ITHACA ENERGY

Q3 REPORT 2024

ITHACA ENERGY PLC Q3 REPORT 2024

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Contents

Transformational Business Combination and balance sheet refinancing completed providing strong foundations to deliver long-term growth with management guidance and targeted 2024 dividend reaffirmed.

You can also read our Q3 Report online: investors.ithacaenergy.com

Q3 2024 highlights

INTERIM AND SPECIAL DIVIDENDS

$300m

(2023: $266m)
2024 interim and special dividends

SAFETY

0

(2023: 1)
Serious incidents or Tier 1 or 2 events

Q3 YTD 2024 AVERAGE PRODUCTION

52.5

(2023: 71.0)
KBOE/D

REFINANCING[3]

$2.25bn

(2023: N/A)
RBL and Senior Notes

Financial highlights

Q3 YTD 2024 ADJUSTED EBITDAX[2]

$759m

(2023: 1,367m)

30 SEPTEMBER 2024 AVAILABLE LIQUIDITY[2]

$991m

(2023: $913m)

Q3 YTD 2024 NET CASH FLOW FROM OPS

$793m

(2023: $1,021m)

LEVERAGE RATIO[2] AT 30 SEPTEMBER 2024

0.49x

(2023: 0.37x)

Q3 YTD 2024 STATUTORY NET INCOME

$135m

(2023: $238m)

2024 DIVIDEND TARGET[1]

$500m

(2023: $400m)

1. 30% post-tax CFFO commitment and up to $500 million. All dividends are subject to operational performance and commodity prices as well as the availability of distributable profits.
2. Non-GAAP measure - details of non-GAAP measures are set out on pages 33 to 35.
3. Refinancing completed after period end (see note 12).

Q3 2024 strategic highlights

- $300 million of interim and special dividends announced and reaffirming 2024 dividend target of $500 million[1]
- Completion of transformational business combination of Ithaca Energy and substantially all of Eni S.p.A's (Eni) UK upstream oil and gas assets announced 3 October 2024 (the "Business Combination" to form the "Combined Group")
  - Combination creates a dynamic growth player with the largest resource base in the UKCS[2] (2P Reserves and 2C Resources of 632 mmboe) providing significant growth optionality and strong foundations for organic and inorganic long-term growth
  - Well positioned to deliver further consolidation in mature UKCS basin and internationally, with a proven track record of value-accretive M&A
  - Enhanced balance sheet and financial strength providing material firepower for growth and a potential pathway to investment grade credit rating, highlighted by recent refinancing and credit rating upgrades
  - Highly cash-generative Business Combination supports growth trajectory and attractive and sustainable returns

> "Today's announcement of a $200 million special dividend supports our dividend target of $500 million for 2024."

PRODUCTION[3]
100-110kboe/d

2P RESERVES + 2C RESOURCES[2]
632mmboe

RESOURCE/PRODUCTION RATIO[4]
15 years

LARGEST UKCS FIELDS[5]
6 of 10

1. All dividends are subject to operational performance and commodity prices and availability of distributable profits
2. Welligence, NSAI Ithaca Energy CPR in relation to Ithaca Energy and NSAI Eni CPR in relation to the Eni UK Group, each as at 30 June 2024. Welligence's view of remaining reserves and resources based on an all producing/sanctioned assets in projects where they have confidence that they will progress and line of sight to FID.
3. 2024 pro forma production – 2024 production guidance from Ithaca Energy, NSAI Ithaca Energy CPR in relation to Ithaca Energy and NSAI Eni CPR in relation to the Eni UK Group, each as at 30 June 2024.
4. NSAI Ithaca Energy CPR in relation to Ithaca Energy and NSAI Eni CPR in relation to the Eni UK Group, each as at 30 June 2024. The resource to production ratio is calculated by dividing the total aggregate 2P reserves and 2C resources of the Combined Group by the annual average rate of production of the Combined Group.
5. Extracted from Wood Mackenzie on 26 March 2024; ranked by remaining reserves and resources.

YTD Q3 2024 operational highlights

- No tier 1 or 2 process safety events
- Q3 Combined Group production of 91 kboe/d (including turnaround activity in Q3), in line with 2024 pro forma estimated Combined Group production of 100 - 110 kboe/d[1] with peak production rates post Business Combination reaching >120 kboe/d during Q4
- Combined Group production supports reaffirmed full year 2024 production guidance of 76-81 kboe/d (including Business Combination assets from 1 July economic effective date)
- Year to date September 2024 production for Ithaca Energy standalone of 52.5 kboe/d
- Q3 production of 51.5 kboe/d reflecting summer turnaround activity (Q1 production of 58.7 kboe/d and Q2 production of 47.4 kboe/d)
- Q3 production split 70% liquids and 30% gas
- Operational issues across our non-operated joint venture (NOJV) portfolio and non-operated infrastructure have substantially been resolved with a return to full production expected in Q4, underpinning confidence in full year 2024 guidance
- Q3 production of >40 kboe/d from asset additions from the Business Combination (post Business Combination economic effective date of 1 July), the value from which will accrue to Ithaca Energy
- Rosebank project continues to progress to multi-year development timeline including successful completion of major subsea campaign with the installation of all nine subsea structures ahead of schedule. Operator seeking to maintain schedule to estimated 2026/27 first production date
- Continued high levels of activity at Captain, following on from the successful completion of the Captain Enhanced Oil Recovery (EOR) Phase II project, with commencement of a topside drilling campaign in Q3 with the campaign extending over a two-year duration targeting three new production wells, an injector well and two well workovers
- Completed W1 well workover at Erskine during July, reinstating the fifth production well at the field

1. Business Combination economic effective date of 1 July 2024. Legal completion of Business Combination occurred on 3 October 2024.

Q3 2024 financial highlights

- Special dividend of $200 million declared today, payable on 20 December to shareholders on the register on 29 November 2024. $300 million of dividends declared to date, with the Group targeting total distributions of $500 million for 2024. The Group remains committed to delivering attractive returns to its shareholders
- Successful refinancing completed post-period end enhancing balance sheet strength, including $750 million Senior Notes Offering at a rate of 8.125% due 2029 and $1.5 billion amended and restated floating rate Reserve Based Lending (RBL) facility maturing in 2029, with the proceeds used to redeem the Group's existing $625 million 9% Senior Notes due 2026, repay amounts drawn under an existing loan from bp and pay refinancing related fees and expenses
- Credit rating upgrades, post-period end, reflecting the Group's increased financial strength following the completion of the Group's Business Combination:
  - Fitch Ratings upgraded credit rating of BB- from B Flat and issuer credit rating for 2029 Senior Notes of BB-/RR4 from B+/RR3
  - S&P Global Ratings initiated coverage with a credit rating of BB- and assigned an issuer credit rating of BB-/RR4 to the 2029 Senior Notes
  - Moody's Ratings upgraded corporate rating of Ba3 from B1 and upgraded the Senior Notes rating to B1 from B3
- Robust balance sheet with adjusted net debt at the end of the period of $543.1 million (2023: $677.4 million) and a leverage ratio of 0.49x (2023: 0.37x)
- YTD adjusted EBITDAX $758.5 million (YTD 2023: $1,367.5 million)
- YTD statutory net income $134.7 million (YTD 2023: $238.5 million)
- YTD adjusted net income $181.9 million (YTD 2023: $332.1 million)
- YTD realised oil prices of $84/bbl before hedging and $83/bbl after hedging (YTD 2023: $86/bbl before hedging and $84/bbl after hedging) and gas prices of 73p/therm before hedging and 110p/therm after hedging (YTD 2023: 99p/therm before hedging and 153p/therm after hedging)
- Strong focus on costs with YTD operating costs of $415.3 million (YTD 2023: $408.9 million)
- YTD producing assets capex of $272 million (YTD 2023: $293 million) and Rosebank capex of $141 million (YTD 2023: $64 million)
- Robust net cash flow from operating activities of $792.5 million (YTD 2023: $1,021.2 million)
- Significant build on hedging position during the quarter. Post period end material gas hedges have been placed reflecting the increased gas mix of the Group's portfolio following completion of the Business Combination. As at 19 November, the Group had 22.7 million barrels of oil equivalent (31% oil) hedged from Q4 2024 into 2026 at an average floor price of $80/bbl for oil swaps, $75/bbl for oil puts/collar floors and 99p/therm for gas swaps, and 82p/therm for gas puts/collar floors

FY 2024 management guidance

- Management reaffirms its dividend commitment for 2024 of 30% post-tax CFFO, and target for 2024 distributions of $500 million
- Q3 combined production of 91 kboe/d post effective date and peak production of >120kboe/d achieved in Q4 supports pro forma 2024 combined production estimate of 100 -110 kboe/d
- Management **reaffirms** previously provided guidance ranges for the full year 2024 (FY 2024) on a Combined Group basis (as detailed below on a pro forma basis from economic effective date) and its standalone guidance ranges, except for cash tax guidance which is expected to fall below the previously provided guidance ranges:
  - FY 2024 Combined Group production of 76-81 kboe/d
  - FY 2024 Combined Group net operating cost guidance range of $650–730 million
  - FY 2024 Combined Group net producing asset capital cost (excluding pre-FID projects and Rosebank development) guidance range of $410-480 million
  - FY 2024 net Rosebank project capital cost guidance range of $170-195 million with capital cost forecast to fall at the top end of the range following significant progress on the project
  - FY 2024 Combined Group cash tax guidance of $390-410 million. Management notes that cash tax is forecast to fall below the bottom end of the range due to the timing of Eni UK tax payments but expected to be be offset by working capital adjustments as part of the Business Combination completion mechanics

Delivering results and developing optionality

Summary of financial results

Financial key performance indicators (KPIs)

	Q3 YTD 2024	Q3 YTD 2023
Adjusted EBITDAX[1] ($m)	**758.5**	1,367.5
Statutory net income ($m)	**134.7**	238.5
Adjusted net income[1] ($m)	**181.9**	332.1
Net cash flow from operating activities ($m)	**792.5**	1,021.2
Available liquidity[1] ($m)	**990.9**	912.6
Operating costs[1] ($)	**415.3**	408.9
Adjusted net debt[1] ($m)	**543.1**	677.4
Adjusted net debt/adjusted EBITDAX[1]	**0.49x**	0.37x

Other KPIs

Total production (boe/d)	**52,501**	71,048
Tier 1 and 2 process safety events	**0**	1
Serious injury and fatality frequency	**0**	0

1. Non-GAAP measure – details of non-GAAP measures are set out on pages 33 to 35.

Q3 YTD 2024 trading

The Group has delivered a resilient third quarter of 2024 performance reporting average YTD production of 52,501 boe/d (Q3 YTD 2023: 71,048 boe/d), generating adjusted EBITDAX of $758.5 million (Q3 YTD 2023: $1,367.5 million), net cash flow from operating activities of $792.5 million (Q3 YTD 2023: $1,021.2 million) and statutory net income of $134.7 million (Q3 YTD 2023: $238.5 million).

The Group balance sheet remains strong with adjusted net debt to adjusted EBITDAX of 0.49x at the end of Q3 2024.

Financial performance: adjusted EBITDAX

Adjusted EBITDAX is a key measure of operational performance delivery in the business and for Q3 YTD 2024 was $758.5 million (Q3 YTD 2023: $1,367.5 million) mainly reflecting lower revenue in Q3 YTD 2024 of $1,226.8 million (Q3 YTD 2023: $1,819.6 million). The reduction in revenue was principally due to lower production and lower gas commodity prices compared to Q3 YTD of last year.

Average realised oil prices for Q3 YTD 2024 were $84/boe before hedging results and $83/boe after hedging results (Q3 YTD 2023: $86/boe before hedging results and $84/boe after hedging results). Average realised gas prices for Q3 YTD 2024 were $61/boe before hedging results and $92/boe after hedging results (Q3 YTD 2023: $77/boe before hedging results and $120/boe after hedging results).

During the period operating costs were $415.3 million (Q3 YTD 2023: $408.9 million). The increase in unit operating expenditure per boe reflects significant fixed costs and the lower production in the first nine months of 2024.

Adjusted EBITDAX analysis

	Q3 YTD 2024		Q3 YTD 2023		FY 2023	
Production	**kboe/d**	**mmboe**	**kboe/d**	**mmboe**	**kboe/d**	**mmboe**
Oil	35	10	44	11	43	16
Gas	16	4	24	7	24	9
Condensate	2	1	3	1	3	1
Total production	**53**	**15**	**71**	**19**	**70**	**26**
Revenues[1]	**$/boe**	**$m**	**$/boe**	**$m**	**$/boe**	**$m**
Oil revenue	84	802	86	1,004	85	1,330
Gas revenue	61	261	77	500	76	659
Condensate revenue	42	27	42	38	44	49
Oil and gas hedging gains	9	127	13	248	10	266
Total	**85**	**1,217**	**92**	**1,790**	**90**	**2,304**
Movement in oil and gas inventory	(1)	(8)	1	28	1	20
Tanker costs	(1)	(14)	(1)	(15)	(1)	(21)
Stella royalties	–	(1)	–	(4)	–	(4)
Total value from production	**83**	**1,194**	**92**	**1,799**	**90**	**2,299**
Costs						
Operating costs	(29)	(415)	(21)	(409)	(20)	(524)
Routine G&A	(2)	(26)	(1)	(21)	(2)	(34)
Foreign exchange gains/(losses)	1	6	–	(1)	(1)	(18)
Total operating cash costs	**(30)**	**(435)**	**(22)**	**(431)**	**(23)**	**(576)**
Adjusted EBITDAX[2]	**53**	**759**	**70**	**1,368**	**67**	**1,723**

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

Financial performance: net income

	Q3 YTD 2024 $m	Q3 YTD 2023 $m
Profit before tax	183.7	375.5
Tax charge	(49.0)	(137.0)
Statutory net income after tax	**134.7**	**238.5**
Impairment charges	104.0	328.4
Tax credit on impairment charges	(56.8)	(234.8)
Adjusted net income[1]	**181.9**	**332.1**

1. Non-GAAP measure.

The reduction in statutory net income to $134.7 million reflects principally the lower production during the period as well as lower gas prices partly offset by lower impairment charges, reduced net finance costs and a lower tax charge compared to Q3 YTD 2023.

Subsequent events

The business combination covering 100% of four UK subsidiaries of the Eni group, which created a dynamic growth player with the largest resource base in the UKCS, completed on 3 October 2024 with Ithaca Energy plc issuing 639,360,174 new ordinary shares of £0.01 each, representing 38.7% of the enlarged Group. The market share price at the completion date was £1.136 per share and the exchange rate on that date was $1.3320:£1.00. The resulting share issuance consideration of $967 million will be augmented by a transaction cash amount primarily reflecting settlement for working capital balances at the date of completion. The quantum of this cash settlement is currently being calculated and will be payable or receivable before six months after completion. The quantification of the fair value of the Eni UK assets and liabilities and other aspects of the purchase price allocation is also ongoing. Business combination costs of $9.3 million were incurred during the period to 30 September 2024 and are included within 'administrative expenses'.

On 11 October 2024, the Group signed an amended and restated Reserves Based Lending facility initially for $1.235 billion increasing to $1.5 billion on 6 November 2024, including $0.5 billion of letters of credit, maturing in 2029. In addition, on 11 October 2024, the Group issued $750 million 8.125% Senior Notes due 2029. The proceeds of these Senior Notes, together with cash in hand, were used to redeem the $625 million aggregate principal amount of 9% Senior Notes due 2026 in full, repay amounts drawn under the bp loan facility and pay certain refinancing related fees and expenses.

On 30 October 2024, the UK Government confirmed in the Budget that the changes to the Energy Profits Levy announced on 29 July 2024 would be implemented. Further details are set out in note 8.

Between 12 November 2024 and 15 November 2024, the Judicial Review with regard to the sanctioning of the Rosebank field development was heard in the Court of Session in Edinburgh. The outcome of this Judicial Review is not yet known and further details are set out in note 3.

Going concern

Based on their assessment of the Group's financial position over the period to 31 December 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 condensed consolidated financial statements. Further details are set out in note 3.

Prior period adjustment

Deferred tax assets and retained earnings have been restated to increase the values of both by $76.9 million at 31 December 2023, in order to correct the deferred EPL tax treatment of impairment charges in Q4 of 2023. Further details are set out in note 2.

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 30 September 2024, the following hedges were in place:

	Q4 2024	2025	2026
Oil			
Volume hedged (mmboe)	2.4	4.5	–
Weighted average floor hedged price ($/bbl)	77	78	–
Gas			
Volume hedged (mmboe)	1.3	5.1	1.7
Weighted average floor hedged price (p/therm)	93	88	84

Unaudited condensed consolidated statement of profit or loss
For the three and nine months ended 30 September

	Note	Three months ended 30 September 2024 $'000	Three months ended 30 September 2023 $'000	Nine months ended 30 September 2024 $'000	Nine months ended 30 September 2023 $'000
Revenue		**384,929**	571,450	**1,226,780**	1,819,559
Cost of sales		**(282,480)**	(342,808)	**(823,852)**	(973,199)
Gross profit		**102,449**	228,642	**402,928**	846,360
Impairment charges on development and production assets	7	**(68,476)**	–	**(103,963)**	(328,426)
Exploration and evaluation expenses	6	**(4,704)**	–	**(6,171)**	(1,334)
Administrative expenses		**(14,945)**	(6,355)	**(34,935)**	(21,289)
Other gains/(losses)	4	**17,881**	(49,459)	**44,060**	22,779
Profit from operations before tax, finance income and finance costs		**32,205**	172,828	**301,920**	518,090
Finance income		**5,393**	2,428	**9,912**	4,567
Finance costs		**(43,262)**	(48,521)	**(128,064)**	(147,182)
Profit/(loss) before tax		**(5,664)**	126,735	**183,768**	375,475
Income tax (charge)/credit	8	**34,683**	(47,863)	**(49,029)**	(137,018)
Profit for the period		**29,019**	78,872	**134,739**	238,457

Earnings per share	Three months ended 30 September 2024 Cents	Three months ended 30 September 2023 Cents	Nine months ended 30 September 2024 Cents	Nine months ended 30 September 2023 Cents
Basic	**2.9**	7.8	**13.4**	23.7
Diluted	**2.9**	7.8	**13.3**	23.5

The results above are entirely derived from continuing operations.

The accompanying notes on pages 18 to 32 are an integral part of the condensed consolidated financial statements.

Unaudited condensed consolidated statement of comprehensive income
For the three and nine months ended 30 September

		Three months ended 30 September		Nine months ended 30 September	
	Note	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Profit for the period		**29,019**	78,872	**134,739**	238,457
Items that may be reclassified to profit and loss					
Fair value (loss)/gain on cash flow hedges	9	**9,090**	(112,437)	**(104,607)**	(31,891)
Fair value gain/(loss) on cost of hedging	9	**18,030**	(5,893)	**2,793**	(3,261)
Deferred tax credit/(charge) on cash flow hedges and cost of hedging	8	**(20,772)**	88,752	**69,984**	26,460
Other comprehensive (expense)/income		**6,348**	(29,578)	**(31,830)**	(8,692)
Total comprehensive income for the period		**35,367**	49,294	**102,909**	229,765

The accompanying notes on pages 18 to 32 are an integral part of the financial statements.

Unaudited condensed consolidated statement of financial position
As at 30 September 2024 and 31 December 2023

	Note	2024 $'000	2023 Restated[1] $'000
Assets			
Current assets			
Cash and cash equivalents		**450,514**	153,215
Trade and other receivables	5	**282,351**	334,290
Decommissioning reimbursements	5	**52,620**	30,417
Prepaid expenses and decommissioning securities		**34,366**	37,678
Inventories		**140,500**	150,496
Derivative financial instruments	10	**72,845**	139,497
		1,033,196	845,593
Non-current assets			
Decommissioning reimbursements	5	**128,558**	165,064
Exploration and evaluation assets	6	**560,079**	548,354
Property, plant and equipment	7	**3,315,376**	3,258,206
Deferred tax assets	8	**785,738**	704,657
Derivative financial instruments	10	**9,049**	17,810
Goodwill		**783,848**	783,848
		5,582,648	5,477,939
Total assets		**6,615,844**	6,323,532
Liabilities and equity			
Current liabilities			
Borrowings		**(17,600)**	(29,913)
Trade and other payables		**(487,204)**	(478,607)
Current tax payable		**(405,031)**	(321,116)
Decommissioning liabilities		**(112,830)**	(107,026)
Lease liabilities		**(9,585)**	(19,898)
Contingent and deferred consideration		**(156,352)**	(101,669)
Derivative financial instruments	10	**(20,281)**	(13,708)
		(1,208,883)	(1,071,937)

1. Deferred tax assets and retained earnings have been restated at 31 December 2023. Further details are set out in note 2.

Unaudited condensed consolidated statement of financial position continued
As at 30 September 2024 and 31 December 2023

	Note	2024 $'000	2023 Restated[1] $'000
Non-current liabilities			
Borrowings		**(986,974)**	(718,238)
Decommissioning liabilities		**(1,857,686)**	(1,752,652)
Lease liabilities		**(13,757)**	(660)
Contingent and deferred consideration		**(144,869)**	(258,700)
Derivative financial instruments	10	**(7,758)**	–
		(3,011,044)	(2,730,250)
Total liabilities		**(4,219,927)**	(3,802,187)
Net assets		**2,395,917**	2,521,345
Shareholders' equity			
Share capital		**11,540**	11,540
Share premium		**308,845**	308,845
Capital contribution reserve		**181,945**	181,945
Own shares		**(10,552)**	(12,412)
Share-based payment reserve		**18,305**	15,494
Cash flow hedge reserve		**9,320**	39,818
Cost of hedging reserve		**2,736**	4,068
Retained earnings		**1,873,778**	1,972,047
Total equity		**2,395,917**	2,521,345

1. Deferred tax assets and retained earnings have been restated at 31 December 2023. Further details are set out in note 2.

The accompanying notes on pages 18 to 32 are an integral part of the condensed consolidated financial statements.

Approved on behalf of the Board on 20 November 2024:

Iain C S Lewis
Director

Unaudited condensed consolidated statement of changes in equity
For the nine months ended 30 September

	Share capital $'000	Share premium $'000	Capital contribution reserve $'000	Own shares $'000	Share-based payment reserve $'000	Cash flow hedge reserve $'000	Cost of hedging reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2023	11,445	293,712	181,945	–	4,920	16,710	3,275	1,945,465	2,457,472
Dividends paid	–	–	–	–	–	–	–	(265,972)	(265,972)
Share-based payments	–	–	–	–	10,741	–	–	–	10,741
Comprehensive income for the period:									
Profit for the period	–	–	–	–	–	–	–	238,457	238,457
Other comprehensive expense	–	–	–	–	–	(7,513)	(1,179)	–	(8,692)
Total comprehensive income/(expense) for the period	–	–	–	–	–	(7,513)	(1,179)	238,457	229,765
Balance at 30 September 2023	11,445	293,712	181,945	–	15,661	9,197	2,096	1,917,950	2,432,006
Balance at 31 December 2023 as previously stated	**11,540**	**308,845**	**181,945**	**(12,412)**	**15,494**	**39,818**	**4,068**	**1,895,128**	**2,444,426**
Prior period adjustment (note 2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**76,919**	**76,919**
Balance at 31 December 2023 and 1 January 2024 as restated	**11,540**	**308,845**	**181,945**	**(12,412)**	**15,494**	**39,818**	**4,068**	**1,972,047**	**2,521,345**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(233,008)**	**(233,008)**
Share-based payments	**–**	**–**	**–**	**1,860**	**2,811**	**–**	**–**	**–**	**4,671**
Comprehensive income/(expense) for the period:									
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**134,739**	**134,739**
Other comprehensive expense	**–**	**–**	**–**	**–**	**–**	**(30,498)**	**(1,332)**	**–**	**(31,830)**
Total comprehensive income/(expense) for the period	**–**	**–**	**–**	**–**	**–**	**(30,498)**	**(1,332)**	**134,739**	**102,909**
Balance at 30 September 2024	**11,540**	**308,845**	**181,945**	**(10,552)**	**18,305**	**9,320**	**2,736**	**1,873,778**	**2,395,917**

The accompanying notes on pages 18 to 32 are an integral part of the condensed consolidated financial statements.

Unaudited condensed consolidated statement of cash flows
For the three and nine months ended 30 September

	Note	Three months ended 30 September 2024 $'000	Three months ended 30 September 2023 $'000	Nine months ended 30 September 2024 $'000	Nine months ended 30 September 2023 $'000
Cash provided by/(used in) operating activities:					
Profit/(loss) before tax		**(5,664)**	126,736	**183,768**	375,476
Adjustments for:					
Depletion, depreciation and amortisation	7	**119,708**	165,583	**372,584**	549,703
Impairment of capitalised exploration and evaluation expenditure	6	**4,704**	–	**6,171**	1,334
Impairment of property, plant and equipment	7	**68,476**	–	**103,963**	328,426
Changes in fair value of contingent and deferred consideration	4	**(9,140)**	49,104	**(36,524)**	50,829
Loan fee amortisation		**1,127**	1,127	**3,381**	3,381
Fair value gains on derivatives	9	**(968)**	(4,448)	**(1,794)**	(43,108)
Prepaid put premiums		–	602	–	1,745
Accretion on decommissioning liabilities and decommissioning reimbursements		**19,130**	20,496	**56,593**	58,408
Finance costs		**23,006**	24,470	**68,090**	80,825
Finance income		**(5,393)**	(2,428)	**(9,912)**	(4,567)
Unrealised foreign exchange on cash and cash equivalents		**(2,575)**	2,395	**(2,883)**	1,176
Share-based payment expenses		**1,765**	4,304	**4,671**	12,866
Decommissioning expenditure		**(22,244)**	(18,998)	**(53,456)**	(65,870)
Operating cash flows before movements in working capital		**191,932**	368,943	**694,652**	1,350,624
Decrease/(increase) in inventories		**105**	(5,837)	**9,996**	(3,020)
Decrease/(increase) in trade and other receivables		**(12,733)**	(15,587)	**69,693**	2,913
(Decrease)/increase in trade and other payables		**(307)**	44,115	**(8,834)**	(171,350)
Operating cash flows		**178,997**	391,634	**765,507**	1,179,167
Corporation tax repayments/(payments)		**51,561**	(63,839)	**26,594**	(162,558)
Settlements of foreign exchange and commodity derivative financial instruments[1]		**(3,244)**	–	**(9,499)**	–
Interest received		**5,393**	2,428	**9,912**	4,567
Net cash flow from operating activities		**232,707**	330,223	**792,514**	1,021,176

1. The settlements of foreign exchange and commodity derivative financial instruments in the three months and nine months ended 30 September 2023 were included in movements in receivables and payables (see note 10 for further details).

Unaudited condensed consolidated statement of cash flows continued
For the three and nine months ended 30 September

	Three months ended 30 September		Nine months ended 30 September	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
Cash used in investing activities:				
Capital expenditure	**(81,737)**	(127,640)	**(292,074)**	(345,643)
Contingent consideration payments	**(2,751)**	(1,465)	**(21,820)**	(5,033)
Net cash used in investing activities	**(84,488)**	(129,105)	**(313,894)**	(350,676)
Cash used in financing activities:				
Dividends paid	**(99,380)**	(132,967)	**(233,008)**	(265,972)
Payments for lease liabilities (principal)	**(2,002)**	(8,071)	**(22,109)**	(23,983)
Drawdown of RBL loan	**150,000**	–	**150,000**	–
Repayment of RBL loan	**–**	(150,000)	**–**	(500,000)
Drawdown of bp loan	**–**	100,000	**–**	100,000
Bank interest and charges	**(36,597)**	(36,419)	**(78,449)**	(85,600)
Interest rate swaps	**–**	–	**(638)**	–
Net cash (used in)/generated from financing activities	**12,021**	(227,457)	**(184,204)**	(775,555)
Currency translation differences relating to cash	**2,575**	(2,396)	**2,883**	(1,177)
Increase/(reduction) in cash and cash equivalents	**162,815**	(28,735)	**297,299**	(106,232)
Cash and cash equivalents, beginning of period	**287,699**	176,325	**153,215**	253,822
Cash and cash equivalents, end of period	**450,514**	147,590	**450,514**	147,590

The accompanying notes on pages 18 to 32 are an integral part of the condensed consolidated financial statements.

Notes to the condensed 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 condensed consolidated financial statements are prepared in accordance with United Kingdom adopted International Accounting Standard 34 *Interim Financial Reporting*.

The condensed consolidated financial statements for the nine months ended 30 September 2024 do not include all the information required for a full annual report and do not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The condensed consolidated financial statements for the nine month period ended 30 September 2024 are not audited and have not been reviewed by the auditor. The accounting policies adopted in the preparation of the Q3 2024 condensed consolidated financial statements are consistent with those adopted and disclosed in the Group's 2023 Annual Report and Accounts. Comparative information for the year ended 31 December 2023 has been taken from the statutory accounts for that year, a copy of which has been delivered to the Registrar of Companies, with the exception of the prior period adjustments set out below. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis and did not contain any statements under section 498(2) or (3) of the Companies Act 2006. A number of amendments to existing standards and interpretations were effective from 1 January 2024 but there was no impact on the Q3 2024 condensed consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed 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 ($'000), except when otherwise indicated.

In terms of segmental reporting, the Group currently operates a single class of business being oil and gas exploration, development and production and related activities in a single geographical area, being presently 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 presented to the Board and to the 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 uniform, and such operations existing in a single geographical area which is overseen by the same management and covered by the same regulations.

These Q3 2024 condensed consolidated financial statements are to be read in conjunction with Ithaca Energy's Annual Report and Accounts for the year ended 31 December 2023, which contains additional accounting policy disclosures.

Prior period adjustments

During the preparation of the Q1 2024 condensed consolidated financial statements, management identified an incorrect calculation in the 2023 deferred EPL tax credit related to the impairment charge of $229.5 million recorded in Q4 of 2023. As a result of this incorrect calculation, the tax charge and the profit for the year to 31 December 2023 were overstated and understated respectively by $76.9 million, and the net deferred tax asset and retained earnings were both understated by $76.9 million at 31 December 2023.

Details of amounts as previously stated, prior period adjustments and amounts as restated were:

Statement of financial position as at 31 December 2023:	**As previously stated**	**Prior period adjustment**	**As restated**
Deferred tax assets ($'000)	627,738	76,919	**704,657**
Retained earnings ($'000)	1,895,128	76,919	**1,972,047**
Net assets ($'000)	2,444,426	76,919	**2,521,345**

Statement of profit or loss for the year to 31 December 2023:	**As previously stated**	**Prior period adjustment**	**As restated**
Income tax charge ($'000)	(86,392)	76,919	**(9,473)**
Profit for the year ($'000)	215,635	76,919	**292,554**
Basic EPS (cents)	21.4	7.7	**29.1**
Diluted EPS (cents)	21.2	7.5	**28.7**

3. Accounting policies

Basis of measurement

The condensed 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 IFRS) to fair value, including derivative instruments. Historical cost is generally based on the fair value consideration given in exchange for the assets or liabilities.

Going concern

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

The Directors consider the preparation of the condensed consolidated 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;
- Reserves Based Lending (RBL) liquidity headroom under the refinanced facility (see note 12) of $850 million ($150 million drawn compared to $1.0 billion available), plus $239 million of cash as at the end of October 2024; and
- Resilient operational performance and well-diversified portfolio.

Cash flow forecast – base case assumptions:		Q4 2024	Q1 to Q4 2025
Average oil price	$/bbl	74	73
Average gas price	p/th	89	89
Average hedged oil price (including floor price for zero cost collars)	$/bbl	77	78
Average hedged gas price (including floor price for zero cost collars)	p/th	93	88

Owing to the ongoing fluctuations in commodity demand and price volatility, management prepared sensitivity analysis to the forecasts and applied a number of plausible downside scenarios, including decreases in production of 10%, reduced sales prices of 20% and increases in operating and capital expenditures of 10%. Management aggregated these scenarios to create a reasonable combined worst-case scenario. The sensitivity analysis showed that there was no reasonably possible scenario that would result in the business being unable to meet its liabilities as they fell due. Further mitigation strategies within the control of management include the reduction in uncommitted capital expenditure, variable operating cost savings in the low production scenario and the cancellation or deferral of future dividends. The analysis demonstrated that the Group would still continue to comply with financial covenants, and have sufficient liquidity to continue trading, throughout the period to 31 December 2025.

On 3 October 2024, the Group completed the business combination with Eni UK in relation to substantially all of the upstream assets of Eni in the UK in exchange for the issue of ordinary shares in Ithaca Energy plc. The Group subsequently completed a significant refinancing as detailed in note 12. The Eni UK portfolio includes interests in 11 producing fields. The Eni UK portfolio is cash-generative and also adds significant debt capacity to the Group's refinanced RBL facility and upsized refinanced High Yield Bond. As such, the Directors consider the business combination agreement as accretive to cash flows and supportive in the Directors' going concern assessment.

Based on their assessment of the Group's financial position in the period to 31 December 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 condensed consolidated financial statements.

Use of judgements and estimates

In preparing these Q3 2024 condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies, and the key sources of estimation uncertainty are the same as those described on pages 171 to 173 of the Group's 2023 Annual Report and Accounts, except for the additional accounting judgements and estimates at Q3 in relation to the Rosebank field and impairment of oil and gas assets, as explained further below. Judgements and estimates made in assessing the impact of climate change and the energy transition have not changed for the Q3 2024 consolidated condensed financial statements. Details of these are set out on pages 163 and 164 of the 2023 Annual Report and Accounts.

The critical accounting judgements applied in the preparation of the Q3 2024 condensed consolidated financial statements are mainly as to whether or not there have been indications of impairment in respect of the Cambo and Rosebank fields.

3. Accounting policies continued

Management has reviewed the carrying value of the Cambo field of $391 million (31 December 2023: $391 million) and has concluded that, due to the licence extension to 31 March 2026 and the 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.

Similarly, management has reviewed the carrying value of the Rosebank field of $558 million (31 December 2023: $413 million). Although the first phase of the Rosebank development has been sanctioned by the North Sea Transition Authority (NSTA), it is subject to Judicial Review proceedings and could also be further challenged by, amongst others, groups campaigning against fossil fuel extraction. The UK Government has stated that it does not challenge the unlawfulness of the consent being the subject of the Judicial Review heard from 12 to 15 November 2024, the outcome of which is not yet known. If the challenge is ultimately successful then environmental impact assessments could have to be resubmitted to the regulator for approval before drilling can begin, and the approval of the Rosebank development could potentially be reduced. Based on the current status of the Judicial Review, management has concluded that there are currently no indicators of impairment, noting also that the project is progressing as planned and is currently expected to continue to do so with first oil anticipated in 2026/27.

In respect of oil and gas assets, an impairment charge of $104.0 million has been recorded in the nine months to 30 September 2024 as detailed in note 7. If future projected revenues were 20% lower across all oil and gas development and production assets than currently forecast, there would be an additional $184 million post-tax impairment charge on oil and gas assets using a base case discount rate of 10.3%. A 1% increase in the discount rate used would not have a significant impact on the impairment charge.

4. Other gains and losses

	Three months ended 30 September		Nine months ended 30 September	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
Fair value gains/(losses) on financial instruments	**9,843**	(3,045)	**8,188**	24,441
Fair value gains/(losses) on contingent consideration	**9,140**	(49,104)	**36,524**	(50,829)
Net foreign exchange	**(1,102)**	2,690	**(652)**	(901)
Settlement of historic claim relating to an acquisition	**–**	–	**–**	50,068
	17,881	(49,459)	**44,060**	22,779

5. Trade and other receivables

Current	**30 September 2024 $'000**	31 December 2023 $'000
Trade receivables	**10,594**	19,968
Other receivables	**22,227**	24,369
Joint operations receivables	**93,950**	91,960
Accrued income	**155,580**	197,993
	282,351	334,290

Materially no trade and other receivables, including receivables from joint operations, are overdue by more than 90 days. The credit risk associated with trade receivables, accrued income, joint operations receivables and other receivables is considered to be insignificant. No Expected Credit Losses have been recognised in the current or prior year.

The decommissioning reimbursements, as set out in the statement of financial position, represent the equal and opposite of decommissioning liabilities, 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 this acquisition, Chevron have the obligation to provide the security and remain financially responsible for the decommissioning obligations of the Heather and Strathspey fields. The Group pays the liabilities in respect of these fields 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.

6. Exploration and evaluation assets

	$'000
At 1 January 2023	775,773
Additions	165,516
Transfers to right-of-use operating assets and development and production assets (note 7)	(379,301)
Write-offs/relinquishments	(13,634)
At 31 December 2023 and 1 January 2024	548,354
Additions	**17,896**
Write-offs/relinquishments	**(6,171)**
At 30 September 2024	**560,079**

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 $6.1 million being expensed in the nine months to 30 September 2024 (nine months to 30 September 2023: $1.3 million).

The principal component of exploration and evaluation assets at 30 September 2024 is the Cambo field with a carrying value of $391 million (31 December 2023: $391 million).

7. Property, plant and equipment

	Right-of-use operating assets $'000	Development and production assets $'000	Other fixed assets $'000	Total $'000
Cost				
At 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 6)	30,774	348,527	–	379,301
Change in decommissioning estimates	–	157,224	–	157,224
At 31 December 2023 and 1 January 2024	156,169	7,976,764	47,640	8,180,573
Change in decommissioning estimates	–	37,058	–	37,058
Additions	**100,699**	**335,354**	**148**	**436,201**
At 30 September 2024	**256,868**	**8,349,176**	**47,788**	**8,653,832**
Depletion, depreciation, amortisation and impairment				
At 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 charges	–	(559,472)	–	(559,472)
At 31 December 2023 and 1 January 2024	(85,515)	(4,808,701)	(28,151)	(4,922,367)
Depletion, depreciation and amortisation charge for the period	**(21,287)**	**(347,350)**	**(3,947)**	**(372,584)**
Impairment charges	**–**	**(43,505)**	**–**	**(43,505)**
At 30 September 2024	**(106,802)**	**(5,199,556)**	**(32,098)**	**(5,338,456)**
Net book value at 31 December 2023	70,654	3,168,063	19,489	3,258,206
Net book value at 30 September 2024	**150,066**	**3,149,620**	**15,690**	**3,315,376**

Impairment charges on development and production assets for the nine months to 30 September 2024 of $104.0 million per the unaudited condensed consolidated statement of profit or loss reflects the impairment of fixed assets, mainly related to Pierce, $43.5 million above and a charge of $60.5 million for changes in estimated decommissioning liabilities for assets that have either ceased production or have been fully written off such as Alba. The Pierce impairment was due to lower oil prices than previously forecast and the adverse impact of recently announced EPL changes (see note 8).

The impairment charge in the year to 31 December 2023 mainly comprised an impairment of development and production assets relating to the Greater Stella Area field as a result of lower future gas prices than previously forecast and a reduction in planned activity as a direct result of the EPL, and an impairment charge on Alba due to a reduction in estimated future production.

Additions to right-of-use assets in the nine months to 30 September 2024 and 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.

8. Taxation

	Three months ended 30 September		Nine months ended 30 September	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
Current tax				
Current corporation tax credit/(charge)	**1,626**	(30,712)	**4,617**	(62,367)
True-up in respect of prior years	**(50,341)**	–	**25,994**	–
Current EPL tax charge	**(15,163)**	(57,450)	**(87,953)**	(280,501)
Total current tax charge	**(63,878)**	(88,162)	**(57,342)**	(342,868)
Deferred tax				
True-up in respect of prior years	**31,552**	(12)	**(27,616)**	(16,410)
Group tax credit in the condensed consolidated statement of profit or loss	**43,896**	40,311	**283**	223,435
Group tax credit/(charge) in the condensed consolidated statement of other comprehensive income	**(20,772)**	88,752	**69,984**	26,460
Total deferred tax credit	**54,676**	129,051	**42,651**	233,485
Deferred PRT credit/(charge) in the condensed consolidated statement of profit or loss	**23,113**	–	**35,646**	(1,175)
Total tax (charge)/credit through the condensed consolidated statement of profit or loss	**34,683**	(47,863)	**(49,029)**	(137,018)

Notes to the condensed consolidated financial statements continued

8. 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:

	Three months ended 30 September		Nine months ended 30 September	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000
Accounting profit/(loss) before tax	**(5,664)**	126,735	**183,768**	375,475
At tax rate of 40% (2023: 40%)	**2,266**	(50,694)	**(73,507)**	(150,191)
Non-deductible income/(expense)	**20,515**	(31,498)	**15,503**	(37,545)
Financing costs not allowed for SCT	**(15,953)**	(151)	**(16,408)**	(681)
Ring Fence Expenditure Supplement	**4,347**	22,565	**13,114**	75,641
Deferred tax effect of investment allowance	**9,083**	31,955	**8,939**	50,841
True-up in respect of prior years	**(18,789)**	(11)	**(1,619)**	(16,408)
Deferred tax on EPL	**11,694**	36,515	**54,573**	225,905
Current tax on EPL	**(15,163)**	(57,450)	**(87,953)**	(280,501)
Net deferred tax PRT	**13,868**	–	**21,387**	(705)
Income taxed at different rates	**22,815**	–	**19,064**	
Share schemes	–	132	**(2,122)**	(927)
Unrecognised tax losses	–	774	–	(2,447)
Total tax (charge)/credit recorded in the condensed consolidated statement of profit or loss	**34,683**	(47,863)	**(49,029)**	(137,018)

The Company is UK tax resident. The effective rate of tax applicable for UK ring fence oil and gas activities in 2024, was 40% (excluding the Energy Profits Levy of 35%) (2023: 40% excluding energy profits Levy of 35%) consisting of a Ring Fence Corporation Tax rate of 30% and the supplementary charge of 10%. Items affecting the tax charge include interest income taxed at non-oil and gas tax rate of 25% and true-ups in respect of prior years resulting from filing of prior year tax returns.

Deferred tax at 30 September 2024 and 31 December 2023 relates to the following:

	30 September 2024 $'000	31 December 2023 Restated[1] $'000
Deferred corporation tax liability	**(1,750,702)**	(1,868,022)
Deferred corporation tax asset	**2,409,035**	2,480,921
Deferred PRT asset	**127,405**	91,758
Net deferred tax asset	**785,738**	704,657

1. See note 2.

8. Taxation continued

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.

The net movement on deferred tax in the statement of financial position, including deferred PRT, is as follows:

	30 September 2024 $'000	31 December 2023 Restated[1] $'000
At 1 January	**704,657**	392,456
Profit or loss credit	**8,313**	380,687
Other comprehensive income credit/(charge)	**69,984**	(71,700)
Deferred tax on decommissioning reimbursements	**2,784**	3,214
At end of period	**785,738**	704,657

1. See note 2.

The net movement on deferred tax through the condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income, excluding PRT, relates to the following:

	Nine months ended 30 September	
	2024 $'000	2023 $'000
Accelerated capital allowances	**51,552**	357,567
Tax losses	**(114,209)**	(155,587)
Decommissioning provision	**41,548**	28,477
Deferred PRT	**(14,258)**	470
Hedging	**74,432**	(39)
Share schemes	**(2,007)**	5,812
Investment allowances	**5,593**	(3,215)
	42,651	233,485

Notes to the condensed consolidated financial statements continued

8. Taxation continued

Gross deferred corporation tax liabilities	Hedges $'000	Deferred corporation tax on deferred PRT $'000	Accelerated tax depreciation $'000	Total $'000
At 1 January 2023	–	(8,688)	(2,250,125)	(2,258,813)
Reclassification from deferred corporation tax assets	(8,678)	–	–	(8,678)
True-up in respect of prior years	2,721	–	8,307	11,028
Origination and reversal of temporary differences	(101,744)	(28,015)	441,281	311,522
At 31 December 2023 as previously stated	(107,701)	(36,703)	(1,800,537)	(1,944,941)
Prior period adjustment (note 2)	–	–	76,919	76,919
At 31 December 2023 and 1 January 2024 as restated	(107,701)	(36,703)	(1,723,618)	(1,868,022)
True-up in respect of prior years	**–**	**–**	**16,464**	**16,464**
Origination and reversal of temporary differences	**74,433**	**(14,257)**	**40,680**	**100,856**
At 30 September 2024	**(33,268)**	**(50,960)**	**(1,666,474)**	**(1,750,702)**

Gross deferred corporation tax assets	Share schemes $'000	Decommissioning provision $'000	Tax losses $'000	Hedges $'000	Total $'000
At 1 January 2023	–	666,052	1,972,174	(8,678)	2,629,548
Reclassification to deferred corporation tax liabilities	–	–	–	8,678	8,678
True-up in respect of prior years	177	–	(4,989)	–	(4,812)
Origination and reversal of temporary differences	3,802	55,654	(211,949)	–	(152,493)
At 31 December 2023 and 1 January 2024	3,979	721,706	1,755,236	–	2,480,921
True-up in respect of prior years	**–**	**(8)**	**(44,072)**	**–**	**(44,080)**
Origination and reversal of temporary differences	**(2,007)**	**44,340**	**(70,139)**	**–**	**(27,806)**
At 30 September 2024	**1,972**	**766,038**	**1,641,025**	**–**	**2,409,035**

Deferred PRT asset	Total $'000
At 1 January 2023	21,721
Origination and reversal of temporary differences	70,037
At 31 December 2023 and 1 January 2024	91,758
Origination and reversal of temporary differences	35,647
At 30 September 2024	**127,405**

8. Taxation continued

The carrying value of the net deferred tax asset (DTA) and the deferred PRT asset at 30 September 2024 of $659 million and $127 million respectively (31 December 2023: $613 million and $92 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 is now largely complete. 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. The Autumn Budget on 30 October 2024 announced changes to the EPL regime consisting of an extension to 31 March 2030, an increase in the EPL rate to 38%, the removal of the uplift allowance previously available at 29% and a reduction of the decarbonisation allowance from 80% to 66%, with all these changes being effective from 1 November 2024. If these changes had been enacted at the balance sheet date, it is estimated that this would have reduced the net deferred tax asset by $294 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 adoption of this has not had 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.

9. 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 condensed 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 material assets of the Group are pledged as security against borrowings.

The accounting classification of each category of financial instruments and their carrying amounts as at 30 September 2024 are set out below:

	Measured at amortised cost $'000	Mandatorily measured at fair value through profit or loss $'000	Derivatives designated in hedge relationships $'000	Total carrying amount $'000
Financial assets				
Cash and cash equivalents	**450,514**	–	–	**450,514**
Trade and other receivables	**274,826**	–	–	**274,826**
Derivative financial instruments	–	–	**81,894**	**81,894**
Financial liabilities				
Borrowings	**(1,004,574)**	–	–	**(1,004,574)**
Trade and other payables	**(378,581)**	–	–	**(378,581)**
Lease liabilities	**(23,342)**	–	–	**(23,342)**
Contingent and deferred consideration	**(67,872)**	**(233,349)**	–	**(301,221)**
Derivative financial instruments	–	**(6,067)**	**(21,972)**	**(28,039)**
				(928,523)

9. Financial instruments continued

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 $'000	Mandatorily measured at fair value through profit or loss $'000	Derivatives designated in hedge relationships $'000	Total carrying amount $'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 liabilities	(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)

The following table presents the Group's material financial instruments measured at fair value for each hierarchy level as at 30 September 2024:

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total fair value $'000**
Contingent consideration	–	**(17,585)**	**(215,764)**	**(233,349)**
Derivative financial instrument asset	–	**81,894**	–	**81,894**
Derivative financial instrument liability	–	**(28,039)**	–	**(28,039)**

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 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Contingent consideration	–	(24,039)	(272,351)	(296,390)
Derivative financial instrument asset	–	157,307	–	157,307
Derivative financial instrument liability	–	(13,708)	–	(13,708)

Level 3 contingent consideration is valued on a discounted cash flow basis with the key inputs being commodity prices, the probability of certain future events occurring ('trigger events') and the discount rate.

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 $19.1 million (31 December 2023: $23.3 million). A 20% increase in the oil price would lead to an increase in contingent consideration of $55.7 million (31 December 2023: $41.0 million).

9. Financial instruments continued

The forecast cash flows in the event of a trigger event occurring are discounted at a rate of 6.19% (31 December 2023: 4.6%).

The following table summarises the sensitivity of 20% change in probability of the trigger events 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	30 September 2024 $'000	31 December 2023 $'000
20% decrease in probability	**89,950**	97,119
20% increase in probability	**(76,995)**	(84,086)

A 1% increase in the discount rate would reduce the liability at 30 September 2024 by $5.1 million (31 December 2023: $5.3 million). A 1% decrease in the discount rate would increase the liability by the same amount at each date.

The table below presents the total gain on financial instruments that has been disclosed through the condensed consolidated statement of profit or loss:

	Three months ended 30 September		Nine months ended 30 September	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Revaluation of forex forward contracts	**968**	(780)	**141**	4,219
Revaluation of interest rate swaps	–	(1,205)	**(637)**	(3,740)
Revaluation of commodity hedges	–	6,433	**2,290**	42,629
Total revaluation gain on financial instruments	**968**	4,448	**1,794**	43,108
Realised gain/(loss) on forex forward contracts	**8,875**	(1,450)	**7,331**	(4,418)
Realised gain on interest rate swaps	–	1,252	**638**	5,102
Realised loss on commodity hedges	–	(7,295)	**(1,575)**	(19,351)
Total gain/(loss) on financial instruments	**9,843**	(3,045)	**8,188**	24,441

Cash flow hedge reserve

The table below presents the movement in financial instruments that has been disclosed through the condensed consolidated statement of comprehensive income relating to the cash flow hedge reserve:

	Three months ended 30 September		Nine months ended 30 September	
Cash flow hedge reserve	2024 $'000	2023 $'000	2024 $'000	2023 $'000
At period start	**7,192**	36,938	**39,818**	16,710
Change in fair value of derivative instruments	**42,654**	(29,740)	**28,618**	232,281
Amounts recycled to revenue	**(33,564)**	(82,697)	**(133,225)**	(264,172)
Deferred tax on movement in period	**(6,962)**	84,696	**74,109**	24,378
Cash flow hedge reserve at 30 September	**9,320**	9,197	**9,320**	9,197

9. 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	Three months ended 30 September 2024 $'000	Three months ended 30 September 2023 $'000	Nine months ended 30 September 2024 $'000	Nine months ended 30 September 2023 $'000
At period start	**(1,484)**	3,933	**4,068**	3,275
Change in fair value of the intrinsic value of derivative instruments	**16,310**	(10,686)	**37**	(15,526)
Amounts recycled to revenue – oil put premiums	**515**	2,760	**399**	9,090
Amounts recycled to revenue – gas put premiums	**1,204**	2,033	**2,357**	3,175
Deferred tax on movement in period	**(13,809)**	4,056	**(4,125)**	2,082
Cost of hedging reserve at 30 September	**2,736**	2,096	**2,736**	2,096

10. Derivative financial instruments

The net carrying amount of each category of derivative is set out below:

	30 September 2024 $'000	31 December 2023 $'000
Oil swaps – cash flow hedge	**34,203**	9,913
Oil collars – cash flow hedge	**12,850**	7,434
Gas swaps – cash flow hedge	**12,684**	47,232
Gas swaps – non-cash flow hedge	–	(2,290)
Gas collars – cash flow hedge	**(8,412)**	89,944
Interest rate swaps – non-cash flow hedge	–	637
FX forwards – cash flow hedge	**2,226**	–
FX forwards – non-cash flow hedge	**(6,067)**	(3,961)
FX collars – cash flow hedge	**(3,128)**	(3,335)
FX collars – non-cash flow hedge	–	(1,975)
Matured instruments not cash-settled – in-the-money	**10,069**	–
Matured instruments not cash-settled – out-of-the-money	**(570)**	–
	53,855	143,599

10. Derivative financial instruments continued

Accrued settlements for trades which have matured at the balance sheet date but not yet cash settled have been reclassed in the current year from other payables/other receivables (within trade and other payables and trade and other receivables respectively) to derivative financial instruments, to reflect the true asset and liability position relating to derivative financial instruments. The prior year equivalent of $7.6 million payable and $15.1 million receivable have not been adjusted for this change as it is not material and remains within other payables and other receivables as at 31 December 2023.

Maturity analysis of derivative financial instruments	**30 September 2024 $'000**	31 December 2023 $'000
Non-current assets	**9,049**	17,810
Current assets	**72,845**	139,497
Non-current liabilities	**(7,758)**	–
Current liabilities	**(20,281)**	(13,708)
	53,855	143,599

Judgements and estimates applied in the valuation of derivative instruments can be found in note 29 to the 2023 Annual Report and Accounts.

Derivative financial instruments that are with counterparties included within the RBL are subject to Master Netting Agreements.

11. Related party transactions

On 5 January 2024 Alan Bruce stepped down from his role as Chief Executive Officer and on 28 May 2024 Gilad Myerson stepped down from his role as Executive Chairman. Full details of the section 430 (2B) of the Companies Act 2006 disclosures in respect of Mr Bruce and Mr Myerson are available on the Group's website.

12. Subsequent events

The business combination comprising 100% of four UK subsidiaries of the Eni group, which created a dynamic growth player with the largest resource base in the UKCS, completed on 3 October 2024 with Ithaca Energy plc issuing 639,360,174 new ordinary shares of £0.01 each, representing 38.7% of the enlarged Group. The market share price at the completion date was £1.136 per share and the exchange rate on that date was $1.3320:£1.00. The resulting share issuance consideration of $967 million will be augmented by a transaction cash amount primarily reflecting settlement for working capital balances at the date of completion. The quantum of this cash settlement is currently being calculated and will be payable or receivable before six months after completion. The quantification of the fair value of the Eni UK assets and liabilities and other aspects of the purchase price allocation is also ongoing. Business combination costs of $9.3 million were incurred during the period to 30 September 2024 and are included within 'administrative expenses'.

On 11 October 2024, the Group signed an amended and restated Reserves Based Lending facility initially for $1.235 billion increasing to $1.5 billion on 6 November 2024, including $0.5 billion of letters of credit, maturing in 2029. In addition, on 11 October 2024, the Group issued $750 million 8.125% Senior Notes due 2029. The proceeds of these Senior Notes together with cash in hand, were used to redeem the $625 million aggregate principal amount of 9% Senior Notes due 2026 in full, repay amounts drawn under the bp loan facility and pay certain refinancing related fees and expenses.

On 30 October 2024, the UK Government confirmed in the Budget that the changes to the Energy Profits Levy announced on 29 July 2024 would be implemented. Further details are set out in note 8.

Between 12 November 2024 and 15 November 2024, the Judicial Review with regard to the sanctioning of the Rosebank field development was heard in the Court of Session in Edinburgh. The outcome of this Judicial Review is not yet known and further details are set out in note 3.

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 Q3 2024 condensed consolidated financial statements are set out below:

Adjusted EBITDAX: earnings before interest, tax, put premiums on oil and gas derivative instruments, revaluation of derivative contracts, depletion depreciation and amortisation, impairment charges, exploration and evaluation expenditure, fair value gains or losses on contingent consideration, business combination 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:

	Q3 YTD 2024 $m	Q3 YTD 2023 $m
Profit after tax	**134.7**	238.5
Taxation charge (note 8)	**49.0**	137.1
Depletion, depreciation and amortisation (note 7)	**372.6**	549.7
Impairment charges (note 7)	**104.0**	328.4
Finance income	**(9.9)**	(4.6)
Finance costs	**128.1**	147.2
Oil and gas put premiums	**2.8**	12.3
Revaluation of derivative contracts (note 9)	**(1.8)**	(43.1)
Exploration and evaluation expenses (note 6)	**6.2**	1.3
Business combination costs	**9.3**	–
Historic claim relating to an acquisition (note 4)	**–**	(50.1)
Fair value (gains)/losses on contingent consideration (note 4)	**(36.5)**	50.8
Adjusted EBITDAX	**758.5**	1,367.5

Adjusted net income: profit after tax excluding non-cash impairment charges and the tax effect of these items. Adjusted net income, which is presented as it eliminates items which distort year-on-year comparisons, is reconciled to profit after tax as follows:

	Q3 YTD 2024 $m	Q3 YTD 2023 $m
Profit after tax	**134.7**	238.5
Impairment charges	**104.0**	328.4
Tax credit on impairment charges	**(56.8)**	(234.8)
Adjusted net income	**181.9**	332.1

Alternative performance measures continued

Adjusted earnings per share (EPS): adjusted net income divided by average shares for the period of 1,006.8 million (Q3 YTD 2023: 1,006.6 million).

	Q3 YTD 2024	Q3 YTD 2023
Adjusted EPS (cents)	**18.1**	33.0

Adjusted net debt: consists of amounts outstanding under RBL facility, senior unsecured loan notes, bp unsecured loan and optional project capital expenditure facility 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:

	30 September 2024 $m	30 September 2023 $m
RBL drawn facility	**(150.0)**	(100.0)
Senior unsecured notes	**(625.0)**	(625.0)
bp unsecured loan	**(100.0)**	(100.0)
Optional project capital expenditure facility	**(118.6)**	–
Cash and cash equivalents	**450.5**	147.6
Adjusted net debt	**(543.1)**	(677.4)

Leverage ratio: adjusted net debt at the end of the period divided by adjusted EBITDAX for the preceding 12 months. The leverage ratio is considered to be an important measurement as it is indicative of the borrowing potential of the Group. The calculations are as follows:

	30 September 2024	30 September 2023
Adjusted net debt ($m)	**543.1**	677.4
Adjusted EBITDAX ($m)	**1,113.7**	1,843.4
Leverage ratio	**0.49x**	0.37x

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 is considered to be a key measure as it is indicative of the financial capacity of the Group. Available liquidity comprises:

	30 September 2024 $m	30 September 2023 $m
Cash and cash equivalents	**450.5**	147.6
Undrawn borrowing facilities	**509.0**	765.0
Undrawn optional project capital expenditure facility	**31.4**	–
Available liquidity	**990.9**	912.6

Alternative performance measures continued

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:

	Q3 YTD 2024 $m	Q3 YTD 2023 $m
Net cash flow from operating activities	**792.5**	1,021.2
Net cash used in investing activities	**(313.9)**	(350.7)
Bank interest and charges	**(78.4)**	(85.6)
Interest rate swaps	**(0.6)**	–
Group free cash flow	**399.6**	584.9

Unit operating expenditure: operating costs (excluding over/underlift) including tariff expense but excluding tanker costs and net of tariff income, divided by net production for the period. 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 were as follows:

	Q3 YTD 2024	Q3 YTD 2023
Operating costs of hydrocarbon activities ($m)	**442.0**	447.9
Less tanker costs included within operating costs of hydrocarbon activities ($m)	**(13.8)**	(14.9)
Less tariff income ($m)	**(12.9)**	(24.1)
Operating costs used to calculate unit operating expenditure ($m)	**415.3**	408.9
Production (mmboe)	**14.39**	19.40
Unit operating expenditure ($/boe)	**28.9**	21.1

DD&A rate per barrel: depletion, depreciation and amortisation charge for the period divided by net production for the period. DD&A per barrel was as follows:

	Q3 YTD 2024	Q3 YTD 2023
Depletion, depreciation and amortisation ($m)	**372.6**	549.7
Production (mmboe)	**14.39**	19.40
DD&A ($/boe)	**25.9**	28.3

Other key performance indicators

Total production: total hydrocarbons produced related to Ithaca Energy's equity in operated and non-operated fields. Total production in Q3 YTD 2024 was 52,501 boe/d (Q3 YTD 2023: 71,048 boe/d).

Tier 1 and 2 process safety events: process safety incidents as defined by API 465 Process Safety-Recommended Practice On Key Performance Indicators. There were no Tier 1 or 2 process safety events recorded in Q3 YTD 2024 (Q3 YTD 2023: 1).

Serious injury and fatality frequency: the number of serious injuries resulting in permanent impairment, as defined by IOGP, per million hours worked. There were no such incidents during Q3 YTD 2024 (Q3 YTD 2023: 0).

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