Ithaca Energy Limited (formerly Delek North Sea Limited)
Financial Statements for the year ended 31 December 2021

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General Information

Directors
Gilad Myerson
Leora Pratt Levin (resigned 10 October 2022)
Iain Clifford Scobbie Lewis (appointed 10 October 2022)
Alan Alexander Bruce (appointed 10 October 2022)
Idan Wallace (appointed 10 October 2022)

Company Secretary
Pinsent Masons Secretarial Limited (resigned 3 October 2022)
Julie McAteer (appointed 3 October 2022)

Independent Auditor
Deloitte LLP
1 Union Wynd
Aberdeen
AB10 1SL

Banker
BNP Paribas
London Office
40 Harewood Avenue
London
NW1 6AA

Solicitor
Pinsent Masons
13 Queen's Road
Aberdeen
AB15 4YL

Registered Office
23 College Hill
London
United Kingdom
EC4R 2RP

Strategic Report for the year ended 31 December 2021

The Directors present their strategic report and the audited financial statements for the year ended 31 December 2021.

Results

The loss for the year was $39.8 million (2021 : profit of $73.6 million) which when added to the retained profit balance as of 1 January 2021 gives the total retained profit of $25.1 million (2021 $64.9 million).

Principal activities and review of the business

The principal activity of the Company is to act as a holding company of Ithaca Energy E&P Limited (formerly Ithaca Energy Limited ("Ithaca")), a wholly owned subsidiary with operations and investments in the UK upstream oil and gas industry. The investment in Ithaca was financed through borrowing from the immediate parent company DKL Energy Limited (the parent).

In 2021 the Company received a $15 million dividend (2020: $120 million) from Ithaca which was used to partially repay the loan from the parent.

Section 172 statement

This section of the Strategic Report describes how the Directors have had regard to the matters set out in section 172(1) and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefits of its members as a whole and in doing so have regard, amongst other matters, to:

The likely consequence of any decision in the long term

The Directors meet as required to consider and discuss the long-term goals of the Company and the impact that any decisions might have across the relevant stakeholders. It also reviews strategy, financial and operational performance to ensure considered and informed decisions in the best interest of the Company and its members. Information is provided to the board through reports sent in advance of each board meeting.

The interests of the Company's employees

The Company does not have any employees. The Directors ensure that the interests of employees are considered through the subsidiaries of the Company which are involved in operations and investments in the UK upstream oil and gas industry.

The need to foster the Company's business relationships with suppliers, customers and others

The Company has limited business relationships with suppliers, customers and others as a result of its principal activity being a holding company. The Directors ensure that such relationships are fostered through the subsidiaries of the Company which are involved in operations and investments in the UK upstream oil and gas industry.

The impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; the need to act fairly between members of the Company

The Company has limited impact on the community and environment as a result of its principal activity being a holding company, with these issues being handled directly by the subsidiaries of the Company which are involved in operations and investments in the UK upstream oil and gas industry.

Maintain a reputation for high standards of business conduct

The UK oil and gas industry is a highly regulated business environment. Within this highly regulated environment, the board oversees a Group that is subject to a considerable level of scrutiny and oversight.

Act fairly as between members of the Company

The immediate parent company is a privately held company owned by Delek Group Limited, an independent Exploration and Production (E&P) Company listed on the Tel Aviv Stock Exchange. The board provides stakeholders with a clear assessment of the Company position and outlook.

This report was approved by the Board and authorised for issue on 24 October 2022. The report is signed on its behalf by:

Iain Lewis
Director

Directors' Report for the year ended 31 December 2021

The Directors present their report and the audited financial statements of Ithaca Energy Limited (formerly Delek North Sea Limited (the "Company")) for the year ended 31 December 2021.

Results and dividends
The Company's loss for the financial year was $39.8 million (2020: $73.6 million profit) which has been taken to reserves.

During the year the Company received dividends of $15 million (2020: $120 million) from its 100% subsidiary Ithaca Energy E&P Limited (formerly Ithaca Energy Limited ("Ithaca")). The Directors do not recommend payment of a further dividend.

Future developments
The Company is an intermediary holding Company of "The Delek Group". The Company is a holding Company with a 100% investment in Ithaca.

The Company's principal activity continues to be the holding of investment in Ithaca.

The success of the Company depends on the ability of its subsidiaries to deliver value through the appraisal and development of undeveloped oil & gas discoveries and the exploitation of its existing producing asset portfolio. The Company's Directors are of the opinion that analysis using the wider Group KPIs is appropriate for an understanding of the development and performance of the business. There are no Company specific KPIs.

Going Concern
The Company has net current liabilities of $451million which include $435m due to the parent company under formal agreements for a capital loan note and subordinated loan (note 7). The Company owes an additional $16m to the parent company and fellow group companies payable on demand. On 2 and 4 October 2022 respectively, the capital loan note and the subordinated loan repayment terms were extended to 1 January 2024 or immediately upon admission of the Company's shares to a stock exchange. The parent company has confirmed the additional $16m due on demand will not be recalled for a period of at least 12 months from date of approval of these financial statements.

The Company, being an investment holding entity, ordinarily generates cash inflows from dividend receipts, subject to distribution restrictions from the Company's subsidiaries under Reserves Based Lending facility terms. The directors have prepared the Company's financial statements on a going concern basis having considered the following:-

(a) the Company has minimal ongoing obligations and these are expected to be settled by fellow group companies as they arise;
(b) the amendment of the repayment date of the loans;
(c) the parent company confirmation that it will not require settlement of remaining amounts due on demand for a period of at least 12 months from date of approval of these financial statements; and
(d) the cash generation of the Company's subsidiaries and potential to distribute dividends to the Company, subject to banking restrictions.

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

Liquidity risk and cash flow risk
The Company along with the parent company (see note 11) actively maintains a view on the future to optimise the mixture of debt and equity that will ensure the Company has sufficient available funds to develop its existing business and participate in future opportunities.

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

Gilad Myerson
Leora Pratt Levin (resigned 10 October 2022)
Iain Clifford Scobbie Lewis (appointed 10 October 2022)
Alan Alexander Bruce (appointed 10 October 2022)
Idan Wallace (appointed 10 October 2022)

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Directors' Report for the year ended 31 December 2021 (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

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

Directors confirmations

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

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

Independent Auditor

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

This report was approved by the Board and authorised for issue on 24 October 2022. The report is signed on its behalf by:

Iain Lewis
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITHACA ENERGY LIMITED (FORMERLY DELEK NORTH SEA LIMITED)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Ithaca Energy Limited (formerly Delek North Sea Limited) (the 'Company')

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 14.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Directors

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITHACA ENERGY LIMITED (FORMERLY DELEK NORTH SEA LIMITED) (continued)
Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's subsidiary operating licences, environmental regulations, and anti-bribery and corruption legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITHACA ENERGY LIMITED (FORMERLY DELEK NORTH SEA LIMITED) (continued)

Report on the audit of the financial statements (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

We have nothing to report in respect of these matters

Use of our report

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

G. Hollis

Graham Hollis ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
24 October 2022

Income Statement
For the year ended 31 December 2021

	Note	2021 US$'000	Restated (Note 13) 2020 US$'000
Administrative expenses	4	**(934)**	(329)
Loss from operations before tax		**(934)**	(329)
Income from shares in group undertakings	6	**15,000**	120,000
Profit before taxation and net finance costs		**14,066**	119,671
Finance costs	5	**(53,872)**	(46,076)
(Loss) / profit before taxation		(39,806)	73,595
Income tax	12	-	-
(Loss) / profit for the year		**(39,806)**	73,595

No separate statement of comprehensive income has been prepared as all other comprehensive income has been incorporated in the Income Statement above.

The notes on pages 13 to 17 are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2021

	Note	2021 US$'000	Restated (Note 13) 2020 US$'000
ASSETS			
Non-current assets			
Investment in subsidiary	6	**1,224,659**	1,224,659
Total assets		**1,224,659**	1,224,659
LIABILITIES			
Creditors : Amounts falling due within one year	7	**(450,870)**	(7,042)
Net current liabilities		**(450,870)**	(7,042)
Total assets less current liabilities		773,789	1,217,617
Creditors : Amounts falling due after more than one year	8	-	(404,022)
Net assets		**773,789**	813,595
EQUITY	9		
Called up share capital		**1**	1
Share premium account		**634,659**	634,659
Capital contribution reserve		**114,000**	114,000
Retained earnings		**25,129**	64,935
Total Shareholders' Funds		**773,789**	813,595

The financial statements on pages 10 to 17 were approved by the Board of Directors on 24 October 2022 and signed on its behalf by

Iain Lewis
Director

The notes on pages 13 to 17 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2021

	Called Up Share Capital US$'000	Share Premium US$'000	Capital Contribution Reserve US$'000	Retained earnings US$'000	Total Shareholders' Funds US$'000
Balance, 1 January 2020	1	635,079	-	(2,626)	632,454
Effect of prior period error - see note 13	-	(420)	114,000	(6,034)	107,546
Balance, 1 January 2020 - as restated	1	634,659	114,000	(8,660)	740,000
Profit for the year- as restated	-	-	-	73,595	73,595
Balance, 31 December 2020 - as restated	1	634,659	748,659	64,935	813,595
Balance, 1 January 2021 - as restated	**1**	**634,659**	**748,659**	**64,935**	**813,595**
Loss for the year	**-**	**-**	**-**	**(39,806)**	**(39,806)**
Balance, 31 December 2021	**1**	**634,659**	**748,659**	**25,129**	**773,789**

The notes on pages 13 to 17 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2021

1. NATURE OF OPERATIONS

Ithaca Energy Limited (formerly Delek North Sea Limited (the "Company")), incorporated and domiciled in UK, is a private Company limited by shares involved in the holding of investments in subsidiary companies. The address of the Company's registered office is 23 College Hill, London, United Kingdom, EC4R 2RP.

2. BASIS OF PREPARATION

These financial statements of the Company have been prepared on a going concern basis in accordance with United Kingdom Accounting Standards - in particular FRS 101. FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRSs").

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective, impairment of assets, certain related party transactions.

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

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Delek Group Limited. The group accounts of Delek Group Limited are available to the public and can be obtained as set out in note 11.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY

Basis of measurement
The financial statements have been prepared under the historical cost convention.

Going Concern
The Company has net current liabilities of $451million which include $435m due to the parent company under formal agreements for a capital loan note and subordinated loan (note 7). The Company owes an additional $16m to the parent company and fellow group companies payable on demand. On 2 and 4 October 2022 respectively, the capital loan note and the subordinated loan repayment terms were extended to 1 January 2024 or immediately upon admission of the Company's shares to a stock exchange. The parent company has confirmed the additional $16m due on demand will not be recalled for a period of at least 12 months from date of approval of these financial statements.

The Company, being an investment holding entity, ordinarily generates cash inflows from dividend receipts, subject to distribution restrictions from the Company's subsidiaries under Reserves Based Lending facility terms. The Directors have prepared the Company's financial statements on a going concern basis having considered the following:-

(a) the Company has minimal ongoing obligations and these are expected to be settled by fellow group companies as they arise.
(b) the amendment of the repayment date of the loans;
(c) the parent company confirmation that it will not require settlement of remaining amounts due on demand for a period of at least 12 months from date of approval of these financial statements; and
(d) the cash generation of the Company's subsidiaries and potential to distribute dividends to the Company, subject to banking restrictions.

Foreign currency translation
Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in United States Dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 Income Statement.

Financial instruments
The Company's financial instruments consist of long and short term borrowings and other payables, mainly to related parties. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

Financial instruments are measured at amortised cost using the effective interest method. Trade creditors, accrued liabilities, certain other long-term liabilities and long-term debt are classified as other financial liabilities.

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

Investments in subsidiaries
Investment in subsidiaries are measured at cost less , where appropriate, provisions for impairment.

Other payables
Other payables are measured at cost.

Borrowings
All interest-bearing loans and other borrowings with banks are initially recognised at fair value net of directly attributable transaction costs. After initial recognition interest-bearing loans and other borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, discount or premium.

Loan origination fees are capitalised and amortised over the term of the loan. 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 of sale. All other borrowing costs are expensed as incurred.

Interest-free loans from related parties are initially recognised at fair value. The difference between the fair value of the loans and their nominal value is accounted for as a capital contribution and credited to equity. Subsequent to initial recognition, the loans are measured at amortised cost.

Notes to the financial statements for the year ended 31 December 2021 (continued)

Critical accounting judgements and key sources of estimation uncertainty
In applying the Company's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Company accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Capital contribution estimates
In 2019 the Company issued an interest-free capital loan note to the parent Company DKL Energy Limited. The capital loan note was initially measured at fair value, which was estimated by discounting the cash flows payable at 14.7% being the estimated rate that would have been payable on a similar instrument issued on arms length commercial terms. Judgement was required in assessing the value of this discount rate. Subsequent to initial recognition the capital loan note is measured at amortised cost. The difference between the nominal and the fair value of the capital loan note was recorded as capital contribution.

Subordinated loan
As detailed in note 7, on 4 November 2019 the Company issued a subordinated tracker loan note to its parent company which incurred interest which matched that paid on an interest bearing external loan ("BNP loan") held by the parent company from which the subordinated loan originated. This tracker loan became interest free in May 2021 subsequent to repayment of the BNP loan by its parent company. Judgement was therefore required as to whether the interest free period of the loan represented a further capital contribution from the parent. However, at inception of the subordinated loan the Directors expected the repayments of the tracker loan by the Company to match those of the BNP loan and hence to incur a market based rate of interest throughout its term. Consequently it was not anticipated at inception that there would be a period where the interest charge would be nil or below market rate of interest and therefore no deemed capital contribution has been recognised on the subordinated loan. Subsequently, due to the Covid-19 global economic downturn, the BNP loan was repaid earlier than scheduled with certain repayments funded by the ultimate parent company, Delek Group Limited. A gain resulting from revision of the amortised cost has recognised in the restated profit and loss for the year ended 31 December 2020 (note 13).

Key sources of estimation uncertainty
There are no key assumptions concerning the future at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. ADMINISTRATIVE EXPENSES

	2021	2020
	US$'000	US$'000
General & administrative	**(934)**	(329)

(a) Directors' Remuneration

The Directors of the Company during the year were employees of other Delek Group companies and receive remuneration from the applicable Company. The Directors do not believe that it is practical to apportion this amount between their services as Directors of the Company and their services as Directors of the other Group companies.

(b) Employees

The Company had no employees during the current and prior year.

(c) Services provided by the Company's auditor

	2021	2020
	US$'000	US$'000
Fees payable for the audit of the Company's financial statements	**(97)**	(5)

5. FINANCE COSTS

	2021	2020
	US$'000	US$'000
Interest on Subordinated loan due to DKL Energy Limited	(5,314)	(14,118)
(Loss)/gain on remeasurement of tracker loan	(504)	10,030
Interest on Capital loan notes due to DKL Energy Limited	(48,054)	(41,988)
	(53,872)	(46,076)

The (loss)/gain on remeasurement of the subordinated loan arose as a result of revisions to the estimated timing of repayment due to the corresponding BNP loan being repaid earlier than scheduled (see the related critical accounting judgement in note 3).

Notes to the financial statements for the year ended 31 December 2021 (continued)

6. INVESTMENTS

	2021 US$'000	2020 US$'000
Ithaca Energy E&P Limited (formerly Ithaca Energy Limited)	**1,224,659**	1,224,659

On 4 November 2019 the Company paid $590,000,000 for a further 590,000,000 ordinary shares of 0.01 US$ in Ithaca.

During the year the Company received $15 million of dividends from Ithaca (2020: $120 million).

The following is the list of Ithaca's subsidiaries:

	Country of incorporation	% equity interest at 31 December 2021	2020
Ithaca Energy (E&P) Limited (formerly Ithaca Energy Limited)	Jersey	**100%**	100%
Ithaca Energy (UK) Limited	Scotland	**100%**	100%
Ithaca Minerals (North Sea) Limited	Scotland	**100%**	100%
Ithaca Energy (Holdings) Limited	Bermuda	**100%**	100%
Ithaca Energy Holdings (UK) Limited	Scotland	**100%**	100%
Ithaca Energy (North Sea) PLC	Scotland	**100%**	100%
Ithaca Oil and Gas Limited (formerly Chevron North Sea Limited)	England and Wales	**100%**	100%
Ithaca Petroleum Ltd	England and Wales	**100%**	100%
Ithaca Causeway Limited	England and Wales	**100%**	100%
Ithaca Gamma Limited	England and Wales	**100%**	100%
Ithaca Alpha (NI) Limited	Northern Ireland	**100%**	100%
Ithaca Epsilon Limited	England and Wales	**100%**	100%
Ithaca Exploration Limited	England and Wales	**100%**	100%
Ithaca Petroleum EHF	Iceland	**100%**	100%
Ithaca SPL Limited***	England and Wales	**100%**	100%
Ithaca Dorset Limited	England and Wales	**100%**	100%
Ithaca SP UK Limited	England and Wales	**100%**	100%
Ithaca GSA Holdings Limited	Jersey	**100%**	100%
Ithaca GSA Limited	Jersey	**100%**	100%
Ithaca Energy Developments UK Limited	England and Wales	**100%**	100%
FPF-1 Limited	Jersey	**100%**	100%

7. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 US$'000	2020 US$'000
Amounts owed to fellow group companies	**(15,676)**	(7,042)
Subordinated loan	**(61,118)**	-
Capital loan note	**(374,076)**	-
	(450,870)	(7,042)

Amounts owed to fellow group companies

Amounts owed to fellow group companies are repayable on demand, interest free and unsecured. The amounts related mainly to interest incurred on the subordinated loan.

Subordinated loan

On 4 November 2019, the Company issued a subordinated loan note worth $198m to the parent company, DKL Energy Limited. The interest terms up to May 2021 matched those of an external loan with BNP Paribas entered into by DKL Energy Limited on which a margin ranging from 6.5% to 11.5% on LIBOR was charged. Subsequent to repayment of the BNP Paribas loan by DKL Energy Limited in May 2021, the subordinated loan was interest free. The subordinated loan was due for repayment at the date of issuance no later than 4 May 2022, after which date it was repayable on demand. The Company paid $120m of the subordinated loan in 2020 and $15 million in 2021 and the remaining amount of nominal amount of $63 million and accrued interest remains unpaid at 31 December 2021. The loan is measured at amortised cost, the difference between the nominal amount and the carrying amount reflect the effect of amortised cost measurement. Subsequent to the balance sheet date, the maturity date of the loan was extended to the earlier of 1 January 2024 or the initial public offering of the Company's shares (note 14).

Capital loan note

On 4 November 2019 the Company issued interest-free capital loan notes worth a nominal value of $392m to the parent company, DKL Energy Limited. At the date of issuance, the capital loan note was due for repayment on May 2022, after which point it was payable on demand. On initial recognition, on 4 November 2019, the capital loan note was recorded at a fair value of $278m estimated based on a 14.7% market rate of interest rate . The difference between the fair value and nominal value was recorded as a capital contribution on issuance in 2019 (note 13). In subsequent periods the capital contribution has been unwound to the income statement as imputed interest. The full amount of the loan notes remain outstanding at 31 December 2021. Subsequent to the balance sheet date, the maturity date of the loan notes was extended to the earlier of 1 January 2024 or the initial public offering of the Company's shares (note 14).

Notes to the financial statements for the year ended 31 December 2021 (continued)

8. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Non-Current	2021 US$'000	2020 US$'000
Subordinated loan (see note 7)	-	(78,000)
Capital loan note (see note 7)	-	(326,022)
		(404,022)

9. CALLED UP SHARE CAPITAL

a) Share capital

Authorised share capital	No. of ordinary shares	Amount US$'000
At 31 December 2020 and 2021	1,001	1

Issued share capital

The issued share capital is as follows:

	Number of common shares	Amount US$'000
At 31 December 2020 and 2021	1,001	1

b) Capital contribution reserve

Capital contribution reserves represents the difference between the nominal value and fair value of below market rate of interest loan from the parent company.

10. RELATED PARTY TRANSACTIONS

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

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is DKL Energy Limited.

The ultimate parent is Delek Group Limited, an independent E&P Company listed on the Tel Aviv Stock Exchange and the ultimate controlling party is Yitzhak Tshura. The smallest and largest group for which consolidated financial statements are prepared is that of Delek Group Limited. A copy of these financial statements can be obtained from 19 Abba Eban Boulevard, POB 2054, Herzilia, 4612001, Israel.

12. INCOME TAX

The standard rate of corporation tax in the UK is 19% (2020: 19%). There is no tax charge for the current or prior year.

	2021 US$'000	2020 US$'000
Profit / (loss) on ordinary activities before taxation	(39,806)	73,595
Tax at UK standard rate of tax 19%	(7,563)	13,983
Disallowable items	(2,673)	(22,737)
Corporate interest restriction	10,236	8,754
Income tax credit to income statement	-	-

The Company has $1 million carried forward tax losses as of 31 December 2021. No deferred tax is recognised as it is unlikely there will be sufficient taxable profits in the future for the losses to be utilised.

Notes to the financial statements for the year ended 31 December 2021 (continued)

13. PRIOR PERIOD ERRORS

The previously reported financial position of the Company as at 31 December 2020 and the results of the operations for the year then ended, have been restated to account for prior period errors identified in the current year. The errors have been corrected by restating each of the financial statement lines as presented below

	Previously reported	Investment in subsidiary measurement	Capital loan note measure-ment	Investment in subsidiary impairment	Subordinated loan balance classification	Subordinated loan measurement	Restated
	2020 US$'000	2020 US$'000	2020 US$'000	2020 US$'000	2020 US$'000	2020 US$'000	2020 US$'000
Income statement							
Financial costs	(11,564)	-	(41,988)	-	-	7,476	(46,076)
Impairment loss on investment in subsidiary	(264,123)	-	-	264,123	-	-	-
		-	-	-	-	-	-
(Loss)/profit for the year	**(156,016)**	-	**(41,988)**	**264,123**	-	**7,476**	**73,595**
Balance sheet							
Investments	960,956	(420)	-	264,123	-	-	1,224,659
Creditors: Amounts falling due within one year	(92,518)	-	-	-	78,000	7,476	(7,042)
Creditors: Amounts falling due after more than one year	(392,000)	-	65,978	-	(78,000)	-	(404,022)
Net assets	**476,438**	**(420)**	**65,978**	**264,123**	-	**7,476**	**813,595**
Share capital	1	-	-	-	-	-	1
Share premium	635,079	(420)	-	-	-	-	634,659
Capital contribution reserve	-	-	114,000	-	-	-	114,000
Retained earnings	(158,642)	-	(48,022)	264,123	-	7,476	64,935
Total Shareholders' funds	**476,438**	**(420)**	**65,978**	**264,123**	-	**7,476**	**813,595**

Investment in subsidiary restatement

The investment in subsidiary acquired under a group reorganisation was incorrectly measured at the cost recorded by the previous parent. The prior period error has been corrected to measure the investment at the net assets of the subsidiary acquired in line with the Company's accounting policy.

Capital loan note restatement

As discussed in note 7, on 4 November 2019 the Company received an interest free capital loan ("capital loan note") from the parent company. The capital loan note was incorrectly recognised at the principal amount on initial recognition in the 2019 and 2020 financial statements. The Company's accounting policy is to recognise financial instruments on initial recognition at fair value. A deemed capital contribution, representing the difference between the principal amount of the loan and the fair value, is recorded where the fair value of the loan is less than the principal amount.

Investment impairment restatement

The recoverable value of the investment in subsidiary was incorrectly determined as being the net assets of the subsidiary. The net assets represented neither the fair value less cost of disposal nor the value in use which are a measure of recoverable under the Company's impairment accounting policy. The fair value less cost of disposal of the investment indicates no impairment had arisen at 31 December 2020, as a result a prior year adjustment been recorded to reverse the previous impairment charge of $264m.

Subordinated loan restatement - classification

The outstanding amount under the subordinated loan agreement due for repayment on 4 May 2022 was incorrectly included in creditors amounts due in less than one year instead of creditors amounts falling due after more than 1 year. As a result the prior year creditors amounts due in more than one year have been increased by $78m with a corresponding decrease in creditors amounts due in less than one year.

Subordinated loan restatement - measurement

The amortised cost of the tracker loan at 31 December 2020 did not take into account the revision to the estimated timing of repayments.

14. POST BALANCE SHEET EVENTS

Share capital and management equity plan

On 29 September 2022 the Company implemented a Management Equity Plan (MEP). The following consequential changes were made to the share capital

- the 1,001 ordinary shares of $1 each in the capital of the Company were reclassified as "A ordinary shares" of $1 each in the capital of the Company ("A Ordinary shares");
- 100 B1 and 100 B2 ordinary shares of $0.01 each ("B1 Ordinary Shares") were issued to Gilad Myerson, a Director of the Company.
- the Company adopted new articles of association.

Capital loan note

On 2 October 2022 the Company entered into an amendment agreement with the parent company DKL Energy, to extend the repayment date of the capital loan note (note 7) to 1 January 2024 or immediately upon the admission of the Company's share capital to a stock exchange.

Subordinated loan

On 4 October 2022 the Company entered into an amendment agreement with the parent company DKL Energy, to extend the repayment date of the subordinated loan (note 7) to 1 January 2024 or immediately upon the admission of the Company's share capital on a stock exchange.

Change of name

On 7 October 2022 the Company changed its name from Delek North Sea Limited to Ithaca Energy Limited.

Initial Public Offering

On 18 October 2022, the Company published a Registration Document and is considering proceeding with an initial public offering. The Company is considering applying for admission of its ordinary shares to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of the London Stock Exchange.