (note 14)	**30,774**	**348,527**	**–**	**379,301**
Change in decommissioning estimates (note 23)	**–**	**157,224**	**–**	**157,224**
At 31 December 2023	**156,169**	**7,976,764**	**47,640**	**8,180,573**
Depletion, depreciation, amortisation and impairment				
At 1 January 2022	(5,429)	(2,909,695)	(13,824)	(2,928,948)
Depletion, depreciation and amortisation charge for the year	(37,438)	(615,261)	(10,248)	(662,947)
Impairment charge (note 19)	–	(30,700)	–	(30,700)
At 31 December 2022 and 1 January 2023	(42,867)	(3,555,656)	(24,072)	(3,622,595)
Depletion, depreciation and amortisation charge for the year	**(42,648)**	**(693,573)**	**(4,079)**	**(740,300)**
Impairment charge (note 19)	**–**	**(559,472)**	**–**	**(559,472)**
At 31 December 2023	**(85,515)**	**(4,808,701)**	**(28,151)**	**(4,922,367)**
Net book value at 31 December 2022	56,060	3,556,996	21,840	3,634,896
Net book value at 31 December 2023	**70,654**	**3,168,063**	**19,489**	**3,258,206**

The transfers from exploration and evaluation assets to development and production assets in 2023 relates to the Rosebank development following consent being granted for the development by the North Sea Transition Authority (NSTA) on 27 September 2023. Subsequent to this, 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. In 2022 the transfers related to the Abigail and Jade South wells. At the point of transfer these assets were tested for impairment and none was found.

Additions to right of use assets in the year to 31 December 2023 principally relate to modifications to the Rosebank FPSO and will begin to be depreciated on commencement of production. The related lease will commence on delivery of the FPSO to the joint venture partners at first oil which is currently anticipated to be 2026/27.

Other fixed assets includes buildings, computer equipment, office equipment and furniture and fittings.

16. Interests in joint operations

The contractual agreement for the licence interests in which the Group has an investment do not typically convey control of the underlying joint arrangement to any one party, even where one party has a greater than 50% equity ownership of the area of interest.

The Group's material joint operations as at 31 December are as follows:

Block	Licence	Field/discovery name	Operator	Group net % interest 2023	Group net % interest 2022
9/11c	P.979	Mariner	Equinor UK Limited	8.89%	8.89%
9/11b	P.726	Mariner	Equinor UK Limited	8.89%	8.89%
30/2c	P.672	Jade	Chrysaor Petroleum Company UK Limited	25.50%	25.50%
22/30c and 29/5c	P.666	Elgin-Franklin	TotalEnergies E&P UK Limited	6.09%	6.09%
15/29b	P.590	Callanish	Chrysaor Production (UK) Limited	20.00%	20.00%
204/25a	P.559	Schiehallion	BP Exploration Operating Company Limited	35.30%	35.30%
204/19b and 204/20b	P.556	Suilven	Ithaca SP E&P Limited	50.00%	50.00%
29/5b	P.362	Elgin-Franklin	TotalEnergies E&P UK Limited	6.09%	6.09%
21/4a	P.347	Callanish	Chrysaor Production (UK) Limited	13.70%	13.70%
16/27b	P.345	Britannia	Ithaca MA Limited	35.75%	35.75%
9/11a	P.335	Mariner	Equinor UK Limited	8.89%	8.89%
13/22a	P.324	Captain	Ithaca SP E&P Limited	85.00%	85.00%
22/18a	P.292	Arbroath, Arkwright, Carnoustie, Wood	Repsol Sinopec Resources UK Limited	41.03%	41.03%
22/17s, 22/22a and 22/23a	P.291	Arbroath, Arkwright, Brechin, Carnoustie, Cayley, Shaw	Repsol Sinopec Resources UK Limited	41.03%	41.03%
23/26b	P.264	Erskine	Ithaca Energy (UK) Limited	50.00%	50.00%
9/11d and 9/12b	P.2508	Mariner	Equinor UK Limited	8.89%	8.89%
22/1b	P.2373	F Block (Fotla and Fortriu)	Ithaca Oil and Gas Limited	100.00%	60.00%
15/18b	P.2158	Marigold	Ithaca Oil and Gas Limited	100.00%	100.00%
9/11g	P.2151	Mariner	Equinor UK Limited	8.89%	8.89%
16/26a A-ALB	P.213	Alba	Ithaca Oil and Gas Limited	36.67%	36.67%
16/26a B-BRI	P.213	Britannia	Ithaca MA Limited	33.17%	33.17%
16/26a	P.213	N/A	Ithaca Oil and Gas Limited	34.50%	34.50%
3/7a	P.203	Columba E	CNR International (UK) Limited	20.00%	20.00%
3/8a and 3/8a	P.199	Columba B/D	CNR International (UK) Limited	5.60%	5.60%

16. Interests in joint operations continued

Block	Licence	Field/discovery name	Operator	Group net % interest 2023	Group net % interest 2022
22/30b	P.188	Elgin-Franklin	TotalEnergies E&P UK Limited	6.09%	6.09%
21/20a	P.185	Cook	Ithaca SP E&P Limited	61.35%	61.35%
8/15a	P.1758	Mariner	Equinor UK Limited	8.89%	8.89%
29/10b	P.1665	Abigail	Ithaca SP E&P Limited	100.00%	100.00%
30/7b	P.1589	Jade	Chrysaor Petroleum Company UK Limited	25.50%	25.50%
30/1f	P.1588	Vorlich	Ithaca MA Limited	100.00%	100.00%
30/1c	P.363	Vorlich	Ithaca MA Limited	34.00%	34.00%
205/2a	P.1272	Rosebank	Equinor UK Limited	20.00%	20.00%
205/1a	P.1191	Rosebank	Equinor UK Limited	20.00%	20.00%
15/29a	P.119	Alder	Ithaca Energy (UK) Limited	73.68%	73.68%
15/29a	P.119	Britannia	Ithaca MA Limited	75.00%	75.00%
204/4a and 204/5a	P.1189	Cambo	Ithaca SP E&P Limited	100.00%	70.00%
21/3a	P.118	Brodgar	Chrysaor Production (UK) Limited	25.00%	25.00%
23/22a	P.111	Pierce	Enterprise Oil Limited	34.01%	34.01%
15/30a	P.103	Britannia	Chrysaor Production (UK) Limited	33.03%	33.03%
21/5a	P.103	Enochdhu	Chrysaor Production (UK) Limited	50.00%	50.00%
204/9a and 204/10a	P.1028	Cambo	Ithaca SP E&P Limited	100.00%	70.00%
213/26b and 213/27a	P.1026	Rosebank	Equinor UK Limited	20.00%	20.00%
23/26a	P.057	Erskine	Ithaca Energy (UK) Limited	50.00%	50.00%
22/18n	P.020	Montrose	Repsol Sinopec Resources UK Limited	41.03%	41.03%
22/17n, 22/17s, 22/22a and 22/23a	P.019	Godwin, Montrose	Repsol Sinopec Resources UK Limited	41.03%	41.03%
30/6a and 29/10a	P.011	Stella/Harrier	Ithaca Energy (UK) Limited	100.00%	100.00%
30/11a and 30/12d	P.1820	Isabella	Total Energies E&P North Sea UK Limited	10.00%	10.00%
204/8, 204/9c, 204/10c, 204/13, 204/14d and 204/15	P.2403	Tornado	Ithaca SP E&P Limited	50.00%	50.00%

17. Business combinations

There were no acquisitions during 2023. In 2022, the fair values of the identifiable assets and liabilities as at the acquisition dates were:

	MOGL 2022 US$'000	Siccar 2022 US$'000	Summit 2022 US$'000
Property, plant and equipment (note 15)	322,590	668,700	101,933
Exploration and evaluation assets (note 14)	–	706,558	–
Cash	170,629	88,638	18,799
Inventory	2,781	–	–
Trade and other receivables	36,617	32,627	10,513
	532,617	1,496,523	131,245
Trade and other payables	(5,436)	(52,616)	(20,407)
Oil inventory overlift	–	(2,626)	(2,806)
Decommissioning provisions	(253,393)	(121,022)	(16,116)
Financial instruments	–	(82,899)	–
Borrowings	–	(200,000)	–
	(258,829)	(459,163)	(39,329)
Deferred tax asset	742,281	1,334,221	6,446
Deferred tax liability	(86,001)	(550,103)	(40,773)
	656,280	784,118	(34,327)
Total identifiable net assets at fair value	930,068	1,821,478	57,589
Consideration satisfied by cash	(107,811)	(1,015,346)	(119,362)
Deferred consideration	(63,415)	–	–
Contingent consideration	(139,320)	(102,111)	–
Consideration	(310,546)	(1,117,457)	(119,362)
Gain on bargain purchase/(goodwill) arising on acquisition	619,522	704,021	(61,773)
Net cash flows relating to acquisition	62,818[1]	(926,708)	(100,563)

1. Net cash flows relating to the MOGL acquisition includes a $7 million deposit paid in the year ended 31 December 2021.

17. Business combinations continued

MOGL
On 4 February 2022, the Group completed the acquisition of 100% of the issued share capital of MOGL. The transaction added a further non-operated share in nine producing field interests (known as MonArb) to the existing Ithaca portfolio.

Taking into account the interim period cash flows generated by MOGL since the transaction effective date of 1 January 2021, the $7 million deposit paid at signing of the transaction in November 2021 and conventional working capital adjustments, the price payable at completion of the acquisition was $108 million. A deferred consideration of $63 million and risked contingent consideration of $139 million, discounted at 2.5% were recognised at acquisition, resulting in a gain on bargain purchase of $620 million.

The contingent consideration arrangement on MOGL depends on whether various milestones in the Sale and Purchase Agreement (SPA) are met as follows: set gross export production volume from Montrose Infill Project Phase 1, set cumulative gross export production volume following Arbroath well reinstatements, set gross export production volume from next new well in the Shaw Field and, an amount payable during the Value Sharing Period (1 January 2022 to 31 December 2024) in relation to sales in excess of a set oil trigger price. The amount payable in relation to sales in excess of a set oil trigger price is capped under the terms of the SPA.

The contingent consideration is subsequently revalued at each year-end date.

The gain on bargain purchase arising on the MOGL acquisition was principally a result of recognising a deferred tax asset arising from tax losses of $745 million, which were not forecast to be utilised by MOGL, as allowed under IFRS 3 fair value accounting for business combinations. The gain was also partially attributed to the extended period from effective date of 1 January 2021 to the completion date of 4 February 2022 during which time hydrocarbon prices rose significantly. The gain on bargain purchase of $620 million was credited to income in the year ended 31 December 2022.

Siccar Point Energy
On 30 June 2022, the Group completed the acquisition of 100% of the issued share capital of Siccar Point Energy (Holdings) Limited (Siccar Point Energy) and its UK subsidiaries. The transaction added a further two producing assets (Mariner 8.89% and Schiehallion 11.75%), an additional 5.57% increase to the Group's existing equity in Jade, and three development prospects (Rosebank 20%, Cambo 70% at date of acquisition and Tornado 50%) to the existing Group portfolio.

Taking into account the interim period cash flows generated by Siccar since the transaction effective date of 1 January 2022 and conventional working capital adjustments, the price payable at completion of the acquisition was $1.015 billion. A risked contingent consideration of $102 million was recognised, resulting in a gain on bargain purchase of $704 million.

The contingent consideration arrangement on Siccar Point Energy depends on whether various milestones of the SPA are met as follows: redemption of acquired bond as at repayment date, Final Investment Decision and the associated reserves in respect of the Cambo and Rosebank fields and, an amount paid in relation to sales in excess of a set floor oil price. The amount payable in relation to sales in excess of a set oil trigger price is capped under the terms of the SPA.

The contingent consideration is subsequently revalued at each year-end date.

17. Business combinations continued

The gain on bargain purchase arising on the Siccar Point Energy transaction was principally as a result of recognising a deferred tax asset arising from tax losses of $1,334 million as allowed under IFRS 3 fair value accounting for business combinations. The gain on bargain purchase of $704 million was credited to income in the year ended 31 December 2022.

On acquisition of Siccar Point Energy, the Group acquired a $200 million bond. On 28 July 2022 a Group of bondholders exercised their right to redeem and subsequently $166.4 million was paid to these bondholders. Subsequently, in September 2022, notes totalling $25.6 million were bought back at a premium of 6% by the Group. The remaining notes totalling $8.0 million were redeemed on 12 October 2022 and there was no remaining balance at 31 December 2022.

Summit

On 30 June 2022, the Group completed the acquisition of 100% of the issued share capital of Summit. The transaction added a further 2.1875% ownership of the Elgin Franklin field interest within the existing Group portfolio.

Taking into account the interim period cash flows generated by Summit since the transaction effective date of 1 January 2021, the $10 million deposit paid at signing of the transaction in February 2022 and conventional working capital adjustments, the price payable at completion of the acquisition was $119 million and goodwill of $62 million was recognised. The goodwill recognised can be attributed to the increase in the Group's equity interest in the Elgin Franklin field and the corresponding impact of EPL, which was announced between effective date and completion, on the fair values at acquisition.

There are no contingent consideration arrangements under the Sale and Purchase Agreement of the Summit assets.

No contingent liabilities have been acquired on the business combinations detailed above.

The fair values of the oil and gas assets and the intangible assets acquired have been determined using valuation techniques based on discounted cash flows using forward curve commodity prices and estimates of long-term commodity prices reflective of market conditions at each completion date, a discount rate based on observable market data and cost and production profiles generally consistent with the proved and probable reserves acquired with each asset. The decommissioning liabilities recognised have been estimated based on operator cost estimates with reference to observable market data.

18. Goodwill

	2023 US$'000	2022 US$'000
Balance at 1 January	**783,848**	722,075
Additions (note 17)	–	61,773
Balance at 31 December	**783,848**	783,848

The goodwill is not tax deductible on any of the acquisitions.

18. Goodwill continued

The goodwill on acquisition in the year to 31 December 2022 relates to the Summit acquisition, as detailed in note 17.

Annual impairment tests were performed at both 31 December 2023 and 31 December 2022. These reviews were carried out on a fair value less cost of disposal basis using risk adjusted cash flow projections from the approved business plans including the same commodity prices, life of field cost profiles and production volumes used for impairment of oil and gas assets (see note 19), discounted at a post-tax discount rate of 10.3% (2022: 10.9%). Assumptions and estimates in the Group impairment models are detailed in note 3. An increase of 1% in the discount rate assumption would not result in a post-tax impairment of goodwill. Goodwill is monitored, and tested for impairment, at the operating segment level, being the North Sea (the entire Group portfolio of oil and gas assets). This is consistent with the operating segment view of the business which is presented to the Board and the Chief Decision Maker.
The Group's activities are considered to be an individual operating segment due to the uniform nature of the Group's operations within a single geographical area, overseen by the same management and subject to the same regulations.
The fair value estimate is categorised as level 3 in the fair value hierarchy.

19. Impairment charge on oil and gas assets

	2023 US$'000	2022 US$'000
D&P assets	**(559,472)**	(30,700)
E&E assets	**–**	(1,867)
Other movements	**1,536**	–
Contingent consideration reversal	**–**	1,100
North Sea oil and gas assets	**(557,936)**	(31,467)

The impairment charge on D&P assets of $559.5 million (2022: $30.7 million) primarily relates to Alba of $141.3 million and the Greater Stella Area (GSA) of $373.2 million. The charge in 2022 reflected revisions in decommissioning provisions, principally on fields that are no longer producing.

Estimated production volumes and cash flows used in impairment reviews are considered up to the date of cessation of production on a field-by-field basis, including operating and capital expenditure and are derived from management approved business plans.

An impairment review was carried out at the end of 2023 on the Group's producing assets with the main triggers being a reduction in future reserves on Alba, a decrease in short-term forward oil prices against all oil producing CGUs and a decrease in short-term gas prices for GSA and other predominantly gas-producing CGUs with relatively short remaining useful economic lives. The review was carried out on a fair value less cost of disposal basis using risk adjusted cash flow projections discounted at a post-tax discount rate of 10.3%, and represents level 3 in the fair value hierarchy. The recoverable amount (post tax) for Alba and GSA was $nil and $29.7 million respectively.

The following assumptions, as supported by third-party analysis, were used at Q4 2023 in developing the cash flow model and applied over the expected life of the respective fields:

	Post-tax discount rate assumption	Price assumptions (nominal)				
		2024	2025	2026	2027	2028[1]
Oil	10.3%	$85/bbl	$83/bbl	$87/bbl	$90/bbl	$93/bbl
Gas	10.3%	101p/therm	96p/therm	83p/therm	85p/therm	87p/therm

1. Post-2028 an annual 2% increase is applied to the price assumptions.

With all other assumptions held constant and supported by third-party analysis, a 20% decrease in the forecast revenues, illustrating lower commodity prices and/or production volumes, would result in an additional post-tax impairment of PP&E of $22 million (2022: $13 million) at 31 December 2023. A 20% increase in forecast revenues would reduce the reported post-tax impairment by $26 million. An increase or decrease of 1% in the discount rate assumption would not result in a material additional post-tax impairment or reversal of impairment of PP&E.

19. Impairment charge on oil and gas assets continued

The Group has also conducted a sensitivity scenario on the climate-related risk of a reduction in demand and commodity prices for oil and gas due to changing consumer preferences and/or government regulations. Utilising the Climate scenario's average oil price while maintaining all other parameters in line with the base case would result in an immaterial effect on additional post-tax impairment as at 31 December 2023. To calculate the Climate Scenario average oil price, the Group utilised data from both the International Energy Agency (IEA) climate scenarios (NZ, STEPS, APS) and the World Business Council for Sustainable Development (WBCSD) data catalogue. Management's base case assumption aligns substantially with climate-adjusted curves for gas and carbon emission prices; hence, no supplementary sensitivity analysis has been presented.

An impairment review was also carried out at the end of 2022 on the Group's producing assets with the main trigger being the implementation of the Energy Profits Levy (EPL) in the second half of 2022. The review demonstrated that there was no requirement to impair any of the Group's producing assets. The review was carried out on a fair value less cost of disposal basis using risk adjusted cash flow projections discounted at a post-tax discount rate of 10.9%.

The following assumptions, as supported by third-party analysis, were used at Q4 2022 in developing the cash flow model and applied over the expected life of the respective fields:

	Post-tax discount rate assumption	Price assumptions (nominal)				
		2023	2024	2025	2026	2027[1]
Oil	10.9%	$89/bbl	$84/bbl	$83/bbl	$83/bbl	$83/bbl
Gas	10.9%	315p/therm	211p/therm	99p/therm	86p/therm	86p/therm

1. Post 2027 an annual 2% is applied to the price assumptions.

Estimated production volumes and cash flows up to the date of cessation of production on a field-by-field basis, including operating and capital expenditure, are derived from the approved business plans and third-party reports.

20. Borrowings

	2023 US$'000	2022 US$'000
Current		
Accrued interest costs on borrowings	**(29,913)**	–
	(29,913)	–
Non-current		
RBL facility	**–**	(600,000)
Senior unsecured notes	**(625,000)**	(625,000)
bp unsecured loan	**(100,000)**	–
Unamortised long-term bank fees	**4,555**	7,591
Unamortised long-term senior notes fees	**2,207**	3,678
Total debt	**(718,238)**	(1,213,731)

Accrued interest on borrowings has been re-classed in the current year from accruals (within trade and other payables) to borrowings, to reflect the current payable in respect of borrowings. The prior year equivalent of $21.7 million has not been adjusted for this change as it is not material and remains within accruals for the year ended 31 December 2022.

Adjusted net debt, which does not include accrued interest on borrowings, lease liabilities or unamortised fees, is set out in non-GAAP measures on pages 221 to 223.

20. Borrowings continued

Reserves Based Lending (RBL) facility

During 2021, the Group completed a refinancing to amend and extend the RBL facility. The RBL commitment was approximately $1.225 billion with a maturity to 2026, and subject to interest at a reference rate of SOFR plus 3.5%. At 31 December 2023, due to the NPV cap described in the covenants section below, the total availability was $725 million (2022: $925 million), of which none (2022: $600 million) was drawn down, leaving an amount of $725 million (2022: $325 million) being available for drawdown. Subsequent to 31 December 2023, RBL liquidity increased from $725 million to $836 million.

Loan fees of $15.2 million relating to the RBL were capitalised and are being amortised over the term of the loan, $4.6 million (2022: $7.6 million) remains to be amortised as at 31 December 2023.

The RBL facility is secured by the assets of the guarantor members of the Group, such security including share pledges, floating charges and/or debentures. Total assets pledged as security at 31 December 2023 was $6,247 million (2022: $6,760 million).

Senior notes

In 2021, the Group completed the refinancing of its senior unsecured notes with the issuance of $625 million 9% senior unsecured notes due July 2026 and repayment in full of the notes issued during 2019. Loan fees of $7.4 million relating to the new senior notes were capitalised and are being amortised over the life of the loan, $2.2 million (2022: $3.7 million) remains to be amortised as at 31 December 2023.

Covenants in relation to these senior notes are detailed below.

On acquisition of Siccar Point Energy on 30 June 2022, the Group acquired their existing $200 million 9% senior unsecured notes due March 2026. The Group also acquired $5.8 million of accrued interest in relation to these senior notes. On 1 August 2022, a settlement was made as a result of the exercise of the put option on the notes and a combined holding of $166.4 million exercised the put option. Subsequently, in September 2022, notes totalling $25.6 million were bought back at a premium of 6% by the Group. The remaining notes totalling $8.0 million were fully redeemed on 12 October 2022.

bp facility

During the year to 31 December 2023, a new $100 million five-year facility was entered into with bp which is subject to an interest rate of SOFR plus a commercially agreed margin. The loan is unsecured, is due for repayment in 2028 and was fully drawn at 31 December 2023 (2022: $nil). Fees of $0.5 million were incurred on drawdown.

Optional project capital expenditure facility

During the year to 31 December, a carry arrangement of up to $150 million was entered into relating to a field development. The carry is repayable by instalment expected to be from 2027. Under the terms of the arrangement, interest is payable at a rate of SOFR (subject to a minimum of 5%) plus a commercially agreed margin. The carry arrangement was undrawn at 31 December 2023.

Covenants

The Group is subject to financial and operating covenants related to the RBL facility. Failure to meet the terms of one or more of these covenants may constitute an event of default as defined in the facility agreements, potentially resulting in accelerated repayment of the debt obligations. The Group was in compliance with all its relevant quarterly financial and operating covenants during all periods shown for the RBL facility and acquired senior notes. There are no ongoing maintenance or financial covenant tests associated with the $625 million unsecured notes.

In addition to the below financial covenants, the Group is subject to restrictive covenants under the RBL facility and 2026 notes, restricting the Group, to, amongst other things: make certain payments (including, subject to certain exceptions, dividends and other distributions), with respect to outstanding share capital; repay or redeem subordinated debt or share capital; create or incur certain liens; make certain acquisitions and investments or loans; sell, lease or transfer certain assets, including shares of any of the Group's restricted subsidiaries; incur expenditure on exploration and appraisal activities in excess of approved levels; guarantee certain types of the Group's other indebtedness; expand into unrelated businesses; merge or consolidate with other entities; or enter into certain transactions with affiliates.

20. Borrowings continued

The key financial covenants in the RBL are:

- The parent shall ensure that as at the end of each Relevant Period (starting with the Relevant Period ending on 30 November 2021) the ratio of adjusted net debt to adjusted EBITDAX shall be less than 3.5:1. 'Adjusted net debt' referred to is not an IFRS measure. The Company uses adjusted net debt as a measure to assess its financial position. Adjusted net debt comprises amounts outstanding under the Company's RBL facility, bp facility and senior notes, less cash and cash equivalents;
- Total projected sources of funds must exceed the total projected uses of funds for the following 12-month period (or a longer period to first production from development, if applicable);
- The ratio of the net present value of cash flows secured under the RBL for the economic life of the fields to the amount drawn under the facility must not fall below 1.15:1; and
- The ratio of the net present value of cash flows secured under the RBL for the life of the debt facility to the amount drawn under the facility must not fall below 1.05:1.

The Group was in compliance with all financial covenants of the RBL facility in all periods presented.

21. Changes in liabilities arising from financing activities

			Non-cash changes						
	1 January 2023 US$'000	Financing cash flows (i) US$'000	Additions US$'000	Imputed interest US$'000	Fair value movements US$'000	Amortisation US$'000	Debt waiver US$'000	Other movements (ii) US$'000	31 December 2023 US$'000
Borrowings (note 20)	1,213,731	(596,642)	–	–	–	4,507	–	126,554	**748,150**
Lease liabilities	58,858	(45,085)	3,603	–	–	–	–	3,183	**20,559**
Interest rate derivatives (note 29)	(7,125)	6,967	–	–	(479)	–	–	–	**(637)**
Total liabilities from financing activities	**1,265,464**	**(634,760)**	**3,603**	–	**(479)**	**4,507**	–	**129,737**	**768,072**

			Non-cash changes						
	1 January 2022 US$'000	Financing cash flows (i) US$'000	Additions US$'000	Imputed interest US$'000	Fair value movements US$'000	Amortisation US$'000	Debt waiver US$'000	Other movements (ii) US$'000	31 December 2022 US$'000
Borrowings (note 20)	954,616	50,000	200,000	–	–	4,508	–	–	1,213,731
Parent Company debt (note 31)	437,076	(273,055)	–	17,924	–	–	(181,945)	–	–
Lease liabilities	3,489	(38,200)	–	–	–	–	–	93,569	58,858
Interest rate derivatives (note 29)	(133)	851	–	–	(7,843)	–	–	–	(7,125)
Total liabilities from financing activities	**1,395,048**	**(260,404)**	**200,000**	**17,924**	**(7,843)**	**4,508**	**(181,945)**	**98,176**	**1,265,464**

(i) The cash flows from borrowings, Parent Company debt, lease liabilities and interest rate derivatives make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.
(ii) Other movements include interest accruals and new liabilities in the year.

22. Trade and other payables

	2023 US$'000	2022 US$'000
Trade payables	**(34,559)**	(14,917)
Hydrocarbon amounts owed to joint operations/overlift	**(72,486)**	(124,365)
Other payables	**(68,034)**	(185,720)
Accruals	**(254,781)**	(299,604)
Deferred income	**(48,747)**	(86,806)
	(478,607)	(711,412)

The Directors consider the carrying values of trade and other payables to approximate the fair value. Other payables mainly comprises amounts owed due to production adjustments and amounts owed to joint operations partners. Deferred income represents receipts in advance of deliveries to customers. The prior year deferred income was recognised in revenue in the current year.

23. Decommissioning liabilities

	2023 US$'000	2022 US$'000
Balance at 1 January	**(1,720,540)**	(1,641,489)
Business combination additions	**–**	(390,530)
Accretion	**(74,621)**	(52,592)
Additions and revisions to estimates	**(160,069)**	298,564
Decommissioning provision utilised	**95,552**	65,507
Balance at 31 December	**(1,859,678)**	(1,720,540)
Current		
Balance at 1 January	**(146,829)**	(94,640)
Balance at 31 December	**(107,026)**	(146,829)
Non-current		
Balance at 1 January	**(1,573,711)**	(1,546,849)
Balance at 31 December	**(1,752,652)**	(1,573,711)

Additions and revisions to estimates comprise $157,224k (2022: $(278,398)k) of development and production assets and $2,845k (2022: $(20,166)k) of exploration and evaluation assets.

The total future decommissioning liability represents the estimated cost to decommission, in situ or by removal, the Group's net ownership interest in all wells, infrastructure and facilities, based upon forecast timing in future periods. The Group uses a nominal discount rate of 4.60% (31 December 2022: 4.25%) and an inflation rate of 2.0% (31 December 2022: 2.0%) over the varying lives of the assets to calculate the present value of the decommissioning liabilities. The impact of a change in discount rate is considered in note 3. Revisions to estimates in the years ended 31 December 2023 and 2022 were due to changes in both cost estimates and discount rate assumptions.

The estimated 2024 decommissioning spend of $107 million (2022: estimated 2023 decommissioning spend of $147 million) has been treated as a current liability as at 31 December 2023. Although the Group currently expects to incur decommissioning costs over the next 40 years, it is estimated that approximately 47% of the decommissioning liability relates to assets which are expected to cease production in the next five years and which includes spend for assets that will be reimbursed (see note 11 for further details).

24. Lease liabilities

Current	2023 US$'000	2022 US$'000
Lease liabilities	**(19,898)**	(41,637)

Non-current	2023 US$'000	2022 US$'000
Lease liabilities	**(660)**	(17,221)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date. All lease liabilities are fully payable within two years from 31 December 2023.

	2023 US$'000	2022 US$'000
Less than one year	**(20,152)**	(44,257)
One to two years	**(669)**	(17,439)
Total undiscounted lease payments	**(20,821)**	(61,696)
Future finance charges and other adjustments	**263**	2,838
Lease liabilities in the financial statements	**(20,558)**	(58,858)

	2023 US$'000	2022 US$'000
At 1 January	**(58,858)**	(3,489)
Additions	**(3,603)**	(89,717)
Interest	**(3,183)**	(3,852)
Payments	**45,086**	38,200
At 31 December	**(20,558)**	(58,858)
Current	**(19,898)**	(41,637)
Non-current	**(660)**	(17,221)
	(20,558)	(58,858)

The additions in the year to 31 December 2023 relate to modifications of the Captain Emergency Response and Recovery Vehicle lease.

The addition in the year to 31 December 2022 relates to the Pioneer rig lease currently utilised on the Captain EOR project. The incremental borrowing rate applied to the lease is 6.07%.

If the Company were to terminate the use of the Pioneer rig early then termination fees would apply, escalating to 75% of total expected costs if within one month prior to commencement date of planned works. Remuneration for work performed up to the date of termination, together with costs relating to demobilisation of the drilling unit to the demobilisation port would also be due.

Amounts recognised in profit and loss related to leases is detailed in notes 6 and 9.

25. Contingent and deferred consideration

Current	2023 US$'000	2022 US$'000
Contingent consideration	**(101,669)**	(101,559)
Petrofac deferred consideration	**–**	(6,121)
	(101,669)	(107,680)

Non-current	2023 US$'000	2022 US$'000
Contingent consideration	**(194,721)**	(157,337)
MOGL deferred consideration	**(63,979)**	(61,783)
	(258,700)	(219,120)

	2023 US$'000	2022 US$'000
Cash flows relating to contingent and deferred considerations	**(13,567)**	(66,132)

Movement in contingent consideration is as follows:

	2023 US$'000	2022 US$'000
At 1 January	**(258,896)**	(19,480)
Business combinations (note 17)	**–**	(241,431)
Addition	**(26,872)**	–
Payments made	**7,200**	11,040
Reversal	**–**	1,100
Accretion	**(9,814)**	(5,830)
Changes in fair value	**(8,008)**	(4,295)
At 31 December	**(296,390)**	(258,896)

Movement in deferred consideration consideration is as follows:

	2023 US$'000	2022 US$'000
At 1 January	**(67,904)**	(55,610)
Business combinations (note 17)	**–**	(63,415)
Payments made	**6,367**	55,156
Accretion	**(2,442)**	(4,035)
At 31 December	**(63,979)**	(67,904)

25. Contingent and deferred consideration continued

Cash outflows in the year ended 31 December 2023 of $13.6 million (2022: $66.1 million) are in relation to the consideration payable on Petrofac GSA transaction and quarterly payments in consideration to the MOGL and Siccar oil price triggers.

MOGL

During the year ended 31 December 2022 the Group acquired MOGL which included elements of consideration that are payable upon certain events occurring and contingent considerations have been recognised to reflect this. Further details regarding the acquisition and the related contingent terms are set out in note 17. The carrying amount at 31 December 2023, discounted at 4.6% was $111 million (2022: $128 million using a discount rate of 4.25%). The total undiscounted potential consideration as at 31 December 2023 is $230 million (2022: $241 million).

The MOGL deferred consideration of $64 million (2022: $62 million) relates to completion of the MOGL transaction in February 2022. It is payable on 1 July 2025 and is discounted to reflect the time value of money.

Siccar

During the year ended 31 December 2022 the Group acquired Siccar Point Energy which included elements of consideration that are payable upon certain events occurring and contingent considerations have been recognised to reflect this. Further details regarding the acquisition and the related contingent terms are set out in note 17. The carrying amount at 31 December 2023, discounted at 4.6% was $130 million (2022: $102 million using a discount rate of 4.25%). The total undiscounted potential consideration as at 31 December 2023 is $362 million (2022: $362 million). As a result of the Rosebank field obtaining FDP approval during 2023, the carrying amount at 31 December 2023 has been increased.

Others

During the year ended 31 December 2023, the Group acquired a further 30% equity in the Cambo field from Shell. The acquisition included elements of consideration that are payable upon certain events occurring and contingent consideration has been recognised to reflect this. The consideration value equates to $1.50 per barrel of oil equivalent of the P50 resource volumes of the field, and is payable on the earlier of receipt of proceeds of any subsequent sale of a working interest in Cambo by the Group, or first oil. The carrying amount at 31 December 2023 was $12.7 million (2022: $nil).

During the year ended 31 December 2023, the Group acquired 40% equity in the Fotla field from Spirit. The acquisition included elements of consideration that are payable upon certain events occurring and contingent consideration has been recognised to reflect this. The consideration comprises two capped amounts with approximately two-thirds payable on final investment decision and one-third on first production. The carrying amount at 31 December 2023 was $14.2 million (2022: $nil).

A further $3.0 million (2022: $6.4 million) relates to Yeoman/Marigold, with a remaining unrisked payment of $11.0 million (2022: $11.0 million) contingent on achieving FDP and a further $6.0 million (2022: $6.0 million) unrisked on certain production criteria being met.

During the year ended 31 December 2023, further consideration of $5.7 million (2022: $6.4 million) was recognised as an additional payable due to changes in the variables in the calculation of the liability, resulting in $25.6 million (2022: $19.9 million) liability on Strathspey in accordance with the Sale and Purchase Agreement with Chevron.

Revaluation of contingent consideration in the year to 31 December 2023 resulted in an increase of $8.0 million (2022: increase of $4.3 million).

26. Reserves

(a) Issued share capital

The issued share capital is as follows:

	Number of common shares	Amount US$'000
At 31 December 2022	1,006,564,976	11,445
At 31 December 2023	1,014,372,281	11,540

On 5 October 2023, 7,807,305 ordinary shares of £0.01 each were issue to the Ithaca Energy plc Employee Benefit Trust (EBT) to satisfy the exercise of share options during the year and in future years.

On 26 October 2022 the Company undertook a share capital reduction whereby 114,000,000 issued A ordinary shares of $1.00 each were cancelled and extinguished. In addition on this date the share premium account as at 31 December 2021 of $634,658,000 was cancelled. A number of further steps followed in preparation for the IPO including the conversion of $1.00 shares to £0.88 shares, the conversion of £0.88 shares to £0.01 shares, the issue of bonus shares principally to existing shareholders and the issue of 105,000,000 new shares on the IPO. As a result the issued share capital of the Company immediately after the IPO was 1,005,162,217 ordinary shares of £0.01 each.

A reconciliation of the opening to closing number of shares in the year to 31 December 2022 is set out below:

	Number of shares				
	A ordinary	B1 ordinary	B2 ordinary	Ordinary	Total
A ordinary shares of $1.00 each at 1 January 2022	1,001	–	–	–	1,001
Issue of new $0.01 B1 shares and $0.01 B2 shares	–	100	100	–	200
Issue of new $1.00 A ordinary shares	114,000,000	–	–	–	114,000,000
Cancellation of $1.00 A ordinary shares relating to capital reduction	(114,000,000)	–	–	–	(114,000,000)
Conversion of $1.00 A ordinary shares, $0.01 B1 share and 0.01 B2 share to £0.01 A ordinary shares	87,087	(12)	(12)	–	87,063
Bonus issue of new £0.01 A shares	898,131,843	–	–	–	898,131,843
Bonus issue of new £0.01 B1 shares	–	1,401,670	–	–	1,401,670
Bonus issue of new £0.01 B2 shares	–	–	420,440	–	420,440
Conversion of £ 0.01 A ordinary shares, £0.01 B1 shares and £0.01 B2 shares to £0.01 ordinary shares	(898,219,931)	(1,401,758)	(420,528)	900,042,217	–
Bonus issues of £0.01 ordinary shares	–	–	–	120,000	120,000
Issue of new £0.01 ordinary shares on IPO	–	–	–	105,000,000	105,000,000
Issue of new £0.01 ordinary shares on exercise of share options	–	–	–	1,402,759	1,402,759
Ordinary shares of £0.01 each at 31 December 2022	–	–	–	1,006,564,976	1,006,564,976

26. Reserves continued

(b) Share premium

	2023 US$'000	2022 US$'000
At 1 January	**293,712**	634,658
Share premium cancellation	–	(634,658)
Additions	**15,133**	293,712
At 31 December	**308,845**	293,712

The share premium account represents the cumulative difference between the market share price and the nominal share value on the issuance of new ordinary shares multiplied by the number of shares issued.

Additions during 2023 represent the difference between the nominal value per share of £0.01 and the closing share price on the day before the shares were issued to the EBT multiplied by the number of shares.

During 2022, the additions represent the difference between the nominal value per share of £0.01 and IPO price of £2.50 per share multiplied by the number of shares issued (net of share issues expenses).

(c) Capital contribution reserve

	2023 US$'000	2022 US$'000
At 1 January	**181,945**	114,000
Capital reduction	–	(114,000)
Addition	–	181,945
At 31 December	**181,945**	181,945

During the year to 31 December 2022, the Company settled outstanding loan liabilities (including interest) of DKL Energy Limited (DKLE) out of IPO proceeds. As per the terms of the confirmation letter dated 29 November 2022 signed between DKLE and the Company, DKLE unconditionally and irrevocably released and forever discharged Ithaca Energy plc from any and all liabilities to the DKLE in respect of or in connection with the Capital and Subordinated loan note agreements. The remaining loan balance of $181.9 million has been capitalised as Capital Contribution Reserve as per the requirements of IFRS 9.

(d) Own shares

	2023 US$'000	2022 US$'000
At 31 December	**(12,412)**	–

Own shares comprise shares held in the Ithaca Energy plc EBT which are being used to satisfy the exercise of employee share options. During the year, 7,807,305 ordinary shares of £0.01 each were issued to the EBT and 1,443,561 ordinary shares were used to satisfy the exercise of share options. In addition, 1,822,286 ordinary shares of £0.01 each waived under the MEP (see note 32) were transferred into the EBT during the year. As a result, the EBT held 8,186,030 ordinary shares of £0.01 each at 31 December 2023.

(e) Share-based payment reserve (note 32)

	2023 US$'000	2022 US$'000
At 31 December	**15,494**	4,920

The share-based payment reserve represents the cumulative charge for share options, as described in note 32, less the cumulative cost of share option exercises.

27. Taxation

	2023 US$'000	2022 US$'000
Current tax		
Current corporation tax charge	**(39,308)**	(54,557)
Current EPL tax charge	**(333,425)**	(131,389)
Current corporation tax (charge)/credit – prior year	**(17,426)**	1,839
Total current tax charge	**(390,159)**	(184,107)
Deferred tax		
Adjustment in respect of prior period	**6,370**	(641)
Group tax credit/(charge) in consolidated statement of profit or loss	**227,360**	(1,013,817)
Group tax charge in consolidated statement of other comprehensive income	**(71,700)**	(200,455)
Total deferred tax credit/(charge)	**162,030**	(1,214,913)
Deferred Petroleum Revenue Tax		
Deferred PRT credit/(charge) in statement of profit or loss	**70,037**	(10,432)
Total tax charge through consolidated statement of profit or loss	**(86,392)**	(1,208,997)

27. Taxation continued

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the 40% statutory rate of tax applicable for UK ring fence oil and gas activities as follows:

	2023 US$'000	2022 US$'000
Accounting profit before tax	**302,027**	2,240,529
At tax rate of 40% (2022: 40%)	**(120,811)**	(896,211)
Non-deductible expense	**(34,578)**	(53,548)
Recognition of non-taxable gain on bargain purchase	–	534,069
Financing costs not allowed for SCT	**(704)**	(1,958)
Ring Fence Expenditure Supplement	**102,866**	155,113
Deferred tax effect of investment allowance	**56,930**	(20,615)
Prior year adjustment	**(11,673)**	1,198
Deferred PRT net of corporation tax	**42,022**	(6,259)
Deferred tax on EPL	**215,910**	(766,489)
Current tax on EPL	**(333,425)**	(131,389)
Prior year adjustments on acquired entities	–	(3,165)
Share-based payments	**1,945**	–
Unrecognised tax losses	**(4,874)**	(19,743)
Total tax charge recorded in the consolidated statement of profit or loss	**(86,392)**	(1,208,997)

The Company is UK tax resident. The effective rate of corporation tax applicable for UK ring fence oil and gas activities in both 2023 and 2022, prior to the introduction of the EPL, was 40% (2022: 40%) consisting of a Ring Fence Corporation Tax rate of 30% and the supplementary charge of 10%. Items affecting the tax charge include a 10% uplift on ring fence losses, Ring Fence Expenditure Supplement increasing the losses available to offset future profits subject to Ring Fence Corporation Tax and Supplementary Charge. In addition, investment allowance, a 62.5% uplift on capital expenditure, is available reducing the profits subject to the supplementary charge only. The credit arising in 2023 of $42.0 million was principally due the impairment of the Alba field due to forecast future production volumes. Petroleum Revenue Tax (PRT) is applied at 0% on certain oil and gas fields in the UK however adjustments to recognised deferred PRT assets are made to reflect updated expectations of reversal against profits subject to the 0% PRT rate. The EPL was enacted in July 2022 with effect from 26 May 2022, at a headline rate of 25% which increased the effective UK Ring Fenced oil and gas rate to 65% until 2025, resulting in additional current and deferred tax charges in the year to 31 December 2022. Further changes to the EPL were announced on 17 November 2022 and enacted in December 2022 whereby the Levy was increased to 35% from 1 January 2023 until 31 March 2028, increasing the effective UK Ring Fenced oil and gas tax rate to 75% resulting in an additional deferred tax charge during the year to 31 December 2022.

Deferred tax at 31 December relates to the following:

	2023 US$'000	2022 US$'000
Deferred corporation tax liability	**(1,944,941)**	(2,258,813)
Deferred corporation tax asset	**2,480,921**	2,629,548
Deferred PRT asset	**91,759**	21,721
Net deferred tax asset	**627,738**	392,456

Deferred tax assets primarily relate to decommissioning liabilities, brought forward tax losses and accumulated losses and profits related to derivative contracts. Deferred tax liabilities primarily relate to accelerated capital allowances on property, plant and equipment and accumulated losses and profits related to derivative contracts. Deferred tax balances are presented net as they arise in the same jurisdiction and the Group has a legally-enforceable right to offset as well as an intention to settle on a net basis.

27. Taxation continued

Non-oil and gas losses of $251 million (2022: $156 million), of which there is no expiry date, have not been recognised for deferred tax purposes as it is not sufficiently certain that there will be future non-oil and gas profits to offset these losses.

The net movement on deferred tax in the statement of financial position, including deferred PRT, is as follows:

	2023 US$'000	2022 US$'000
At 1 January	**392,456**	220,918
Profit or loss credit/(charge)	**303,767**	(1,024,889)
Other comprehensive income charge	**(71,700)**	(200,455)
Deferred tax on decommissioning reimbursements (note 11)	**3,214**	–
Business combinations (note 17)	–	1,396,882
At 31 December	**627,738**	392,456

The net movement on deferred tax through the consolidated statement of profit or loss and consolidated statement of comprehensive income relates to the following:

	2023 US$'000	2022 US$'000
Accelerated capital allowances	**438,359**	(490,246)
Tax losses	**(216,937)**	(386,819)
Decommissioning provision	**52,440**	(124,598)
Deferred PRT	**(28,015)**	4,173
Hedging	**(101,744)**	(226,040)
Share schemes	**3,978**	–
Investment allowances	**13,950**	8,617
	162,030	(1,214,913)

27. Taxation continued

Gross deferred corporation tax liabilities	Hedges US$'000	Deferred corporation tax on deferred PRT US$'000	Accelerated tax depreciation US$'000	Total US$'000
At 1 January 2022	–	(12,861)	(675,279)	(688,140)
Prior year adjustment	–	–	(4,347)	(4,347)
Reclassification of decommissioning asset	–	–	(436,771)	(436,771)
Business combinations	–	–	(647,743)	(647,743)
Origination and reversal of temporary differences	–	4,173	(485,985)	(481,812)
At 31 December 2022 and 1 January 2023	–	(8,688)	(2,250,125)	(2,258,813)
Reclass to deferred corporation tax assets	**(8,678)**	–	–	**(8,678)**
Prior year adjustment	**2,721**	–	**8,307**	**11,028**
Origination and reversal of temporary differences	**(101,744)**	**(28,015)**	**441,281**	**311,522**
At 31 December 2023	**(107,701)**	**(36,703)**	**(1,800,537)**	**(1,944,941)**

Gross deferred corporation tax assets	Share schemes US$'000	Decommissioning provision US$'000	Tax losses US$'000	Hedges US$'000	Total US$'000
At 1 January 2022	–	197,666	500,282	178,956	876,904
Prior year adjustment	–	–	3,706	–	3,706
Reclassification of decommissioning asset	–	436,772	–	–	436,772
Business combinations	–	156,212	1,858,706	38,406	2,053,324
Origination and reversal of temporary differences	–	(124,598)	(390,520)	(226,040)	(741,158)
At 31 December 2022 and 1 January 2023	–	666,052	1,972,174	(8,678)	2,629,548
Reclass from deferred corporation tax liabilities	–	–	–	**8,678**	**8,678**
Prior year adjustment	**177**	–	**(4,989)**	–	**(4,812)**
Origination and reversal of temporary differences	**3,802**	**55,654**	**(211,949)**	–	**(152,493)**
At 31 December 2023	**3,979**	**721,706**	**1,755,236**	–	**2,480,921**

27. Taxation continued

Deferred PRT asset	Total US$'000
At 1 January 2022	32,154
Origination and reversal of temporary differences	(10,433)
At 31 December 2022 and 1 January 2023	21,721
Origination and reversal of temporary differences	**70,037**
At 31 December 2023	**91,758**

The carrying value of the net deferred tax asset (DTA) and the deferred PRT asset at 31 December 2023 of $536 million and $92 million respectively (2022: $371 million and $21 million respectively) are supported by estimates of the Group's future taxable income, based on the same price and cost assumptions as used for impairment testing. The Group has undertaken a restructuring exercise to move certain assets between Group entities which has now been substantially completed. The recoverability of the deferred corporation tax asset is supported by this restructuring. The DTA relating to losses within the Group are expected to unwind against taxable profits before the end of 2029.

An EPL or 'Levy' was enacted on 14 July 2022 applying a Levy of 25% to the profits of oil and gas companies until 31 December 2025 or earlier if prices return to normalised levels. On 17 November 2022, the Levy was increased to 35% and extended to 31 March 2028 regardless of oil and gas prices. The Levy is charged upon oil and gas profits calculated on the same basis as Ring Fence Corporation Tax (RFCT), however, excludes relief for decommissioning and finance costs. RFCT losses and investment allowance are not available to offset the EPL. On 9 June 2023 an Energy Security Investment Mechanism price floor was announced which would remove the EPL if both average oil and gas prices fall to, or below, $71.40 per barrel for oil and £0.54 per therm for gas, for two consecutive quarters. It is not currently forecast that this price floor will be met for both oil and gas prices and therefore there is currently no impact from this on tax carrying values. On 6 March 2024 an extension of the Levy until 31 March 2029 was announced. If this had been enacted at the balance sheet date, it is estimated that this would have increased the deferred tax liability by $112.2 million.

On 20 June 2023, Finance (No. 2) Act 2023 was substantially enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for all accounting periods starting on or after 31 December 2023. The Group does not anticipate that the adoption of this will have a material impact as the prevailing rate of tax in the United Kingdom is in excess of the 15% minimum rate. The Group has applied the exemption under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes and therefore there is no impact on the tax values reported.

28. Commitments and contingencies

	2023 US$'000	2022 US$'000
Capital commitments		
Capital commitments incurred jointly with other venturers (Group's share)	**506,959**	52,309

The Group's capital expenditure is driven largely by full phase expenditure on existing producing fields, new development projects and appraisal and development activities. As of 31 December 2023, the Group had commitments for future capital expenditure amounting to $507 million (2022: $52.3 million). The key component of this relates to Rosebank, following FID approval in September 2023. Additionally, there are commitments in relation to AFEs (authorisations for expenditure) signed for activities on Captain enhanced oil extraction.

Contingencies

The Group enters into letters of credit and surety bonds to provide security for the Group's obligations under certain field and bi-lateral decommissioning security agreements, or equivalent, Sullom Voe Terminal Tariff Agreements and deferred payment obligations. The instruments are either held by the Law Debenture Trust Corporation P.L.C. under a trust deed or EnQuest Heather Limited, as SVT Terminal Operator. At 31 December 2023 the Group had $450 million (31 December 2022: $469 million) in letters of credit and surety bonds outstanding relating to security obligations under certain decommissioning and security agreements.

29. Financial instruments

To estimate the fair value of financial instruments, the Group uses quoted market prices when available, or industry accepted third-party models and valuation methodologies that utilise observable market data. In addition to market information, the Group incorporates transaction specific details that market participants would utilise in a fair value measurement, including the impact of non-performance risk. The Group characterises inputs used in determining fair value using a hierarchy that prioritises inputs depending on the degree to which they are observable. However, these fair value estimates may not necessarily be indicative of the amounts that could be realised or settled in a current market transaction. The three levels of the fair value hierarchy are as follows:

- Level 1 – inputs represent quoted prices in active markets for identical assets or liabilities (for example, exchange-traded commodity derivatives). Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates and volatility factors, which can be observed or corroborated in the marketplace. The Group obtains information from sources such as the New York Mercantile Exchange and independent price publications.
- Level 3 – inputs that are less observable, unavailable or where the observable data does not support the majority of the instrument's fair value.

In forming estimates, the Group utilises the most observable inputs available for valuation purposes. If a fair value measurement reflects inputs of different levels within the hierarchy, the measurement is categorised based upon the lowest level of input that is significant to the fair value measurement. The valuation of over-the-counter financial swaps and collars is based on similar transactions observable in active markets or industry standard models that primarily rely on market observable inputs. Substantially all of the assumptions for industry standard models are observable in active markets throughout the full term of the instrument. These are categorised as Level 2.

Gains or losses on financial instruments, that are not hedge accounted for, are recorded through the 'other gains and losses' line in the consolidated statement of profit or loss. Credit valuation adjustments (CVA) and debit valuation adjustments (DVA) are calculated for each trade using two key inputs, being future exposures and credit spreads (incorporating both probability of default and loss given default). Future exposures have been estimated using an expected exposure-based approach over the lifetime of the trades. For the risk associated with counterparties, the credit spread is calculated using market observable credit default spreads. For the own credit risk, the credit spread is calculated using reference to a senior unsecured quoted publicly traded bond of the parent entity using appropriate tenor adjustments, except for out-of-the-money derivatives with counterparties which are in the Group's RBL. These derivatives rank higher than those with other counterparties as they are fully secured as part of the RBL agreement. Therefore for the own risk credit risk adjustment (DVA) it has been estimated that the loss given default is zero and hence there is no DVA recognised for those derivatives which are with counterparties of the RBL.

All of the Group's assets are pledged as security against borrowings.

The accounting classification of each category of financial instruments and their carrying amounts as at 31 December 2023 are set out below:

	Measured at amortised cost US$'000	Mandatorily measured at fair value through profit or loss US$'000	Derivatives designated in hedge relationships US$'000	Total carrying amount US$'000
Financial assets				
Cash and cash equivalents	**153,215**	–	–	**153,215**
Trade and other receivables	**330,351**	–	–	**330,351**
Derivative financial instruments	–	**2,782**	**154,525**	**157,307**
Financial liabilities				
Borrowings	**(748,151)**	–	–	**(748,151)**
Trade and other payables	**(343,279)**	–	–	**(343,279)**
Lease liability	**(20,559)**	–	–	**(20,559)**
Contingent and deferred consideration	**(63,979)**	**(296,390)**	–	**(360,369)**
Derivative financial instruments	–	**(10,373)**	**(3,335)**	**(13,708)**
				(845,193)

29. Financial instruments continued

The accounting classification of each category of financial instruments and their carrying amounts as at 31 December 2022 are set out below:

	Measured at amortised cost US$'000	Mandatorily measured at fair value through profit or loss US$'000	Derivatives designated in hedge relationships US$'000	Total carrying amount US$'000
Financial assets				
Cash and cash equivalents	253,822	–	–	253,822
Trade and other receivables	359,994	–	–	359,994
Derivative financial instruments	–	7,125	164,924	172,049
Financial liabilities				
Borrowings	(1,213,731)	–	–	(1,213,731)
Trade and other payables	(618,460)	–	–	(618,460)
Lease liability	(58,858)	–	–	(58,858)
Contingent and deferred consideration	(67,904)	(258,896)	–	(326,800)
Derivative financial instruments	–	(57,546)	(106,563)	(164,109)
				(1,596,093)

The following table presents the Group's material financial instruments measured at fair value for each hierarchy level as at 31 December 2023:

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total Fair Value US$'000**
Contingent consideration (note 25)	–	**(24,039)**	**(272,351)**	**(296,390)**
Derivative financial instrument asset	–	**157,307**	–	**157,307**
Derivative financial instrument liability	–	**(13,708)**	–	**(13,708)**

Movements in level 3 financial instruments in the 12 months to 31 December 2023 were as follows:

	US$'000
At 1 January 2023	**(223,246)**
Additions	**(26,872)**
Cash settlement	–
Accretion	**(8,799)**
Changes in fair value	**(13,434)**
At 31 December 2023	**(272,351)**

29. Financial instruments continued

The following table presents the Group's material financial instruments measured at fair value for each hierarchy level as at 31 December 2022:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total Fair Value US$'000
Contingent consideration (note 25)	–	(35,650)	(223,246)	(258,896)
Derivative financial instrument asset	–	172,049	–	172,049
Derivative financial instrument liability	–	(164,109)	–	(164,109)

Movements in level 3 financial instruments in the 12 months to 31 December 2022 were as follows:

	US$'000
At 1 January 2022	(19,480)
Business combinations	(210,096)
Release of provision	1,100
Accretion	(5,208)
Changes in fair value	10,438
At 31 December 2022	(223,246)

Management has considered alternative scenarios to assess the valuation of the contingent consideration including, but not limited to, the key accounting estimate relating to the oil price. A reduction or increase in the price assumptions of 20% are considered to be reasonably possible changes. A 20% reduction in the oil price would result in a decrease in contingent consideration of $23.3 million (2022: $36.4 million). A 20% increase in the oil price would lead to an increase in contingent consideration of $41.0 million (2022: $26.4 million).

The level three contingent consideration is valued based on the probability of the events occurring ("trigger events") as set out in note 17. The forecast cash flows in the event of the trigger event occurring are discounted at a rate of 4.6% (2022: 4.25%).

The following table summarises the sensitivity of 20% change in probability of trigger event occurring and conditions being met for payment of contingent consideration, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of level 3 financial instruments at the reporting date. The impact on equity is the same as the impact on profit before tax.

Change in probability	**2023 US$'000**	2022 US$'000
20% decrease in probability	**97,119**	87,080
20% increase in probability	**(84,086)**	(83,612)

The following table summarises the sensitivity of 1% decrease in discount rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of level 3 financial instruments at the reporting date. The impact on equity is the same as the impact on profit before tax.

Change in discount rate	**2023 US$'000**	2022 US$'000
1% decrease in discount rate	**(5,284)**	(4,374)

A 1% increase in discount rate would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

29. Financial instruments continued

Financial instruments of the Group consist mainly of cash and cash equivalents, receivables, payables, loans and financial derivative contracts, all of which are included in the financial statements. At 31 December 2023 and 31 December 2022, financial instruments and the carrying amounts reported on the balance sheet approximates the fair values with the exception of borrowings. The carrying amount of borrowing is at amortised cost of $748.2 million (2022: $1,213.7 million) and the equivalent fair value is $781.4 million (2022: $1,257.9 million) per level 1 of the fair value hierarchy.

The table below presents the total gain on financial instruments that has been disclosed through the consolidated statement of profit or loss:

	2023 US$'000	2022 US$'000
Revaluation of forex forward contracts	**7,313**	(28,172)
Revaluation of interest rate swaps	**(6,488)**	–
Revaluation of commodity hedges	**42,006**	44,959
Total revaluation gain on financial instruments	**42,831**	16,787
Realised loss on forex forward contracts	**(6,282)**	–
Realised gain on interest rate swaps	**6,967**	–
Realised loss on commodity hedges	**(457)**	(16,215)
Total gain on financial instruments	**43,059**	572

Cash flow hedge reserve

The table below presents the movement in financial instruments that has been disclosed through the statement of comprehensive income relating to the cash flow hedge reserve:

Cash flow hedge reserve	**2023 US$'000**	2022 US$'000
At 1 January	**16,710**	(242,791)
Change in fair value of derivative instruments	**358,141**	(46,800)
Amounts recycled to revenue	**(265,711)**	501,513
Amounts recycled to finance costs	**–**	(851)
Deferred tax on movement in year	**(69,322)**	(194,361)
Cash flow hedge reserve at 31 December	**39,818**	16,710

29. Financial instruments continued

Cost of hedging reserve

The table below presents the movement in financial instruments that has been disclosed through the statement of comprehensive income relating to the cost of hedging reserve:

Cost of hedging reserve	2023 US$'000	2022 US$'000
At 1 January	**3,275**	(4,862)
Change in fair value of the intrinsic value of derivative instruments	**(12,269)**	(42,745)
Amounts recycled to revenue – oil put premiums	**11,850**	14,629
Amounts recycled to revenue – gas put premiums	**3,590**	42,347
Deferred tax on movement in year	**(2,378)**	(6,094)
Cost of hedging reserve at 31 December	**4,068**	3,275

The Group has identified that it is exposed principally to these areas of market risk.

i) Commodity risk

Commodity price risk related to crude oil prices is the Group's most significant market risk exposure. Crude oil prices and quality differentials are influenced by worldwide factors such as OPEC actions, political events and supply and demand fundamentals. The Group is also exposed to natural gas price movements on uncontracted gas sales. Natural gas prices, in addition to the worldwide factors noted above, can also be influenced by local market conditions. The Group's expenditures are subject to the effects of inflation, and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation. The Group may periodically use different types of derivative instruments to manage its exposure to price volatility, thus mitigating fluctuations in commodity-related cash flows.

In all periods presented the Group has designated certain commodity options as a cash flow hedge of highly probable sales. Because the critical terms (i.e. the quantity, maturity and underlying price) of the commodity option and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the intrinsic value of the commodity option and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the price of underlying commodity if the price of the commodity increases above the strike price of the derivative. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the option contracts, which is not reflected in the fair value of the hedged item and if the forecast transaction will happen earlier or later than originally expected. There was no hedge ineffectiveness in the current or prior year.

The Group's target is to hedge oil and gas prices up to a maximum of 75% of the next 12 months' production on a rolling annual basis, up to 50% in the following 12-month period and 25% in the subsequent 12-month period. On a rolling 12-month period under the RBL, the Group is required to hedge a minimum of 70% of volumes of net RBL entitlement production expected to be produced in the next 12 months, and 50% of volumes of net RBL entitlement produced for the following 12 months on a best-effort basis.

The below represents total commodity hedges in place at the 2023 year-end:

Derivative	Term	Volume		Average price
Oil swaps	**Jan 24 – Dec 24**	**1,931,500**	**bbls**	**$82/bbl**
Oil collars	**Jan 24 – Dec 24**	**2,744,000**	**bbls**	**$75/bbl floor – $87/bbl ceiling**
Gas swaps	**Jan 24 – Dec 24**	**53,175,000**	**therms**	**140p/therm**
Gas swaps	**Jan 25 – Sep 25**	**18,225,000**	**therms**	**120p/therm**
Gas collars	**Jan 24 – Dec 24**	**123,350,000**	**therms**	**135p/therm floor – 210p/therm ceiling**
Gas collars	**Jan 25 – Mar 25**	**9,000,000**	**therms**	**130/therm floor – 185p/therm ceiling**

29. Financial instruments continued

The below represents total commodity hedges in place at the 2022 year-end:

Derivative	Term	Volume		Average price
Oil swaps	Jan 23 – Jun 24	3,390,500	bbls	$70/bbl
Oil collars	Jan 23 – Dec 23	4,560,000	bbls	$68/bbl floor – $91/bbl ceiling
Gas swaps	Jan 23 – Jun 24	104,585,000	therms	188p/therm
Gas puts	Apr 23 – Sep 23	9,150,000	therms	220p/therm
Gas collars	Jan 23 – Mar 24	100,200,000	therms	244p/therm floor – 479p/therm ceiling

The following table summarises the sensitivity of 20% decrease in realised commodity prices, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities at the reporting date. The impact on equity is the same as the impact on profit before tax.

Change in realised commodity price	**2023 US$'000**	2022 US$'000
20% decrease in realised oil price	**(177,151)**	(246,914)
20% decrease in realised gas price	**(146,794)**	(330,285)

A 20% increase in realised commodity prices would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

ii) Interest risk

The calculation of interest payments for the RBL facility and bp unsecured loan incorporate SOFR. The Group is therefore exposed to interest rate risk to the extent that SOFR may fluctuate. The Group mitigates the risk of SOFR fluctuations by entering into interest rate swaps on floating rates.

There were no material interest rate financial instruments in place at 31 December 2023.

The below represents interest rate financial instruments in place at the 2022 year end:

Derivative	Term	Value	Rate
Interest rate swap (floating to fixed)	Jan 22 – Dec 23	$150 million	0.398%

The following table summarises the sensitivity of an increase of 250 basis points in interest rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities at the reporting date.

Change in interest rate	**2023 US$'000**	2022 US$'000
Increase of 250 basis points	**(22,370)**	(11,126)

A decrease in 250 basis points in interest rates would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

iii) Foreign exchange rate risk

The Group is exposed to foreign exchange risks to the extent it transacts in various currencies, while measuring and reporting its results in US Dollars. Since time passes between the recording of a receivable or payable transaction and its collection or payment, the Group is exposed to gains or losses on non-US Dollar amounts and on balance sheet translation of monetary accounts denominated in non-US Dollar amounts upon spot rate fluctuations from year-to-year.

29. Financial instruments continued

As at 31 December 2023 the Group had an average of £10.2 million per quarter hedged at an average forward rate of $1.219:£1 for the period January to December 2024. As at 31 December 2023 the Group had an average of £30.3 million per quarter hedged at an average collar floor of $1.200:£1 and average collar ceiling of $1.230:£1 for the period January to December 2024.

As at 31 December 2022 the Group had an average of £5.5 million per quarter hedged at an average forward rate of $1.265:£1 for the period January to December 2023. As at 31 December 2022 the Group had no open FX collars.

The following table summarises the sensitivity to a reasonably possible change in the US Dollar to Sterling foreign exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities at the reporting date. The impact on equity is the same as the impact on profit before tax. The Group's exposure to foreign currency changes for all other currencies is not material.

Change in Sterling foreign exchange rate	**2023 US$'000**	2022 US$'000
10% weakening of Sterling against the US Dollar	**(123,033)**	(139,633)

A 10% strengthening of Sterling against the US Dollar would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

iv) Credit risk

The majority of the Group's trade and other receivables are with customers in the oil and gas industry are subject to normal industry credit risks and are unsecured. Customers of the Group are mainly oil and gas majors with good credit ratings and low credit risk. Oil production from Stella, Vorlich, Jade and Abigail fields is sold to ENI, Columba is sold to Repsol, Mariner to Equinor ASA, Pierce to Shell International Trading, and Captain, Alba, Cook, Forties (including MonArb) and Schiehallion fields to BP Oil International. Forties fields (including MonArb), Stella, Vorlich, Jade and Abigail gas is sold to BP Gas Marketing. Cook gas is sold to Shell International Trading and Esso Exploration, and Schiehallion to EnQuest.

The Group assesses partners' creditworthiness before entering into farm-in or joint venture agreements. In the past, the Group has not experienced credit loss in the collection of accounts receivable. As the Group's exploration, drilling and development activities expand with existing and new joint venture partners, the Group will assess and continuously update its management of associated credit risk and related procedures.

The Group regularly monitors all customer receivable balances outstanding in excess of 90 days for ECLs. As at 31 December 2023, substantially all accounts receivables are current, being defined as less than 90 days. The Group has no allowance for doubtful accounts as at 31 December 2023 (31 December 2022: $nil).

The Group may be exposed to certain losses in the event that counterparties to derivative financial instruments are unable to meet the terms of the contracts. The Group's exposure is limited to those counterparties holding derivative contracts with positive fair values at the reporting date and these counterparties represent a very low risk of default. As at 31 December 2023, the Group's exposure is $nil (31 December 2022: $nil).

Credit valuation adjustments (CVA) and debit valuation adjustments (DVA) are calculated for each trade using two key inputs, being future exposures and credit spreads (incorporating both probability of default and loss-given default). Future exposures have been estimated using an expected exposure-based approach over the lifetime of the trades. For the risk associated with counterparties, the credit spread is calculated using market observable credit default spreads. For the own credit risk, the credit spread is calculated using reference to a senior unsecured quoted publicly traded bond of the parent entity using appropriate tenor adjustments, except for out-of-the-money derivatives with counterparties which are in the Group's RBL. These derivatives rank higher than those with other counterparties as they are fully secured as part of the RBL agreement. Therefore for the own risk credit risk adjustment (DVA) it has been estimated that the loss given default is zero and hence there is no DVA recognised for those derivatives which are with counterparties of the RBL.

The Group also has credit risk arising from cash and cash equivalents held with banks and financial institutions. The maximum credit exposure associated with financial assets is the carrying values.

v) Liquidity risk

Liquidity risk includes the risk that as a result of its operational liquidity requirements the Group will not have sufficient funds to settle a transaction on the due date. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities, and by considering medium and future requirements by continuously monitoring forecast and actual cash flows. The Group considers the maturity profiles of its financial assets and liabilities. As at 31 December 2022 and 2023 substantially all accounts payable are current.

29. Financial instruments continued

The following table shows the timing of cash outflows, including future interest, relating to financial liabilities, excluding derivatives, at 31 December 2023:

	Weighted average effective interest rate	Within 1 year US$'000	Within 2 to 5 years US$'000	More than 5 years US'000	Total $'000	Carrying amount $'000
Trade and other payables	–	(343,279)	–	–	(343,279)	(343,279)
Contingent and deferred consideration	–	(101,669)	(248,388)	(44,508)	(394,565)	(360,369)
Lease liabilities	6.07%	(20,152)	(669)	–	(20,821)	(20,559)
Borrowings	8.02%	(64,190)	(840,085)	–	(904,275)	(748,151)
		(529,290)	(1,089,142)	(44,508)	(1,662,940)	(1,472,358)

The following table shows the timing of cash outflows, including future interest, relating to financial liabilities, excluding derivatives, at 31 December 2022:

	Weighted average effective interest rate	Within 1 year US$'000	Within 2 to 5 years US$'000	More than 5 years US'000	Total $'000	Carrying amount $'000
Trade and other payables	–	(618,460)	–	–	(618,460)	(618,460)
Contingent and deferred consideration	–	(107,680)	(226,842)	(23,668)	(358,190)	(326,800)
Lease liabilities	6.38%	(44,257)	(17,439)	–	(61,696)	(58,858)
Borrowings	8.85%	(98,250)	(1,474,528)	–	(1,572,778)	(1,235,454)
		(868,647)	(1,718,809)	(23,668)	(2,611,124)	(2,239,572)

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

At 31 December 2023	Within 1 year US$'000	Within 2 to 5 years US$'000	Total $'000
Net-settled (derivative liabilities):			
Commodity options	(2,290)	–	(2,290)
Gross-settled:			
Foreign exchange forwards – gross outflows	(113,342)	–	(113,342)
Foreign exchange collars – gross outflows	(155,071)	–	(155,071)
	(270,703)	–	(270,703)

29. Financial instruments continued

At 31 December 2022	Within 1 year US$'000	Within 2 to 5 years US$'000	Total $'000
Net-settled (derivative liabilities):			
Commodity options	(51,654)	(15,402)	(67,056)
Gross-settled:			
Foreign exchange forwards – gross outflows	(83,529)	(107,235)	(190,764)
Foreign exchange collars – gross outflows	–	–	–
	(135,183)	(122,637)	(257,820)

vi) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group regularly monitors the capital requirements of the business over the short, medium and long-term, in order to enable it to foresee when additional capital will be required.

The Group has approval from management to hedge external risks, commodity prices, interest rates and foreign exchange risk. This is designed to reduce the risk of adverse movements in market prices, interest rates and exchange rates eroding the Group's financial results.

30. Derivative financial instruments

The net carrying amount of each category of derivative is set out below:

	2023 US$'000	2022 US$'000
Oil swaps – cash flow hedge	**9,913**	(28,685)
Oil swaps – non-cash flow hedge	**–**	(15,027)
Oil collars – cash flow hedge	**7,434**	(21,983)
Gas swaps – cash flow hedge	**47,232**	19,797
Gas swaps – non-cash flow hedge	**(2,290)**	(29,271)
Gas puts – cash flow hedge	**–**	9,746
Gas collars – cash flow hedge	**89,944**	79,489
Interest rate swaps – non-cash flow hedge	**637**	7,125
FX forwards – non-cash flow hedge	**(3,961)**	(13,250)
FX collars – cash flow hedge	**(3,335)**	–
FX collars – non-cash flow hedge	**(1,975)**	–
	143,599	7,941

30. Derivative financial instruments continued

Maturity analysis of derivative financial instruments	2023 US$'000	2022 US$'000
Non-current assets	**17,810**	21,191
Current assets	**139,497**	150,858
Non-current liabilities	**–**	(27,440)
Current liabilities	**(13,708)**	(136,668)
	143,599	7,941

The fair value of commodity derivatives is estimated using a net present value model (commodity swaps) or an appropriate option valuation model (options and collars). These contracts are valued using observable market pricing data including volatilities. A 20% reduction in future commodity prices, with all other assumptions held constant, would result in a decrease in the fair value of derivatives of $113 million (2022: $179 million). A 20% increase in future commodity prices, with all other assumptions held constant, would result in an increase in the intrinsic value of option derivative instruments at 31 December 2023 of $88 million (2022: $188 million).

Derivative financial instruments that are with counterparties included within the RBL are subject to Master Netting Agreements, this includes the majority of the Group's derivative financial instruments as at 31 December 2023 and 2022.

Financial instruments subject to enforceable master netting agreements and similar agreements at 31 December 2023 are detailed below:

	Amount recognised in balance sheet $'000	Related amounts not set off in balance sheet $'000	Net amount $'000
Derivative assets	**157,306**	**(4,436)**	**152,870**
Derivative liabilities	**(13,708)**	**4,436**	**(9,272)**

Financial instruments subject to enforceable master netting agreements and similar agreements at 31 December 2022 are detailed below:

	Amount recognised in balance sheet $'000	Related amounts not set off in balance sheet $'000	Net amount $'000
Derivative assets	**172,049**	**(33,117)**	**138,932**
Derivative liabilities	**(164,109)**	**33,117**	**(130,992)**

31. Related-party transactions

The immediate parent undertaking is DKL Energy Limited (incorporated in Jersey) who owns 88.55% of the issued share capital of Ithaca Energy plc. The registered office address of the DKL Energy Limited is 47 Esplanade, St Helier, Jersey, JE1 0BD.

The ultimate parent of the Group is Delek Group Limited (incorporated in Israel), an independent E&P Company listed on the Tel Aviv Stock Exchange. The Group and Delek's ultimate controlling party is Mr Itshak Sharon Tshuva.

31. Related-party transactions continued

The consolidated financial statements include the financial information of the Group, which comprises the Company and the subsidiaries listed in the following table:

	Registered office	Country of incorporation	% equity interest at 31 December 2023	2022
Ithaca Energy (E&P) Limited	1	Jersey	**100%**	100%
Ithaca Energy (UK) Limited	2	Scotland	**100%**	100%
Ithaca Minerals (North Sea) Limited	2	Scotland	**100%**	100%
Ithaca Energy (Holdings) Limited	3	Bermuda	**100%**	100%
Ithaca Energy Holdings (UK) Limited	2	Scotland	**100%**	100%
Ithaca Energy (North Sea) PLC	2	Scotland	**100%**	100%
Ithaca Oil and Gas Limited	4	England and Wales	**100%**	100%
Ithaca Petroleum Ltd	4	England and Wales	**100%**	100%
Ithaca Causeway Limited	4	England and Wales	**100%**	100%
Ithaca Gamma Limited	4	England and Wales	**100%**	100%
Ithaca Alpha (NI) Limited	5	Northern Ireland	**100%**	100%
Ithaca Epsilon Limited	4	England and Wales	**100%**	100%
Ithaca Exploration Limited	4	England and Wales	**100%**	100%
Ithaca Petroleum EHF	6	Iceland	**100%**	100%
Ithaca Dorset Limited	4	England and Wales	**100%**	100%
Ithaca SP UK Limited	4	England and Wales	**100%**	100%
Ithaca GSA Holdings Limited	1	Jersey	**100%**	100%
Ithaca GSA Limited	1	Jersey	**100%**	100%
Ithaca Energy Developments UK Limited	4	England and Wales	**100%**	100%
FPF-1 Limited	7	Jersey	**100%**	100%
Ithaca MA Limited	4	England and Wales	**100%**	100%
Ithaca SP Bonds PLC	4	England and Wales	**100%**	100%
Ithaca SP Finance Limited	4	England and Wales	**100%**	100%
Ithaca SP (Holdings) Limited	4	England and Wales	**100%**	100%
Ithaca SP E&P Limited	4	England and Wales	**100%**	100%
Ithaca SP O&G Limited	4	England and Wales	**100%**	100%
Ithaca SPE Limited	4	England and Wales	**100%**	100%
Ithaca Zeta Limited	4	England and Wales	**100%**	100%

31. Related party transactions continued

Transactions between subsidiaries are eliminated on consolidation.

1. 47 Esplanade, St Helier, Jersey, JE1 0BD
2. 13 Queen's Road, Aberdeen, Scotland AB15 4YL
3. Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda
4. Pinsent Masons LLP, 1 Park Row, Leeds, England, LS1 5AB
5. Pinsent Masons LLP, The Soloist, 1 Lanyon Place, Belfast, BT1 3LP
6. Borgartúni 26, 105 Reykjavík, Iceland
7. 26 New Street, St Helier, Jersey, JE2 3RA

Amounts owed to Delek Group Limited

An outstanding interest amount of $29 million with respect to a historic related party loan with Delek Group Limited was repaid in full on 4 October 2022.

The movement in capital loan notes during the year ended 31 December 2022 related to imputed interest of $18 million on the unwind of the capital contribution and subsequent settlement of the $392 million balance under a waiver agreement.

On 8 November 2022, a waiver agreement was signed by DKL Energy Limited, the immediate parent Company of Ithaca Energy plc at that time, to partially waive a capital note balance and a subordinated loan balance (including interest) totalling $469 million, such that, post-IPO these balances would no longer be due from Ithaca Energy plc.

A loan waiver of $181.9 million was recognised as a Capital Contribution on equity in the year to 31 December 2022.

Key management personnel

The following table provides remuneration to key management personnel, being persons having direct or indirect authority or responsibility of the Group, for the periods ended 31 December 2023 and 2022:

Key management personnel	**2023 US$'000**	2022 US$'000
Salaries and short-term employee benefits	**5,741**	4,590
Payments made in lieu of pension contributions	**249**	229
Company pension contributions	**106**	106
Share-based payment	**5,863**	12,623
	11,959	17,548

Further detail regarding share-based payments received by key management personnel is set out below.

32. Share-based payments

The charge for share-based payment transactions in the year to 31 December 2023 was $16.4 million (2022: $14.1 million). Like other elements of compensation, this charge is processed through the time-writing system which allocates costs, based on time spent by individuals, to various activities within the Ithaca Energy plc Group. Part of this cost is therefore capitalised as directly attributable to capital projects and part is charged to the statement of profit or loss as operating costs of hydrocarbon activities, pre-licence exploration costs or administrative expenses.

32. Share-based payments continued

Long-Term Incentive Plans (LTIPs)

Outstanding share options under LTIPs were as follows:

	Heritage awards	At-IPO awards	2022 LTIP awards	Total
Balance at 1 January 2022	–	–	–	–
Granted during the year	1,687,296	4,908,903	2,836,660	9,432,859
Balance at 31 December 2022	**1,687,296**	**4,908,903**	**2,836,660**	**9,432,859**
Awarded during the year in lieu of dividend payments	191,401	190,426	–	381,827
Forfeited during the year	(127,880)	(296,966)	(276,123)	(700,969)
Exercised during the year	(921,882)	(521,679)	–	(1,443,561)
Balance at 31 December 2023	**828,935**	**4,280,684**	**2,560,537**	**7,670,156**
Exercisable at 31 December 2023	**828,935**	**1,220,692**	**–**	**2,049,627**
Share option exercise price	**£nil**	**£nil**	**£nil**	**N/A**
Weighted average share price on date of exercise	**£1.56**	**£1.56**	**N/A**	**N/A**
Weighted average remaining life	**N/A**	**1.9 years**	**2.3 years**	**N/A**

All LTIP awards are nil-cost options. There are no performance conditions attaching to the Heritage and At-IPO awards. Details of the performance conditions of the 2022 LTIP are set out in the Directors' remuneration report. The fair values of all the LTIP awards were determined based on the share price on date of award. The Heritage awards vested over the period to 14 November 2023, the At-IPO awards vest in three equal tranches over the period to 14 November 2025 and the 2022 LTIP awards vest over the period to 1 April 2026. It is anticipated that future exercises of LTIP awards will be settled by equity. The total charge for LTIP share options in the year to 31 December 2023 was $12.9 million (2022: $0.6 million).

IPO-related share options

Under the terms section 11.6 of the Prospectus, the Executive Chairman, Gilad Myerson (GM) and the former Chief Executive Officer, Alan Bruce (AB) were entitled to an award of share options worth 0.2% of the value of the Group immediately on IPO which valued these awards at $5.0 million or 2,337,931 share options each. There are no performance conditions attaching to these share options. The exercise price of each of the share options is £0.01. Mr Myerson's share options vested immediately on IPO and Mr Bruce's share options were vesting equally over the period 21 July 2021 to 20 July 2026. During the year to 31 December 2022 Mr Myerson exercised 1,402,759 share options. The total charge for IPO-related share options in the year to 31 December 2023 was $0.5 million (2022: $7.3 million).

	GM options	AB options	Total
Balance at 1 January 2023	935,172	2,337,931	3,273,103
Exercised during the year	–	–	–
Balance at 31 December 2023	**935,172**	**2,337,931**	**3,273,103**
Exercisable at 31 December 2023	**935,172**	**935,172**	**1,870,344**
Share option exercise price	**£0.01**	**£0.01**	**N/A**
Weighted average remaining life	**N/A**	**N/A**	**N/A**

Mr Bruce left the business on 4 January 2024 and, as part of his termination arrangements, retained his 935,172 share options which had already vested.

32. Share-based payments continued

Management Equity Plan (MEP)

During the year to 31 December 2022, Mr Myerson was also awarded share options under a Management Incentive Agreement (MIA) and Share Subscription and Bonus Agreement (SSBA), comprising 100 B1 shares of $0.01 each and 100 B2 shares of $0.01 each. Following the changes in the issued share capital, as detailed in note 26, in the run up to the IPO, on 9 November 2022 these share options equated to 1,401,759 B1 shares of £0.01 each and 420,528 B2 shares of £0.01 each. Following the IPO Mr Myerson elected to retain these options but in so doing did not waive his right to receive the Aggregate Guaranteed Payment (AGP) of $10.0 million less any special bonus payments since September 2021.

During the year to 31 December 2023, Mr Myerson elected to receive the AGP and $8.0 million (AGP of $10.0 million less special bonuses of $2.0 million) was paid to him on 1 December 2023. As a result, the MEP share options, which would otherwise have vested over the period to 30 September 2026, were transferred back to the Company for nil payment.

There were no performance conditions attaching to either the MEP share options or the AGP.

The total share-based payment charge for MEP arrangements in the year to 31 December 2023 was $3.0 million (2022: $6.2 million).

The share-based payment reserve of $15.5 million (2022: $4.9 million) reflects the opening balance of $4.9 million (2022: $nil) plus the charge of $12.9 million (2022: $0.6 million) for LTIPs plus the charge of $0.5 million (2022: $7.3 million) for IPO-related share options less the cost of satisfying exercises during the year of $2.8 million (2022: $3.0 million).

33. Dividends

	2023 US$'million	2022 US$'million
First interim dividend of $0.132 per ordinary share announced 16 February 2023 and paid 9 March 2023	**133.0**	–
Second interim dividend of $0.132 per ordinary share announced 23 August 2023 and paid 29 September 2023	**133.0**	–
Total dividends paid during year ended 31 December 2023	**266.0**	–
Third interim dividend of $0.132 per ordinary share announced 21 March 2024 and payable in April 2024 (not accrued in the 2023 results)	**134.0**	–
Total dividends paid or payable relating to year ended 31 December 2023	**400.0**	–

34. Subsequent events

On 6 March 2024 it was announced that EPL will be extended by a further year to 31 March 2029. If this had been enacted at the balance sheet date, it is estimated that this would have increased the deferred tax liability by $112.2 million.

On 19 March 2024, the North Sea Transition Authority sanctioned the extension of the licence on the Cambo field to 31 March 2026.

On 26 March 2024, the Group signed an exclusivity agreement between Eni S.p.A. and Ithaca Energy covering substantially all of Eni S.p.A.'s UK upstream assets, excluding Eni S.p.A. CCUS and Irish sea assets, under which Eni S.p.A. has granted Ithaca exclusivity whilst a potential business combination is pursued. Under the terms of the proposed business combination Eni S.p.A. is anticipated to hold between 38% and 39% of the enlarged issued share capital of Ithaca Energy following completion. If this progresses further, it will be subject to the issuance of both a Circular and a Prospectus and the related shareholder approvals and will also be subject to, amongst other things, regulatory approvals.

Company statement of financial position

As at 31 December

	Note	2023 US$'000	2022 US$'000
Assets			
Current assets			
Cash and cash equivalent		**140**	21,126
Prepayments		**1,165**	–
		1,305	21,126
Non-current assets			
Investments	3	**1,224,659**	1,224,659
Total assets		**1,225,964**	1,245,785
Liabilities and equity			
Current liabilities			
Trade and other payables	4	**(16,365)**	(37,955)
Net current liabilities		**(15,060)**	(16,829)
Total assets less current liabilities		**1,209,599**	1,207,830
Net assets		**1,209,599**	1,207,830
Shareholders' equity			
Share capital	5	**11,540**	11,445
Share premium	5	**308,845**	293,712
Capital contribution reserve	5	**181,945**	181,945
Own shares	5	**(12,412)**	–
Share-based payment reserve	5	**15,494**	4,920
Retained earnings		**704,187**	715,808
Total equity		**1,209,599**	1,207,830

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own statement of profit or loss for the year. The Company reported comprehensive income and a profit of $254.4 million for the year ended 31 December 2023 (2022: loss of $47.7 million).

Approved on behalf of the Board on 26 March 2024:

Iain C S Lewis
Director

Company number 12263719

Company statement of changes in equity
Year ended 31 December

	Share capital US$'000	Share premium US$'000	Capital contribution reserve US$'000	Own shares US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total US$'000
Balance at 1 January 2022	1	634,659	114,000	–	–	25,129	773,789
Issuance of shares for capital reduction	114,000	–	(114,000)	–	–	–	–
Reduction in capital	(114,000)	(634,659)	–	–	–	748,659	–
Issuance of shares	11,444	293,712	–	–	(3,004)	(10,228)	291,924
Capital contribution through debt cancellation	–	–	181,945	–	–	–	181,945
Share-based payment charge	–	–	–	–	7,924	–	7,924
Loss for the year	–	–	–	–	–	(47,752)	(47,752)
Balance at 31 December 2022 and 1 January 2023	11,445	293,712	181,945	–	4,920	715,808	1,207,830
Dividends paid	–	–	–	–	–	(265,972)	(265,972)
Issuance of shares	95	15,133	–	(15,228)	–	–	–
Profit for the year	–	–	–	–	–	254,351	254,351
Share-based payments	–	–	–	2,816	10,574	–	13,390
Balance at 31 December 2023	11,540	308,845	181,945	(12,412)	15,494	704,187	1,209,599

Notes to the Company financial statements

1. Material accounting policies

Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. The financial statements have been prepared on a historical cost basis and on a going concern basis as described in the going concern statement within note 3 of the consolidated financial statements.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. These financial statements have therefore been prepared in accordance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under this standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement and certain related-party transactions.

Where relevant, equivalent disclosures have been given in the consolidated financial statements. Where applicable, the principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements on pages 162 to 173, except as noted below.

Investments

Investments in subsidiaries are shown at cost less provision for impairment.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends receivable from subsidiaries are recognised only when they are approved by shareholders. Details of dividends paid and declared are set out in note 33 of the consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on a regular and ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In the current and prior year there were no critical accounting judgements or key sources of estimation uncertainty.

2. Profit/(loss) for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own statement of profit or loss for the year. The Company reported a profit of $254.4 million for the year ended 31 December 2023 (2022: loss of $47.7 million).

Fees payable to the Company's auditors for the audit of the Company's annual financial statements are disclosed in note 7 to the consolidated financial statements. The Company had no employees in the current or preceding financial year.

3. Investments

	2023 US$'000	2022 US$'000
Investments in subsidiary undertakings	**1,224,659**	1,224,659

The carrying value of investments in subsidiary undertakings is reviewed for indicators of impairment on an annual basis. The recoverable amount is the higher of fair value less cost of disposal or the net present value of future cash flows which are estimated based on the continued use of the assets in the business.

During the year ended 31 December 2023 the Company received $272 million of dividends from subsidiary undertakings (2022: $nil).

The subsidiaries of Ithaca Energy plc are set out in note 31 to the consolidated financial statements.

4. Trade and other payables

	2023 US$'000	2022 US$'000
Amounts owed to subsidiary undertakings	**(14,452)**	(23,261)
Trade creditors	–	(3,610)
Accruals	**(1,913)**	(11,084)
	(16,365)	(37,955)

Amounts owed to subsidiary are repayable on demand and do not bear interest.

5. Reserves

(a) Issued share capital

The issued share capital is as follows:

	Number of common shares	Amount US$'000
At 31 December 2022	1,006,564,976	11,445
At 31 December 2023	**1,014,372,281**	**11,540**

On 5 October 2023, 7,807,305 ordinary shares of £0.01 each were issued to the Ithaca Energy plc Employee Benefit Trust (EBT) to satisfy the exercise of share options during the year and in future years.

On 26 October 2022 the Company undertook a share capital reduction whereby 114,000,000 issued A ordinary shares of $1.00 each were cancelled and extinguished. In addition on this date the share capital account as at 31 December 2021 of $634,658,000 was cancelled. A number of further steps followed in preparation for the IPO including the conversion of $1.00 shares to £0.88 shares, the conversion of £0.88 shares to £0.01 shares, the issue of bonus shares principally to existing shareholders and the issue of 105,000,000 new shares on the IPO. As a result the issued share capital of the Company immediately after the IPO was 1,005,162,217 ordinary shares of £0.01 each.

A reconciliation of the opening to closing number of shares during the year to 31 December 2022 is set out below:

	Number of shares				
	A ordinary	B1 ordinary	B2 ordinary	Ordinary	Total
A ordinary shares of $1.00 each at 1 January 2022	1,001	–	–	–	1,001
Issue of new $0.01 B1 shares and $0.01 B2 shares	–	100	100	–	200
Issue of new $1.00 A ordinary shares	114,000,000	–	–	–	114,000,000
Cancellation of $1.00 A ordinary shares	(114,000,000)	–	–	–	(114,000,000)
Conversion of $1.00 A ordinary shares, $0.01 B1 share and 0.01 B2 share to £0.01 A ordinary shares	87,087	(12)	(12)	–	87,063
Bonus issue of new £0.01 A shares	898,131,843	–	–	–	898,131,843
Bonus issue of new £0.01 B1 shares	–	1,401,670	–	–	1,401,670
Bonus issue of new £0.01 B2 shares	–	–	420,440	–	420,440
Conversion of £ 0.01 A ordinary shares, £0.01 B1 shares and £0.01 B2 shares to £0.01 ordinary shares	(898,219,931)	(1,401,758)	(420,528)	900,042,217	–
Bonus issues of £0.01 ordinary shares	–	–	–	120,000	120,000
Issue of new £0.01 ordinary shares on IPO	–	–	–	105,000,000	105,000,000
Issue of new £0.01 ordinary shares on exercise of share options	–	–	–	1,402,759	1,402,759
Ordinary shares of £0.01 each at 31 December 2022	–	–	–	1,006,564,976	1,006,564,976

5. Reserves continued

(b) Share premium

	2023 US$'000	2022 US$'000
At 1 January	**293,712**	634,659
Share premium cancellation	**–**	(634,659)
Addition	**15,134**	293,712
At 31 December	**308,846**	293,712

The share premium account represents the cumulative difference between the market share price and the nominal share value on the issuance of new ordinary shares multiplied by the number of shares issued.

Additions during 2023 represent the difference between the nominal value per share of £0.01 and the closing share price on the day before the shares were issued to the EBT multiplied by the number of shares.

During 2022, the additions represent the difference between the nominal value per share of £0.01 and IPO price of £2.50 per share multiplied by the number of shares issued (net of share issues expenses).

(c) Capital contribution reserve

	2023 US$'000	2022 US$'000
At 1 January	**181,945**	114,000
Issuance of ordinary shares	**–**	(114,000)
Addition	**–**	181,945
At 31 December	**181,945**	181,945

During the year to 31 December 2022, the Company settled outstanding loan liabilities (including interest) of DKL Energy limited (DKLE) out of IPO proceeds. As per the terms of the confirmation letter dated 29 November 2022 signed between DKLE and the Company, DKLE unconditionally and irrevocably released and forever discharged Ithaca Energy plc from any and all liabilities to the DKLE in respect of or in connection with the capital and subordinated loan note agreements. The remaining loan balance of $181.9 million has been capitalised as capital contribution reserve as per the requirements of IFRS 9.

(d) Own shares

	2023 US$'000	2022 US$'000
At 31 December	**(12,412)**	–

Own shares comprise shares held by the Ithaca Energy plc EBT which are being used to satisfy the exercise of employee share options. During the year, 7,807,305 ordinary shares of £0.01 each were issued to the EBT and 1,443,561 ordinary shares were used to satisfy the exercise of share options. In addition, 1,822,286 ordinary shares of £0.01 each waived under the MEP (see note 32) were transferred into the EBT during the year. As a result, the EBT held 8,186,030 ordinary shares of £0.01 each at 31 December 2023.

5. Reserves continued

(e) Share-based payment reserve

	2023 US$'000	2022 US$'000
At 31 December	**15,494**	4,920

The share-based payment reserve represents the cumulative charge for share options, as described in note 32, less the cumulative cost of share option exercises.

Details of share-based payments are set out in note 32 of the consolidated financial statements.

6. Related-party transactions

As the Company is a majority owned subsidiary of Delek Group Limited, it has taken advantage of the exemption given by Paragraph 8 of the Financial Reporting Standard (FRS) 101 which allows exemption from disclosure of related-party transactions with other Group companies. The Company has also taken advantage of the exemption given by Paragraph 8 of FRS 101 which allows exemption from disclosure of compensation for key management personnel.

7. Ultimate Parent undertaking and controlling party

The immediate Parent undertaking is DKL Energy Limited (incorporated in Jersey) who owns 88.55% of the issued share capital of Ithaca Energy plc. The registered office address of the DKL Energy Limited is 47 Esplanade, St Helier, Jersey, JE1 0BD.

The ultimate Parent Company is Delek Group Limited (incorporated in Israel), an independent E&P Company listed on the Tel Aviv Stock Exchange. The Company and Delek's ultimate controlling party is Mr Itshak Sharon Tshuva.

The smallest and largest group for which consolidated financial statements are prepared is that of Ithaca Energy plc and Delek Group Limited respectively. A copy of the Delek Group Limited financial statements can be obtained from 19 Abba Edan Boulevard, POB 2054, Herzilia, 4612001, Israel.

Alternative Performance Measures

Non-GAAP measures

The Group uses certain performance metrics that are not specifically defined under United Kingdom adopted International Financial Reporting Standards or other generally accepted accounting principles. These measures are considered to be important as they track both operational and financial performance and are used to manage the business and to provide an objective comparison to Ithaca Energy's peer group. These non-GAAP measures which are presented in the Annual Report and Accounts are defined below:

Adjusted EBITDAX: earnings before interest, tax, put premiums on oil and gas derivative instruments, revaluation of derivative contracts, depletion depreciation and amortisation, impairment (charge)/reversal, exploration and evaluation expenditure, remeasurements of decommissioning reimbursement receivables, fair value losses on contingent consideration, gain on bargain purchase, transaction costs and historic claims relating to acquisitions. The Group believes that adjusted EBITDAX is a useful measure for stakeholders because it is a measure closely tracked by management to evaluate the Group's operating performance and to make financial, strategic and operating decisions and because it may help stakeholders to better understand and evaluate, in the same manner as management, the underlying trends in the Group's operational performance on a comparable basis, period-on-period.

Adjusted EBITDAX is reconciled to profit after tax as follows:

	2023 $m	2022 $m
Profit after tax	**215.6**	1,031.5
Taxation charge	**86.4**	1,209.0
Gain on bargain purchase	–	(1,335.2)
Depletion, depreciation and amortisation	**740.3**	662.9
Impairment charges	**557.9**	31.5
Net finance costs	**184.0**	203.0
Oil and gas put premiums	**15.4**	56.9
Revaluation of derivative contracts	**(42.8)**	(16.8)
Transaction costs	–	60.1
Exploration and evaluation expenses	**13.6**	9.0
Historic claim relating to an acquisition	**(50.1)**	–
Remeasurements of decommissioning reimbursement receivables	**(5.6)**	–
Fair value losses on contingent consideration	**8.0**	4.3
Adjusted EBITDAX	**1,722.7**	1,916.2

Adjusted net income: profit after tax excluding non-cash bargain purchase credits, material impairment charges or reversals, the tax effects of these items where applicable and non-cash deferred tax charges on initial application of EPL. Adjusted net income, which is presented as it eliminates items which distort year-on-year comparisons, is reconciled to profit after tax as follows:

	2023 $m	2022 $m
Profit after tax	**215.6**	1,031.5
Gain on bargain purchase	–	(1,335.2)
Impairment charges	**557.9**	–
Tax credit on impairment charges	**(403.9)**	–
EPL deferred tax charge	–	766.5
Adjusted net income	**369.6**	462.8

Adjusted earnings per share (EPS): Adjusted net income divided by average shares for the year of 1,006.7 million (2022: 1,005.2 million)

	2023	2022
Adjusted EPS (cents)	**36.7**	46.0

Adjusted net debt: consists of amounts outstanding under RBL facility, senior unsecured loan notes and bp unsecured loan less cash and cash equivalents and excludes intragroup debt arrangements or liabilities represented by letters of credit and surety bonds. Adjusted net debt, which excludes accrued interest on borrowings, lease liabilities and unamortised fees, comprises:

	2023 $m	2022 $m
RBL drawn facility	–	(600.0)
Senior unsecured notes	**(625.0)**	(625.0)
bp unsecured loan	**(100.0)**	–
Cash and cash equivalents	**153.2**	253.8
Adjusted net debt	**(571.8)**	(971.2)

Leverage ratio: adjusted net debt at the end of the year divided by adjusted EBITDAX for the year then ended. The calculations are as follows:

	2023	2022
Adjusted net debt ($m)	**571.8**	971.2
Adjusted EBITDAX ($m)	**1,722.7**	1,916.2
Leverage ratio	**0.33x**	0.51x

Available liquidity: the sum of cash and cash equivalents on the balance sheet and the undrawn amounts available to the Group using existing approved third-party facilities. Available liquidity comprises:

	2023 $m	2022 $m
Cash and cash equivalents	**153.2**	253.8
Undrawn borrowing facilities	**725.0**	325.0
Undrawn optional project capital expenditure facility	**150.0**	–
Available liquidity	**1,028.2**	578.8

Subsequent to 31 December RBL liquidity increased from $725.0 million to $836.0 million.

Group free cash flow: net cash flow from operating activities less cash used in investing activities, adding back acquisition of subsidiaries net of cash acquired, less bank interest and interest rate swaps. This measure is considered a useful indicator of the Group's ability to make strategic investments, repay the Group's debt and meet other payment obligations. Group free cash flow reconciles to net cash flow from operating activities as follows:

	2023 $m	2022 $m
Net cash flow from operating activities	**1,290.8**	1,723.3
Net cash used in investing activities	**(492.4)**	(1,404.2)
Add back acquisitions	**–**	957.5
Bank interest and charges	**(99.8)**	(142.8)
Interest rate swaps	**7.0**	0.8
Group free cash flow	**705.6**	1,134.6

Unit operating expenditure: operating costs (excluding over/underlift) including tariff expense but excluding tariff income and tanker costs, divided by net production for the year. This measure is considered a useful indicator of ongoing operating costs and is also used to compare performance between assets. Operating costs for this calculation reconcile to note 6 as follows:

	2023 $m	2022 $m
Operating costs of hydrocarbon activities per note 6	**576.7**	547.8
Less tanker costs (included within operating costs of hydrocarbon activities in note 6)	**(20.7)**	(15.6)
Less tariff income (included within other income in note 5)	**(31.6)**	(36.2)
Operating costs used to calculate unit operating expenditure	**524.4**	496.0

DD&A rate per barrel: depletion, depreciation and amortisation charge for the year divided by net production for the year.

Other key performance indicators

Total production: historic production boe/d include volumes from date of acquisition of MOGL on 4 February 2022 and Siccar Point Energy and Summit on 30 June 2022.

Tier 1 process safety events: process safety incidents as defined by API 465 Process Safety-Recommended Practice On Key Performance Indicators.

Serious injury and fatality frequency: the number of serious injuries resulting in permanent impairment, as defined by IOGP, per million hours worked.

Notes

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