

NEO Energy Group Limited
(changed its name to NEO NEXT Energy Limited on 23 July 2025)

Annual Report and Financial Statements

For the year ended 31 December 2024

Registered number SC470677

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NEO Energy Group Limited

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

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NEO Energy Group Limited

Directors and Advisers

Directors

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Einar Gjelsvik
Kristin Gjertsen
John Knight (Chairman)
Grethe Moen

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NEO Energy Group Limited

Strategic Report

The Directors present their Strategic Report and the audited financial statements for the year ended 31 December 2024

Business and Financial Review and Future Outlook

NEO Energy Group Limited (“the Group” or “NEO”) is an independent full-cycle oil and gas business with operations in the UK Continental Shelf (UKCS). NEO is backed by HitecVision, a leading private equity investor focused on Europe’s energy industry.

The strategy of the Group is to build a leading producer in the UKCS. The Group’s total production in 2024 was 68,200 boepd (2023: 75,554 boepd). The Group holds a diverse portfolio of oil and gas assets, predominantly located in the Central and Northern North Sea.

The Group and Company paid dividends totalling \$nil (2023: \$250.0 million).

Results of Operations

| | 2024 \$'million | 2023 \$'million |
|-------------------------------|--------------------|--------------------|
| Total revenue | 1,978.9 | 3,015.0 |
| Profit after tax | 156.5 | 541.5 |
| Capital expenditure (note 13) | 813.9 | 619.1 |
| Net debt (note 24) | 1,283.2 | 650.1 |

The Group made a profit after tax of \$156.5 million (2023: \$541.5 million). The Group’s profits have been transferred to reserves. The Company made a profit of \$25,660 (2023: \$246.8 million).

• Revenue

Revenue for the year ending 31 December 2024 totalled \$1,978.9 million (2023: \$3,015.0 million), due to a combination of lower realised commodity prices and a reduction in production. Revenue included \$134.0 million of net realised hedging gains (2023: \$825.5 million gains) arising from commodity hedging arrangements.

The Group realised an average oil price for the year of \$81 per barrel (2023: \$80 per barrel). The Group’s realised oil price per barrel including the effects of oil hedging contracts which were settled during 2024 was \$81 per barrel (2023: \$82 per barrel).

The average realised gas price during 2024 was 84 pence per therm (2023: 106 pence per therm). The Group’s realised price per therm including the effects of gas hedging contracts which were settled during 2024 was 106 pence per therm (2023: 186 pence per therm).

• Profit after tax

The material expenses incurred during the year were:

- Operating costs were \$670.4 million (2023: \$678.8 million). Operating costs were \$27 per barrel in 2024 compared with \$25 per barrel in 2023.
- The DD&A expense for the year was \$615.6 million (2023: \$603.2 million) resulting in an equivalent DD&A rate of \$25 per barrel of production (2023: \$22 per barrel).

NEO Energy Group Limited

- The Group recorded a pre-tax impairment charge in the year of \$165.7 million (2023 \$160.9 million), post-tax \$45.0 million (2023 \$54.8 million), in respect of the Golden Eagle, Nelson and Bacchus assets. This was driven primarily by reductions to the estimated remaining reserves on these assets resulting in earlier than expected cessation of production dates. An additional \$3.2 million (2023 \$2.0 million) charge was recognised in relation to exploration licences relinquished during the year.
- Finance costs incurred of \$348.0 million (2023 \$353.5 million) primarily relate to loan interest and fees of \$166.3 million (2023 \$193.5 million), hedging costs of \$64.7 million (2023 \$60.1 million) and interest costs associated with the unwinding of decommissioning provisions discounting of \$79.7 million (2023 \$58.5 million). Also included within finance costs were other finance costs totalling \$37.3 million (2023 \$41.4 million).
- Other expenses \$20.0 million (2023 \$2.2 million) primarily relate to the \$16.9 million adjustment to the fair value of the Decommissioning Relief Deed (DRD) receivable in relation to the Brae asset, with the remainder being insurance premia paid.
- Tax charge of \$3.5 million (2023 \$724.1 million) comprises of \$15.9 million (2023 \$383.9 million) current tax liability and \$12.4 million deferred tax credit (2023 \$340.2 million charge) in relation to Corporation Tax (CT), the Supplementary Charge (SCT) and the Energy Profits Levy (EPL). During the year the Group paid tax of \$454.5 million (2023 \$272.4 million).

• Capital expenditure

- Capital expenditure incurred in the year ended 31 December 2024 totalled \$813.9 million compared with \$619.1 million in 2023. The principal capital expenditure in the year related to the Penguins, Affleck and Murlach developments and drilling expenditures at the Golden Eagle, Mariner and Shearwater area fields.

• Reserves Based Lending Facility (RBL)

- Drawn loans under the RBL facility at 31 December 2024 were \$1,885.1 million (2023 \$1,926.8 million).
- The drawn loan balance under the RBL facility was reduced to \$1,828.1 million post year end following a repayment of \$57.0 million on the 2 January 2025.

Key Performance Indicators

The Group establishes key financial and non-financial performance indicators (KPIs) each year to monitor performance against the annual operating plan as detailed in the table below. The evaluation of the KPIs for the year is discussed below and in other sections within the Strategic Report.

| | 2024 | 2023 |
|--|---------|---------|
| Annual production of oil and gas (MMboe) | 25.0 | 27.6 |
| Operating cash flow (US\$ million) | 1,054.3 | 2,537.8 |
| Safety – SRIF frequency | 1.8 | 2.8 |
| ESG – Carbon intensity (kgCO ₂ e/boe) | 21.8 | 21.3 |

Abbreviations

MMboe – Millions of barrels of oil equivalent

SRIF – Serious recordable incident frequency (per million man hours)

NEO Energy Group Limited

Oil and Gas Reserves

| Net attributable MMboe | 2P Reserves |
|--------------------------------|--------------|
| At 1 January 2024 | 242.2 |
| Production | (25.0) |
| Revision of previous estimates | 11.5 |
| At 31 December 2024 | 228.7 |

The table above represents the Group's estimate of its proven and probable (2P) reserves, using the definitions of reserve categories of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). Whilst reserves represent the Group's own assessment of reserves, an independent external specialist is engaged for the purpose of assessing the appropriateness of the Group's internal estimate.

Operations summary

• Production assets

Production of the Group for the year averaged 68,200 boepd (2023 75,554 boepd)

The table below presents the unaudited production volumes of the Group

| Production volumes – boepd | 2024 | 2023 | Operator | Group's working interest |
|----------------------------|---------------|---------------|---------------|--------------------------|
| Culzean | 15,112 | 18,746 | TotalEnergies | 18.01% |
| Gannet cluster | 12,160 | 9,727 | Shell | 50% |
| Shearwater area | 7,733 | 10,476 | Shell | 44.5-72% |
| Finlaggan | 7,664 | 8,234 | NEO | 100% |
| Mariner | 4,909 | 3,939 | Equinor | 20% |
| GPIII (Quad 15) | 3,832 | 4,209 | NEO | 100% |
| Golden Eagle | 3,804 | 4,702 | CNOOC | 31.56% |
| Elgin Franklin | 3,429 | 4,249 | TotalEnergies | 4.38% |
| Babbage | 1,691 | 1,482 | NEO | 60% |
| ETAP area | 1,636 | 1,805 | BP | 12.65-25% |
| Other producing assets | 6,230 | 7,985 | Various | Various |
| Total | 68,200 | 75,554 | | |

In 2024, the production mix of the Group on a barrel of oil equivalent basis was 51% oil and 49% gas (2023 48% oil and 52% gas)

Significant activity in the year included

Culzean

- o Commenced drilling at the Culzean CIA infill well which is expected to complete in 2025

Gannet

- o Production restored at Gannet C field

Mariner

- o Drilling and completion of 7 new infill wells

Shearwater Area

- o Major 89 day shutdown including activity associated with the future tie-in of the Jackdaw development
- o Drilling and tie-in work on the Fram G6 well with production commencing during March 2024

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• Development & pre-development assets

The major ongoing developments during the period were Penguins, Affleck and Murlach with pre-development work also undertaken to progress the Buchan project

Penguins

- Construction and pre-commissioning activities on the FPSO were completed early 2024 and the vessel arrived in the Penguins field during Q2 2024 for final mooring, hook up and commissioning activities which were undertaken through the end of 2024
- Development drilling activity continued during the year with the DT04 and Pan North wells drilled and completed during the period and further drilling activity undertaken in respect of the Pan North-West and E1 sidetrack wells ahead, with completion / tie-in work scheduled for 2025
- Subsequent to period end, first production from the field was achieved in February 2025 with further development drilling to be completed during 2025

Affleck

- Subsea construction work including pipeline, manifold and umbilical installation was substantially completed during the period
- A shut down was undertaken on the Judy platform during the period to make necessary modifications to accommodate future Affleck production
- Subsequent to period end, first production from the field was achieved in January 2025

Murlach

- Development work continued including modification work on the ETAP facilities and onshore fabrication work associated with the subsea installation campaign in 2025
- Development drilling continued throughout the period in respect of the two Murlach development wells with the Noble Innovator rig completing operations during Q1 2025
- First oil from the Murlach field is expected in 2025

Buchan

- Front End Engineering Design (FEED) work was progressed during the period including drafting of the Field Development Plan and Environmental Statement
- Following the Supreme Court's "Finch" ruling in respect of Scope 3 emissions and the UK Government's announcement of a consultation in respect of environmental guidance for future oil and gas developments, project activities were slowed during 2024 pending clarity on the fiscal and regulatory environment in the UK
- Subsequent to year end, the Buchan licence was extended by two years to February 2027

• Exploration assets

Gilderoy (Block 15/28b)

- The Gilderoy exploration well, located in the Greater Britannia area, was drilled in 2024
- The well encountered oil with minor gas in Eocene and Paleocene sandstones and is considered to be a commercial discovery
- Evaluation of the well results, and potential development options is continuing in partnership with Harbour Energy who operate the field

Leverett

- The Leverett appraisal well campaign was completed in 2024, with key data acquired to derisk the development project including reservoir quality and deliverability information

NEO Energy Group Limited

Principal risks and uncertainties

The Principal Risks are those which are of greatest importance to NEO, consequently these are sponsored by members of the Executive Leadership Team and regularly reviewed with the Audit & Risk Committee and the Board. Principal Risks are categorised as either

- Operational – arising from or impacting the day-to-day operations
- Strategic – impacting the strategic objectives of the Company
- External – arising from the external environment, for example, legislation or fiscal

Operational Risks

Health, Safety and the Environment (HSE)

Risk: The nature of the Group's operations is inherently complex, with HSE risks and hazards covering many areas including asset integrity, process safety and well control incidents which have the potential to impact people and the environment

Mitigation: The Group's most significant exposure is at its operated assets. At these assets, NEO has in place a Safety Case and HSE management plan to ensure that all operations are conducted to high industry standards and procedures. The Group also seeks to ensure that all contractors have the appropriate systems and procedures in place to ensure safe operations.

All events are robustly reported, recorded and investigated to identify root causes and identify and implement effective corrective and preventative measures. Stop the work authority is reinforced continually on our assets, so that staff and contractors know that they are empowered and expected to stop the work should they believe there is a potential health, safety or environmental risk associated with any activity they are involved in. The Board regularly monitors a range of safety performance metrics including the Serious Incident Frequency (SIF) rate which was a KPI during the year.

To mitigate risks associated with hydrocarbon releases and pollution, Oil Pollution Emergency Plans are approved for all operations and relevant training and exercising plans are implemented. Any incident that occurs during operations is fully investigated by the Group to ensure that any remedial actions that are identified are fully acted upon and implemented. The Group is also a member of The Offshore Pollution Liability Association Limited (OPOL).

The Group has in place comprehensive insurance policies to cover any damage or losses which may occur during operations and to cover the costs of any major environmental issue, subject to deductibles and limits. At NEO's non-operated assets, NEO actively monitors performance of the operator to ensure high HSE standards and to act if those standards are not met. The Group also proactively carries out audits of operator partners (under Regulation 5 of the UK Safety Case Regulations) to ensure appointed operators are capable and competent.

Production and reserves

Risk: The level, quality and production volumes delivered from the Group's oil and gas reserves could vary from the forecast production profiles associated with the Group's reported 2P reserves if assumptions on which the reserves estimates have been based prove incorrect.

Mitigation: In order to mitigate the inherent geological risks facing the Group it employs qualified and experienced experts in the geoscience fields. It applies the latest technologies to interpret data and works with skilled contractors with extensive experience. Whilst this risk can never be fully mitigated, the Group focuses on the UK North Sea, a mature hydrocarbon bearing province, and on fields, discoveries and prospects with proven productive analogues in regions with established infrastructure. The Group's estimated recoverable reserves are verified by independent qualified engineering firms.

NEO Energy Group Limited

Project execution and delivery

Risk. NEO Energy's success is partially dependent on its ability to successfully develop new projects, on time and on budget. Receiving timely regulatory approval for projects is critical to meeting project timelines. NEO continues to await clarity from the Finch ruling consultation which closed in January 2025. While the outcome of this consultation is outstanding, regulatory approvals remain on hold and projects are unable to progress.

Mitigation. NEO has dedicated and experienced project management teams and effective project management systems in place to manage and govern project execution. This governance structure ensures oversight of project delivery allowing timely corrective intervention if required. Project managers are in place to manage partner relationships and to gain alignment on the selection and prioritisation of projects. NEO actively engages with regulatory and industry bodies to maintain constructive relationships and works collaboratively with these during project approval processes.

Organisation design and capability

Risk. The organisation is not equipped with the correct people, systems or processes to deliver successfully against the Group's strategy and business plans.

Mitigation. To attract and retain key talent NEO has in place a competitive reward and benefits package supported by talent development, performance management programmes and a safe, flexible and attractive working environment. Regular staff communications, surveys and forums are in place to support staff engagement and interactions.

The NEO Management System (NMS) has been designed to enable critical activities to be identified and managed so that risks to the health and safety of employees and to the environment are reduced to a level deemed to be as low as reasonably practicable (ALARP). This helps ensure that we have the correct systems and processes in place to support the talent within the organisation to deliver success.

Supply chain

Risk. The Group is exposed to capital cost escalation and schedule delays due to high inflation, and availability of rigs, vessels and fabrication yards.

Mitigation. NEO has well established relationships in place with its supply chain partners and actively engages with them on forward work programmes and contracting requirements. The Group actively monitors market conditions and where appropriate and possible, will seek to make early commitments to work programmes in order to capture competitive pricing. The Group also seeks to build lasting contractual relationships with supply chain partners to ensure efficient contracting strategies and optimised value. New and existing contractors are carefully assessed through due diligence and approval processes.

Strategic Risks

Liquidity and funding

Risk: Cost overruns, production underperformance or reduced access to debt funding sources leave NEO unable to fund its commitments.

Mitigation. NEO actively monitors its liquidity position, and the Group's strategic plan and investment decisions are evaluated under a range of operational and economic scenarios to ensure the business can fund all its commitments. The Group's financial framework and capital allocation priorities are agreed with the Board and rigorously implemented. NEO has a strong cash position, a supportive shareholder and a good reputation with its lenders, supporting continued access to capital should it be required. Management oversight of asset performance and robust internal control processes reduce the likelihood and impact of cost overruns and production shortfalls.

NEO Energy Group Limited

External Risks

Commodity price, inflation, interest rate and currency risk

Risk· The Group is exposed to fluctuations in oil and gas prices, inflation, interest rates and currency movements which affect its near-term cash flows from production, the long-term return from investments and also the level of borrowing available under the Reserve Based Lending facility

Mitigation· The Group makes long term investment decisions with a great degree of uncertainty over the price it will achieve for the sale of its oil or gas. Investment decisions are only undertaken following a rigorous review of project economics. These reviews will consider a range of commodity price scenarios.

The Group has a hedging programme to mitigate its exposure to fluctuations in oil and gas prices, interest rates and foreign exchange rates, in accordance with a Board-approved Hedging Policy and also to adhere to minimum hedging levels required by its Reserve Based Lending facility. Hedges to mitigate exposure to fluctuations in oil and gas prices will typically cover a proportion of anticipated production over periods of up to three years, with declining percentages of cover for each successive future period. Additionally, NEO selectively hedges currency and interest rates where appropriate, alongside pre-purchasing carbon allowances to protect against pricing risks.

Cyber security

Risk· The threat of cyber security attacks is continuing to increase across all industries. Cyber security intrusions have the potential to compromise internal networks and systems, potentially leading to interruptions in the Group's activities, financial loss, loss of confidential data and reputational damage.

Mitigation· The Group has established procedures in place to address cyber security risk and has disaster recovery solutions as mitigations to any potential attack.

The Group's networks are designed and monitored to detect and prevent external cyber-attacks. Third party cyber security specialists are used to carry out testing of business-critical systems and all staff and contractors are required to undertake cyber security training. NEO regularly reviews its cyber security controls.

Climate change

Risk· The impacts of climate change and associated legislative changes may give rise to a number of risks that will affect the oil and gas industry. In particular, increased costs to meet regulatory requirements to reduce carbon emissions, political instability with regards to low carbon policies, reduction in funding due to pressure on investors and banks to meet their own climate commitments, insurance issues, impact on production performance due to decreasing availability of supply chain, increase in extreme weather events impacting operational capability, disrupting supply chain and reducing accessibility for maintenance and crew transfer.

Mitigation· Climate related risks are assessed at Board and Executive Leadership Team levels. An Environmental, Social and Governance (ESG) Board Sub-Committee also supports the Board on ESG related matters. NEO has mapped a decarbonisation route to achieve the regulator's targets and NEO's Low Carbon Transition Plan in reducing carbon intensity. NEO stress tests the portfolio under a range of commodity price forecasts including low price scenarios where demand is significantly reduced. NEO also prepares a Task Force on Climate-related Financial Disclosures (TCFD) report through qualitative analysis of the climate-related risk scenarios identified by the International Energy Agency. The TCFD report is not published externally but informs management and the Board on how climate change factors impact NEO.

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Regulatory and fiscal change

Risk: Changes in the regulatory or fiscal environment could impact the Group's ability to deliver its strategy. There has been significant volatility in the UK fiscal regime in recent years following the introduction of the Energy Profits Levy (EPL) which was enacted in the UK in 2022 and has been amended or extended on three subsequent occasions. During March 2025, the government has launched consultations in respect of the long-term tax regime and UKCS oil and gas licencing regime which could lead to further changes.

In addition, following the Supreme Court's "Finch" ruling in respect of Scope 3 emissions, the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) conducted a consultation in respect of environmental guidance for future oil and gas developments. This has resulted in a period of uncertainty in respect of any new development project approvals and the industry awaits the outcome of this consultation and clarity over the progression of new projects.

Mitigation NEO actively monitors political and fiscal risks. The EPL regime has been factored into investment decisions and financial planning. NEO contributes to industry representation on key issues through industry associations and bodies, such as Offshore Energies UK (OEUK), UK Oil Industry Taxation Committee (UKOITC) and The Association of British Independent Oil Exploration Companies (BRINDEX), who engage with the government on behalf of the industry. NEO also participates in fiscal and regulatory change consultations, through input to industry-wide responses as well as engaging directly with government.

Section 172(1) Statement

The Directors are required by law to act in a way that promotes the success of the Company for the benefit of its stakeholders as a whole.

The Group's success depends on the ability to engage effectively with stakeholders. The Group's Board considers, both individually and collectively, that they have acted in good faith, taking actions to promote the success of the Company for the benefit of its members as a whole, having regard to matters set out in section 172(1) (a) to (f) of the Companies Act in the decisions taken during the financial year ending 31 December 2024.

At each Board meeting the Directors review, with the Executive Leadership Team, the progress against strategic priorities and the changing shape of the business portfolio. This collaborative approach by the Board, together with the Board's approval of the Group strategy, helps it to promote the long-term success of the Group. Ultimately Board decisions are taken in the best interest of the long-term financial success of the Group and its shareholders, employees, the environment, suppliers and customers.

People

NEO's people continue to be key to the Group's success and to embody what NEO stands for in terms of ensuring safe operations, setting the highest standards of business and ethical conduct and delivering the business strategy.

NEO is fully committed to our workforce and embraces a positive, inclusive culture, investing in our staff to reach their full potential. To support these objectives, a new Employee Forum was established during 2024 to facilitate communication and enable transparency between employees and the Executive Leadership Team (ELT) in respect of employee related matters. Colleagues also had the opportunity to participate in the newly established Mentorship Programme, promoting a more inclusive culture and pipeline employees into middle management.

NEO continues to strengthen its Diversity, Equity & Inclusion (DE&I) practices to ensure it provides a workplace that is fair, inclusive and embraces the diversity of all our colleagues. This is supported by NEO's DE&I Committee which hosted a number of events during the year. During 2024 the Group also established a women's network, and continued training to create a positive workplace culture.

The Group's policies commit to ensuring no modern slavery or human trafficking occurs in any part of our business, including our supply chain.

NEO Energy Group Limited

Environmental, Social and Governance (ESG)

Environment

As a responsible operator, NEO ensures all regulations are followed with respect to minimizing impact on the environment that may be caused through air emissions, waste, biodiversity impacts, spills and other environmental issues as a result of our operations

The Group continues to monitor and report emissions to track its impact on the environment. The Group's ambition to reduce intensity is set out in NEO's Low Carbon Transition Plan which commits to reducing greenhouse gas emission intensity per barrel of equivalent (kg CO₂/boe) produced by NEO's portfolio by 50% by 2030 and to be net zero by 2050. Absolute emissions decreased by almost 7% across the portfolio in 2024 and carbon intensity per barrel was broadly flat at 21.8 kgCO₂e/boe (2023: 21.3 kgCO₂e/boe).

Emissions sources include the direct operations of our own assets and our equity share of partner-operated assets (Scope 1), indirect emissions from the energy used to power our operations (Scope 2) and emissions throughout our value chain (Scope 3). All UK producing assets have an Emission Reduction Action Plan, in alignment with the Oil and Gas Authority (OGA) Plan published in March 2024.

The 2024 decarbonisation actions identified across the portfolio were delivered as planned and actions have been identified for 2025. The portfolio's decrease in Scope 1 absolute emissions was delivered through successful collaboration with the Group's joint-venture partners. NEO proactively engages with regulators and decarbonisation groups to ensure best practice in decarbonisation, improving operational efficiency and introducing new technology where applicable.

NEO continually expands on Scope 3 emission reporting and aims to reduce its impact on the environment through influencing the supply chain.

Social

NEO has sought to embed ESG in the heart of the organisation. NEO has aligned its ESG strategy against four of the United Nations Sustainable Development Goals (UN SDGs) namely Goal 3 Good Health and Wellbeing, Goal 5 Gender Equality, Goal 8 Decent Work and Economic Growth and Goal 10 Reduce Inequality. This is further enhanced by NEO's cultural pillars of Respect, Teamwork and Courage.

NEO employs around 200 permanent employees and creates additional value in the communities in which NEO operates through indirect employment via contractors and the local supply chain. NEO has approximately 300 suppliers, of which 90% are deemed local.

Suppliers are requested to complete ESG questionnaires during the onboarding process which will enable benchmarking of the supply chain to understand the Group's wider impact on the environment and people.

NEO supports local communities through our staff-led committees including a Charity Committee and an Education Committee, which provide an opportunity to make a difference in the communities we operate. NEO's Charity Committee maintained partnerships with three charities in 2024, providing both financial support and volunteer efforts. The Education Committee sponsors 14 students through the University of Aberdeen sponsorship program and 20 through the GeoNetZero PhD program. NEO is also the sole sponsor of the secondary school STEM learning program GeoBus, which reached over 11,500 participants during the academic year, including hands-on workshops for 2,500 students in 36 schools across 18 local authorities.

Governance

NEO's Board of Directors is accountable for the strategic direction and long-term success of the Group, and for ensuring long-term value to NEO's shareholder. The Board, led by the Chairman, recognises that the Group's license to operate is earned through responsible behaviour, and that value creation cannot come at the expense of the environment and local societies.

The Board has overall responsibility for NEO's overarching ESG strategy, and the Group is committed to considering ESG and climate-related risks in all decisions, operations and strategies.

The Board delegates a number of its responsibilities to subcommittees, as detailed in the Directors' Report.

NEO Energy Group Limited

Tax and transparency - European transparency directive disclosure

NEO is committed to acting with honesty and integrity in respect of tax laws and regulations and has met all its statutory requirements. This includes the disclosures and submissions made to comply with the requirements of the Extractive Industry Transparency Initiative (EITI), Country-by-Country Reporting (CBCR) and the 2014 Reports on Payments to Government Regulations (PTG), which implemented the requirements of the EU's Accountancy and Transparency Directives into UK law. The table below summarises taxes and licence fees related to the Group's operated assets paid in 2024.

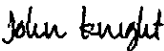
| Area/company level | Income taxes \$'million | Licence fees \$'million | Total \$'million |
|--------------------|----------------------------|----------------------------|---------------------|
| Finlaggan | - | 0.2 | 0.2 |
| Affleck | - | 0.1 | 0.1 |
| Isolde | - | 0.1 | 0.1 |
| Lochranza | - | 0.9 | 0.9 |
| Babbage | - | 0.6 | 0.6 |
| Dumbarton | - | 0.3 | 0.3 |
| Buchan | - | 0.5 | 0.5 |
| Leverett | - | 0.1 | 0.1 |
| P 2170 – Verbier | - | 0.7 | 0.7 |
| Brae area | (1.7) | - | (1.7) |
| Corporate | 454.5 | - | 454.5 |
| Total | 452.8 | 3.5 | 456.3 |

Risk management

NEO is committed to controlling risk and optimising opportunities by using a robust risk management framework and system of internal control. The risk management framework is an integrated part of the Group's strategic and operational management and is based on the ISO 31000 standard and is designed to:

- Support NEO's vision and values, regulatory requirements, corporate commitments, safe and compliant operation of assets and protect NEO's industry reputation
- Ensure uniform, efficient and suitable processes to identify, manage and report significant risks and opportunities that may affect the Group's objectives, and
- Allow informed decision making, prioritisation of control activities and resources to deal effectively with any risks or opportunities

Approved by the Board and signed on its behalf:

Signed by

 48879D083E38419

John Knight
 Director and Chairman

27 March 2025

NEO Energy Group Limited

Directors' Report

The directors present their report and audited consolidated financial statements for the year ended 31 December 2024

Directors

Directors who served during the year and up to the date of signing the financial statements were as follows

Martin Bachmann (Resigned 9 October 2024)
Timothy Dodson
David Gair (Resigned 9 October 2024)
Einar Gjelsvik
Kristin Gjertsen (Appointed 9 October 2024)
John Knight
Fiona McLeod Hill (Resigned 9 October 2024)
Grethe Moen

The directors benefit from qualifying third party indemnity provisions in place during the year and at the date of approval of this report

Dividends

The directors recommended and approved the payment of dividends totalling \$nil during the year (2023 \$250.0 million)

Principal activities and future outlook

NEO Energy Group Limited ("the Company") holds investments in other Group companies (together, "the Group"). The Group's and Company's principal activities are the acquisition, exploration, development and production of offshore oil and gas reserves in the UK sector of the North Sea. The future outlook has been documented in the Strategic Report.

Group funding and going concern

The financial statements have been prepared on the going concern basis. Further information relating to the going concern assumption is provided in note 3, including the basis of the directors' assessment of the Group and the Company's ability to continue as a going concern.

Financial instruments and financial risk management

The Group finances its activities with a combination of external debt, equity and cash generated from operations. Other financial assets and liabilities, such as trade and other receivables, trade and other payables, cash and cash equivalents and restricted cash arise directly from the Group's operating activities.

The Group's operations expose it to financial risks, including the effects of changes in commodity prices, foreign exchange rates and interest rates. The Group has a risk management strategy in place which includes regular monitoring of financial risk exposure and undertaking hedging activities when appropriate (see Strategic Report and note 21).

Statement of corporate governance arrangements

The Group meets the threshold for the requirement to publish a statement of corporate governance arrangements pursuant to the Companies (Miscellaneous Reporting) Regulations 2018. The Group adopts the Wates Corporate Governance Principles for Large Companies (published by the Financial Reporting Council in December 2018, referred to as the "Wates Principles"). The following sections set out how the Wates Principles were applied during the year.

NEO Energy Group Limited

Principle 1 – Purpose and Leadership

Purpose

NEO Energy is an independent full-cycle energy business in the UKCS, backed by HitecVision, a leading private equity investor focused on Europe's offshore energy industry. The Group's purpose is to safely and sustainably help meet the energy needs of the UK.

Values and culture

The Company's Board of Directors and the Executive Leadership Team are committed to the Group's core values of teamwork, respect and courage which underpin the Group's culture.

Strategy

The Group's strategy is to build a leading oil and gas producer in the UKCS through operational excellence and a combination of organic and inorganic growth, underpinned by a culture of continual improvement.

Excel Operational Excellence

- Operational excellence is vital to unlocking the value we see in assets and provides the opportunity to maximise potential, and drive profitability and sustainable returns.

Optimise Organic Growth

- We seek to achieve a significant level of organic growth by examining field life extension opportunities via a combination of enhanced hydrocarbon recovery, in-field drilling, development of near-field resources and near-field exploration.

Grow Growth by Acquisition

- With a focus on high-quality, long life production and development assets in the UKCS, we target strategic acquisition opportunities that are value accretive and complement our portfolio.

Principle 2 – Board Composition

Board composition and Executive Leadership Team

As at 31 December 2024, the Company's Board of Directors comprises John Knight (Executive Chairman), Kristin Gjertsen, Einar Gjelsvik, Grethe Moen and Timothy Dodson. The members of the Executive Leadership Team are Andrew McIntosh (CEO), Robert Gair (CFO), Craig McKenzie (COO) and Catriona Manzi (Director of Tax and Business Services).

Balance and diversity

The Board and the Executive Leadership Team are made up of individuals with diverse skills and industry-relevant experience and knowledge. The Board is accountable for setting the strategic direction of the Group and for ensuring long-term value to the Group's shareholders. The Executive Chairman leads the Board and ensures that the views of all directors are considered in the decision-making process. In addition, at each Board meeting the directors review, with the Executive Leadership Team, the progress against strategic priorities. This collaborative approach by the Board, together with the Board's approval of the Group strategy, helps it to promote the long-term success of the Group.

The Board seeks to ensure the protection of the Group's people, the public, its assets, and the environment in which it operates. It is also focused on maintaining financial discipline and delivering strong earnings, cash flow and shareholder value.

NEO Energy Group Limited

Principle 3 – Directors' Responsibilities

The Board meets on a regular basis and at each Board meeting the directors review, with the Executive Leadership Team, the progress against strategic priorities. This collaborative approach by the Board, together with the Board's approval of the Group strategy, helps it to promote the long-term success of the Group. Ultimately Board decisions are taken in the best interest of the long-term financial success of the Group and its shareholders, employees, the environment, suppliers and customers.

The Board recognises the importance of strong governance and prioritises effective decision making. In order to assist with this, the Group has established three Board committees and one subcommittee. The Board delegates a number of its responsibilities to these committees, with the Chair of each committee formally reporting on proceedings.

- **Technical & Commercial Assurance Committee (TCAC)** evaluates assets and potential investments for strategic, financial, operational, and reputational impact. ESG-related aspects, including climate-related impacts, regulatory requirements and the Emissions Trading Schemes (EU ETS / UK ETS) are regularly included in the TCAC's reviews.
- **Audit & Risk Committee (ARC)** material business risks and opportunities identified by the Group, are presented and discussed with the ARC quarterly. The responsibilities of the ARC includes reviewing the financial statements of the Company and Group before they are presented to the Board for approval. The ARC also reviews the quality and adequacy of the Company's systems for internal control and financial reporting process.
- **Remuneration Committee** reviews salaries, compensation, and bonus structures. The bonus structure is based on individual and Company performance. Considerations for the Company performance include cash flow, carbon intensity, production, and health and safety.
- **ESG Subcommittee** reviews and directs ESG strategy, ensuring ESG policies and procedures are fit for purpose. The committee monitors progress against agreed ESG targets, reviews ESG reporting and ensures ESG risks are appropriately recognised and evaluated.

Decisions within the Group are made in accordance with the articles of association of the Company and an approved delegation of authority standard. In reaching their decisions, the directors consider their responsibilities under the Companies Act 2006.

The Group is compliant with all applicable anti-corruption legislation and is committed to acting fairly and ethically and to preserving the trust and confidence of business partners, and anyone else affected by our operations. The Anti-corruption Policy sets out the ethical principles to which NEO strictly adheres on a global basis in relation to bribery and corruption and reporting.

NEO also adhere to several policies to ensure ethical and transparent reporting. The policies are based on leading international standards for responsible business conduct, including the UN Global Compact and the UN Guiding Principles on Business and Human Rights. Our goal is to make ethical, responsible and profitable decisions when conducting business.

Principle 4 – Opportunity and Risk

Risk management

The Group evaluates and ranks a variety of risks. NEO regards Enterprise Risk Management as a critical activity which is clearly allocated to senior personnel within the business. This assists the Board and Executive Leadership Team in the identification, evaluation and management of risk. Principal risks are those considered of greatest relevance to the Group. Principal risks are sponsored by members of the Executive Leadership Team and regularly reviewed with the Board. Principal Risks are categorised as either:

- **Operational** – arising from or impacting the day-to-day operations
- **Strategic** – impacting the strategic objectives of the Company
- **External** – arising from the external environment e.g. legislation

The Group's risks, together with the mitigations employed to manage these risks, are set out within the Strategic Report.

NEO Energy Group Limited

The board of directors is ultimately responsible for risk management within NEO with day-to-day management of risk delegated to the CEO. NEO manages risk within the risk appetite levels set by the Board. Risk appetite determines the nature and level of risk that the Group is willing to take in pursuit of its strategic objectives.

Opportunities

The Board actively seeks opportunities to enhance the Group's business in line with its strategic objectives.

Principle 5 – Remuneration

The purpose of the Group's Remuneration Committee is to create and maintain appropriate reward policies to attract executives and employees who will achieve results in the interest of the Group and its shareholders. The Remuneration Committee meets to review and advise the Board on matters relating to salaries, compensation and bonus structures.

During 2024, the Remuneration Committee considered a range of issues, including

- Determination of the Group's bonuses in respect of the 2023 performance period, including those payable to members of the Executive Leadership Team
- Determination of the Group's salary increases applied in 2024, with reference to market data in respect of industry peer companies

Principle 6 – Stakeholder Relationships and Engagement

The Board's goal is to protect its people, the public, the Group's assets, and the environment in which they work and live, therefore maintaining its reputation. This commitment is in the best interests of the employees and all associated stakeholders, including regulatory bodies, government authorities, and environmental bodies. The Group engages externally through a variety of means, including informal meetings, committee meetings and through engagement in industry forums where applicable.

The Board also focuses on maintaining financial discipline and delivering strong earnings, cash flow and shareholder value.

The Board will continue to assess and monitor culture within the Group and will seek to obtain useful insights through effective dialogue with the Group's key stakeholders and having regard to their views in the Board's decision-making process. The Group regularly conducts employee engagement surveys to ensure the views of the workforce are gathered and considered in decisions made.

Streamlined Energy and Carbon Reporting

NEO has prepared a streamlined energy and carbon report covering emissions categorised as Scope 1 (Direct GHG Emissions) and Scope 2 (Electricity Indirect GHG Emissions) as required under environmental reporting guidelines for large unquoted companies.

NEO is reporting on an Equity Share approach, as defined by The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard. Equity share reflects the economic interest and NEO's emissions are based on information provided from the operator of each Joint Venture.

Emissions (CO₂ equivalent) classed as Scope 1 Equity, include emissions from the use of fuel gas and diesel at the Group's offshore assets.

Scope 1 emissions decreased from 2023 to 2024 due to improvements in operational efficiencies however 2024 Scope 1 and 2 emissions intensity has increased marginally due to lower production volumes.

Emissions reported as Scope 2 (purchased electricity for own use), are from the leased onshore office facilities in the UK. This has decreased from 2023 to 2024 due to a change in supplier and electricity allocation in NEO's Guildford office.

In 2024, there was a reduction in Scope 3 emissions in the categories currently reported by NEO as result of reduced drilling and seismic acquisition activity.

NEO Energy Group Limited

Key emissions and carbon intensity figures are included below

| | 2024 | 2023 |
|--|---------------|---------------|
| Scope 1 equity direct GHG emissions (GHG Protocol Corporate Standard Scope 1 equity, tCO ₂ e) * | 570,154 | 612,308 |
| Scope 2 energy indirect GHG emissions (GHG PCS Scope 2, tCO ₂ e) | 68 | 81 |
| Total Scope 1 & 2 emissions (tCO ₂ e) | 570,222 | 612,389 |
| Carbon intensity - Scope 1 & 2 (kgCO ₂ e/boe) | 21 | 21 |
| Scope 1 energy consumption in kWh | 2,569,937,737 | 3,029,363,346 |
| Scope 2 energy consumption in kWh | 326,710 | 394,304 |
| Scope 3 tCO ₂ e related emissions including category 3, 4 and 6 ** | 14,530 | 33,925 |
| Scope 3 tCO ₂ e Category 11 Use of sold product *** | 9,098,656 | 10,056,509 |

* Scope 1 emissions figures provided for NEO are calculated using the Equity Share approach. Emissions are unverified as at the date of this report.

** Scope 3 reporting includes Category 3 Fuel and energy related activities, Category 4 Upstream transportation and distribution, Category 6 Business travel.

*** Scope 3 Category 11 Use of sold product calculated using conversion factors from Defra 2023 Fuels and IPCC 2006 Guidelines for National Greenhouse Inventories.

Post Balance Sheet Events

On 2 January 2025, the Group repaid \$57.0 million of its reserves-based lending facility.

On 23 January 2025, the Board approved a dividend payment of \$35.0 million.

On 3 March 2025, the Energy Profit Levy (EPL) extensions were substantially enacted after a third reading of the Finance Bill in Parliament.

On 27 March 2025, NEO announced that it would combine with Repsol S.A.'s UK North Sea upstream business in a share-for-share transaction. On completion, NEO will be owned 55% by funds managed by HitecVision and 45% by Repsol S.A. Completion of the transaction is subject to customary regulatory approvals and is expected in the second half of 2025.

NEO Energy Group Limited

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Annual Report and 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 group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom accounting standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law)

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

- select suitable accounting policies and then apply them consistently,
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom accounting standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006

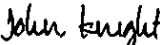
Directors' confirmations

The directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy

In the case of each director in office at the date the Directors' Report is approved

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information

Signed on behalf of the Board:

Signed by

48879D083E38419

John Knight
Director and Chairman

27 March 2025

Independent auditors' report to the members of NEO Energy Group Limited

Report on the audit of the financial statements

Opinion

In our opinion,

- NEO Energy Group Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's profit and the group's cash flows for the year then ended,
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006,
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law), and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise Consolidated and Company Statements of Financial Position as at 31 December 2024; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in equity and the Consolidated Statement of Cash Flow for the year then ended, and the notes to the financial statements, comprising material accounting policy information and other explanatory information

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Petroleum Act 1998, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK Corporation Tax Legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue or profitability and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries made of the Board of Directors, key management personnel and in-house legal team around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud,
- Enquiries made of the group's tax function in relation to any actual or potential disagreements with the tax authorities,
- Understanding and evaluation of management's controls designed to prevent and detect irregularities in the group's financial reporting,
- Review of board minutes,
- Challenging management on assumptions and judgements made in their significant accounting estimates, and
- Identifying and testing journal entries with specific focus on entries containing unusual account combinations in response to the risk of management override of controls.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting


Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or

- certain disclosures of directors' remuneration specified by law are not made, or
- the company financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility


Martin Cowie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
27 March 2025

NEO Energy Group Limited

Consolidated Income Statement For the year ended 31 December 2024

| | | 2024 | 2023 |
|--|-------|----------------|------------------------|
| | Notes | \$'million | Restated \$'million |
| Petroleum revenues | | 1,950.5 | 2,990.7 |
| Other operating income | | 28.4 | 24.3 |
| Total revenue | 5 | 1,978.9 | 3,015.0 |
| Operating costs | | (670.4) | (678.8) |
| Movement in petroleum inventory | | (21.5) | (6.4) |
| Depletion, depreciation and amortisation | 6,13 | (615.6) | (603.2) |
| Exploration and evaluation expense | 13 | (3.2) | (2.0) |
| Changes in decommissioning provision | 6 | (31.0) | (10.7) |
| Impairment of property, plant and equipment | 13 | (165.7) | (160.9) |
| Administrative expenses | | (30.0) | (28.4) |
| Gain on disposal of assets | 6 | - | 3.4 |
| Fair value changes in contingent consideration | 6 | 15.8 | 35.7 |
| Other expenses | 6 | (20.0) | (2.2) |
| Operating profit | 6 | 437.3 | 1,561.5 |
| Finance income | 8 | 70.7 | 57.6 |
| Finance costs | 9 | (348.0) | (353.5) |
| Profit before income tax | | 160.0 | 1,265.6 |
| Income tax | 10 | (3.5) | (724.1) |
| Profit for the year after income tax | | 156.5 | 541.5 |

The prior period figures above have been restated for comparative purposes. Refer to note 3 for further details.

Consolidated Statement of Comprehensive Income For the year ended 31 December 2024

| | | 2024 | 2023 |
|---|-------|---------------|---------------|
| | Notes | \$'million | \$'million |
| Profit for the year after tax | | 156.5 | 541.5 |
| Items that may be classified to income statement: | | | |
| Fair value movement on cash flow hedges | 20 | (231.0) | (196.0) |
| Tax on cash flow hedges | 10 | 166.3 | 123.6 |
| Foreign currency translation differences | | - | (1.2) |
| Total other comprehensive (expense) for the year, net of tax | | (64.7) | (73.6) |
| Total comprehensive income for the year | | 91.8 | 467.9 |
| Attributable to: | | | |
| Owners of the parent | | 91.8 | 467.9 |

The notes on pages 28 to 70 form an integral part of these financial statements.

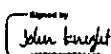
NEO Energy Group Limited

Consolidated Statement of Financial Position As at 31 December 2024

| | Notes | 2024 \$'million | 2023 Restated \$'million |
|--------------------------------------|-------|--------------------|--------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 12 | 147.6 | 147.6 |
| Property, plant & equipment | 13 | 4,953.5 | 4,865.8 |
| Derivative assets | 20 | 17.5 | 75.1 |
| | | 5,118.6 | 5,088.5 |
| Current assets | | | |
| Trade and other receivables | 14 | 202.9 | 218.5 |
| Cash and cash equivalents | 15 | 505.1 | 1,258.8 |
| Restricted cash and cash equivalents | 15 | 89.4 | 6.8 |
| Derivative assets | 20 | 21.1 | 159.0 |
| Inventory | | 58.1 | 52.9 |
| | | 876.6 | 1,696.0 |
| Total assets | | 5,995.2 | 6,784.5 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Corporation tax | 10 | (16.8) | (417.8) |
| Lease liabilities | 13 | (1.9) | (1.8) |
| Trade and other payables | 16 | (643.5) | (989.4) |
| Loans and other borrowings | 17 | (57.0) | (41.0) |
| Provisions | 18 | (143.2) | (100.2) |
| Derivative liabilities | 20 | (8.7) | - |
| | | (871.1) | (1,550.2) |
| Non-current liabilities | | | |
| Deferred tax liabilities | 10 | (1,179.8) | (1,358.4) |
| Lease liabilities | 13 | (7.6) | (9.1) |
| Loans and other borrowings | 17 | (1,811.2) | (1,863.7) |
| Provisions | 18 | (1,580.3) | (1,579.5) |
| Derivative liabilities | 20 | (18.6) | - |
| Other non-current liabilities | 19 | (12.5) | (1.3) |
| | | (4,610.0) | (4,812.0) |
| Total liabilities | | (5,481.1) | (6,362.2) |
| Net assets | | 514.1 | 422.3 |
| EQUITY | | | |
| Capital and reserves | | | |
| Called up share capital | 22 | 0.1 | 0.1 |
| Capital reserve | 23 | (40.0) | (40.0) |
| Cash flow hedge reserve | 20 | 14.0 | 59.2 |
| Cost of hedging reserve | 20 | (20.3) | (0.8) |
| Currency translation reserve | | (92.9) | (92.9) |
| Retained earnings | | 653.2 | 496.7 |
| Total equity | | 514.1 | 422.3 |

The prior period figures above have been restated for comparative purposes. Refer to note 3 for further details.

These financial statements on pages 22 to 27 were approved by the board of directors on 27 March 2025 and are signed on its behalf by

Approved by

(187902524611)

John Knight
 Director and Chairman

The notes on pages 28 to 70 form an integral part of these financial statements.

Registered number SC470677

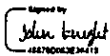
NEO Energy Group Limited

Company Statement of Financial Position As at 31 December 2024

| | Note | 2024 \$'million | 2023 \$'million |
|-------------------------------|------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investments | 11 | 50.2 | 50.2 |
| | | 50.2 | 50.2 |
| Current assets | | | |
| Trade and other receivables | 14 | 7.2 | 7.2 |
| Cash and cash equivalents | 15 | 4.3 | 4.3 |
| | | 11.5 | 11.5 |
| Total assets | | 61.7 | 61.7 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 16 | (3.5) | (3.5) |
| Total liabilities | | (3.5) | (3.5) |
| Net assets | | 58.2 | 58.2 |
| EQUITY | | | |
| Capital and reserves | | | |
| Called up share capital | 22 | 0.1 | 0.1 |
| Capital reserve | 23 | 1.0 | 1.0 |
| Currency translation reserves | | (18.8) | (18.8) |
| Retained earnings | | 75.9 | 75.9 |
| Total equity | | 58.2 | 58.2 |

As a Consolidated Income statement is published in these financial statements, a separate income statement for the Company is not presented within these financial statements as permitted by Section 408 of the Companies Act 2006. The Company reported a \$25,660 profit for the year (2023: \$246.8 million profit).

These financial statements on pages 22 to 27 were approved by the board of directors on 27 March 2025 and are signed on its behalf by

 Signed by
John Knight
16/03/2025 10:11:13

John Knight
Director and Chairman

The notes on pages 28 to 70 form an integral part of these financial statements

NEO Energy Group Limited

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

| | Share capital (Note 22) S'million | Capital reserve (Note 23) S'million | Cash flow hedge reserve Restated S'million | Cost of hedging reserve Restated S'million | Currency translation reserve S'million | Retained earnings S'million | Total S'million |
|--|--|--|--|--|---|-----------------------------------|--------------------|
| Balance at 1 January 2023 | 0.1 | (40.0) | 133.2 | (2.4) | (91.7) | 205.2 | 204.4 |
| Comprehensive income / (expense) | | | | | | | |
| Profit for the year | - | - | - | - | - | 541.5 | 541.5 |
| Other comprehensive income/(expense) | - | - | (74.0) | 1.6 | (1.2) | - | (73.6) |
| Total comprehensive income / (expense) for the year | - | - | (74.0) | 1.6 | (1.2) | 541.5 | 467.9 |
| Transactions with owners | | | | | | | |
| Dividends paid | - | - | - | - | - | (250.0) | (250.0) |
| Balance at 31 December 2023 | 0.1 | (40.0) | 59.2 | (0.8) | (92.9) | 496.7 | 422.3 |
| Comprehensive income / (expense) | | | | | | | |
| Profit for the year | - | - | - | - | - | 156.5 | 156.5 |
| Other comprehensive expense | - | - | (45.2) | (19.5) | - | - | (64.7) |
| Total comprehensive income / (expense) for the year | - | - | (45.2) | (19.5) | - | 156.5 | 91.8 |
| Balance at 31 December 2024 | 0.1 | (40.0) | 14.0 | (20.3) | (92.9) | 653.2 | 514.1 |

The prior period figures above have been restated for comparative purposes. Refer to note 3 for further details.

The notes on pages 28 to 70 form an integral part of these financial statements.

NEO Energy Group Limited

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

| | Share capital (Note 22) \$'million | Capital reserve (Note 23) \$'million | Currency translation reserve \$'million | Retained earnings \$'million | Total equity \$'million |
|--|---|---|--|------------------------------------|-------------------------------|
| Balance at 1 January 2023 | 0.1 | 1.0 | (18.8) | 79.1 | 61.4 |
| Comprehensive income | | | | | |
| Profit for the year | - | - | - | 246.8 | 246.8 |
| Total comprehensive income for the year | - | - | - | 246.8 | 246.8 |
| Transactions with owners | | | | | |
| Dividends paid | - | - | - | (250.0) | (250.0) |
| Balance at 31 December 2023 | 0.1 | 1.0 | (18.8) | 75.9 | 58.2 |
| Comprehensive income | | | | | |
| Profit for the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | - |
| Balance at 31 December 2024 | 0.1 | 1.0 | (18.8) | 75.9 | 58.2 |

The notes on pages 28 to 70 form an integral part of these financial statements

NEO Energy Group Limited

Consolidated Statement of Cash Flow For the year ended 31 December 2024

| | | 2024 | 2023 |
|---|-----------|------------------|----------------|
| | Note | \$'million | \$'million |
| Cash flows from operating activities | | | |
| Cash generated from operations | 24 | 1,054.3 | 2,537.8 |
| Tax paid | | (453.6) | (272.4) |
| Interest received | 8 | 43.7 | 41.3 |
| Decommissioning security fees paid | 9 | (18.4) | (20.8) |
| Hedging costs paid | 9 | (23.0) | (53.9) |
| Bank charges, loan fees and interest paid | 9 | (179.5) | (122.6) |
| Net cash inflow from operating activities | | 423.5 | 2,109.4 |
| Cash flows from investing activities | | | |
| Payments for acquisition of subsidiaries | | - | (9.8) |
| Payments of contingent consideration | 16 | (188.3) | (224.4) |
| Purchases of property, plant and equipment | 13 | (849.1) | (571.0) |
| Net cash (outflow) from investing activities | | (1,037.4) | (805.2) |
| Cash flows from financing activities | | | |
| Repayment of loan facility | 17 | (40.6) | (329.4) |
| Dividends paid to company's shareholders | | - | (250.0) |
| Lease liability payments | 13 | (1.9) | (2.0) |
| Net cash (outflow) from financing activities | | (42.5) | (581.4) |
| Net (decrease)/increase in cash and cash equivalents | | (656.4) | 722.8 |
| Net foreign exchange difference | | (14.7) | 27.9 |
| Cash and cash equivalents at beginning of year | | 1,265.6 | 514.9 |
| Cash and cash equivalents at end of year | 15 | 594.5 | 1,265.6 |

The notes on pages 28 to 70 form an integral part of these financial statements

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

1 General information

The consolidated financial statements of NEO Energy Group Limited for the year ended 31 December 2024 which comprise the Company and all its subsidiaries ("the Group"), were authorised for issue in accordance with a resolution of the Board on 27 March 2025. NEO Energy Group Limited is a private company limited by shares and incorporated and domiciled in the United Kingdom and registered in Scotland. The Company's registered office address is The Silver Fin Building (9th Floor), 455 Union Street, Aberdeen, AB11 6DB.

The nature of the Group's operations and its principal activities are the exploration, development and production of oil and gas, as set out in the Strategic Report.

The consolidated financial statements and Company are presented in United States Dollars (\$), which is the functional currency of the Company and Group, because that is the currency of the primary economic environment in which the Company and Group operate.

All values are rounded to the nearest hundred thousand except where otherwise indicated.

2 Basis of preparation

The consolidated financial statements of NEO Energy Group Limited have been prepared in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments) which have been measured at fair value through other comprehensive income.

The parent company financial statements are prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards) but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The preparation of financial statements in conformity with FRS 101 required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 below.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

2 Basis of preparation (continued)

Subsidiary undertakings exemption from audit

The following subsidiary companies will take advantage of the exemption from audit under section 479A of the Companies Act 2006 (referred to as 'the Act') for the year ended 31 December 2024

NEO Energy (CNS) Limited (SC309081)
 NEO Energy (Exploration) Limited (SC279866)
 NEO Energy (GBA) Limited (14746451)
 NEO Energy (Production) Limited (05896824)
 NEO Energy (SNS) Limited (SC291165)
 NEO Energy (ZEL) Limited (06748922)
 NEO Energy (ZNI) Limited (NI029409)
 NEO Energy (ZNS) Limited (06576309) (Dissolved 18 February 2025)
 NEO Energy (ZOG) Limited (05693929) (Dissolved 18 February 2025)
 NEO Energy (ZPL) Limited (08818762)
 NEO Energy Enterprises Limited (4388397) (Dissolved 18 February 2025)
 NEO Energy Oil & Gas Limited (05400854) (Dissolved 4 March 2025)
 NEO Energy Pathway Limited (06212075)

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of the parent company financial statements, in accordance with FRS 101

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial instruments Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of
 - paragraph 79(a)(iv) of IAS 1,
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment', and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the year)
- The following paragraphs of IAS 1, 'Presentation of financial statements'
 - 10(d) (statement of cash flows),
 - 16 (statement of compliance with all IFRS)
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information)
 - 111 (statement of cash flows information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

New and amended standards and interpretations

During the year, the Group adopted the following new and amended IFRSs for the first time for its annual reporting year commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current - Amendments to IAS 1

The Group does not consider this amendment to have had a material impact on the classification of its liabilities as either current or non-current since the standard became effective from 1 January 2024.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group:

- Amendments to IAS 21 – Lack of Exchangeability

The Group does not consider these amendments to have a significant impact when they become effective on 1 January 2025.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The Group does not consider these amendments to have a significant impact when they become effective on 1 January 2026.

- Presentation and Disclosure – New Standard IFRS 18

In April 2024, the IASB introduced IFRS 18 Presentation and Disclosure in Financial Statements, a new standard created to replace IAS 1, Presentation of Financial Statements for Annual Reporting, effective for periods beginning on or after 1 of January 2027. As at publishing of these financial statements, the UK endorsement board has not yet endorsed IFRS 18 for use in the UK.

Currently there are draft proposals for exemptions to the standard which may be applied within the UK under FRS 101. The FRC is proposing to maintain extant exemptions that apply to requirements in IAS 1 that have been retained in IFRS 18 or moved to other IFRS accounting standards by IFRS 18. These include exemptions from requirements to present specified comparative information, and from producing a statement of cash flows.

The Group will continue to monitor the progress of the standard and assess the impact on the financial statements when it becomes effective on 1 January 2027.

- Subsidiaries Without Public Accountability – IFRS 19

The Group does not consider these amendments to have a significant impact when they become effective on 1 January 2026.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies (continued)

Prior year restatements

The prior year comparatives included within the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and note 7 Staff Costs have been restated

The Income Statement includes the reclassification of exploration and evaluation expense separately from impairment of property, plant and equipment, resulting in a decrease in the account from \$162.9 million to \$160.9 million per the restated 2023 comparatives. Further the Income Statement includes the reclassification of changes in decommissioning separately from depletion, depreciation and amortisation resulting in a decrease from \$613.9 million to \$603.2 million in the restated 2023 comparatives. These reclassifications have no impact on the 2023 comparative profit figure.

The Statement of Financial Position includes the separate disclosure of restricted cash and cash equivalents, previously disclosed as a total balance, resulting in a \$6.8 million decrease in cash and cash equivalents from \$1,265.6 million to \$1,258.8 million per the restated 2023 comparatives, with an equivalent increase in the restricted cash balance, and the reclassification of an element of the loan balance previously included in non-current liabilities as a current liability, resulting in a decrease from \$1,904.7 million to \$1,863.7 million in the restated 2023 comparatives with an equivalent increase in current liabilities. These reclassifications have no impact on the 2023 comparative net assets position.

The Statement of Changes in Equity includes the separated disclosure of the cost of hedging reserve and cash flow hedge reserves, previously disclosed as a total balance, resulting in an increase in the cash flow hedge reserve from \$58.4 million in 2023 to \$59.2 million in the restated 2023 comparatives with an equivalent decrease in the cost of hedging reserve. This reclassification has no impact on the 2023 comparative equity figure.

Staff costs presented within note 7 have been restated from wages and salaries and other employee benefit costs disclosed separately to a combined account under wages and salaries and other staff costs. This restatement has no impact on the Income Statement where all costs are included within administrative expenses.

Impact on primary financial statements as at 31 December 2023

Income Statement

| | 2023 Restated \$'million | 2023 Prior to restatement \$'million | Adjustments \$'million |
|--|--------------------------------|--|---------------------------|
| Depletion, depreciation and amortisation | (603.2) | (613.9) | 10.7 |
| Impairment of property plant and equipment | (160.9) | (162.9) | 2.0 |
| Exploration and evaluation expense | (2.0) | - | (2.0) |
| Changes in decommissioning provision | (10.7) | - | (10.7) |
| Profit after income tax | 541.5 | 541.5 | - |

Statement of Financial Position

| | 2023 Restated \$'million | 2023 Prior to restatement \$'million | Adjustments \$'million |
|--------------------------------------|--------------------------------|--|---------------------------|
| Non-current assets | | | |
| Cash and cash equivalents | 1,258.8 | 1,265.6 | (6.8) |
| Restricted cash and cash equivalents | 6.8 | - | 6.8 |
| Current liabilities | | | |
| Loans and other borrowings | (41.0) | - | (41.0) |
| Non-current liabilities | | | |
| Loans and other borrowings | (1,863.7) | (1,904.7) | 41.0 |
| Net assets | 422.3 | 422.3 | - |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies (continued)

Statement of Changes in Equity

| | Cash flow hedge reserve | | Adjustments \$'million |
|---|--------------------------------|---|---------------------------|
| | 2023 Restated \$'million | 2023 Prior to restatement \$'million | |
| Balance at 1 January 2023 | 133.2 | 130.8 | 2.4 |
| Comprehensive income / (expense) | | | |
| Profit for the year | - | - | - |
| Other comprehensive (expense) | (74.0) | (72.4) | (1.6) |
| Total comprehensive (expense) for the year | (74.0) | (72.4) | (1.6) |
| Transactions with owners | - | - | - |
| Dividends paid | - | - | - |
| Balance at 31 December 2023 | 59.2 | 58.4 | 0.8 |

| | Cost of hedging reserve | | Adjustments \$'million |
|--|--------------------------------|---|---------------------------|
| | 2023 Restated \$'million | 2023 Prior to restatement \$'million | |
| Balance at 1 January 2023 | (2.4) | - | (2.4) |
| Comprehensive income / (expense) | | | |
| Profit for the year | - | - | - |
| Other comprehensive income | 1.6 | - | 1.6 |
| Total comprehensive income for the year | 1.6 | - | 1.6 |
| Transactions with owners | - | - | - |
| Dividends paid | - | - | - |
| Balance at 31 December 2023 | (0.8) | - | (0.8) |

Going concern

In preparation of the financial statements, the directors have made an assessment of the Group and the Company's ability to continue as a going concern. As at 31 December 2024, the Group had net current liabilities excluding cash of \$589.0 million, cash balances of \$594.5 million and long term liabilities of \$4,610.0 million which includes non-current debt of \$1,811.2 million under the Group's loan facility. The Group closely monitors and manages its liquidity risk by producing cash forecasts to ensure that it has sufficient funds to meet forecast cash requirements. Sensitivities are run for different scenarios including, but not limited to, changes in commodity prices and production rates.

The Group's going concern assessment covered the period to December 2026.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies (continued)

The assessment included severe but plausible downside commodity price scenarios including a scenario in which there was a sudden decrease to an oil price of \$45/bbl and a gas price of 60p, followed by a staged recovery to the prevailing forward curve

Other scenarios assessed included a one-month production outage on the Culzean asset during July 2025 and a two-month delay to the production ramp-up profile for the Penguins development Management has also considered the potential cash flows arising from the transaction with Repsol S A outlined in the post balance sheet events

The directors have no reason to believe that material uncertainty exists that may cast doubt about the Group and the Company's ability to continue as a going concern or its ability to continue with the current banking arrangements

On the basis of the above analysis, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the report and the financial statements

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) up to 31 December each year Subsidiaries are all entities over which the Group has control The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity

Subsidiaries are fully consolidated from the date on which control is transferred to the Group They are deconsolidated from the date that control ceases

The acquisition method of accounting is used to account for business combinations by the Group (refer to business combinations and goodwill section below)

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

Investments in joint operations and joint ventures

The Group is engaged in oil and gas exploration and development through unincorporated joint operations where the parties have rights to the underlying assets and obligations for the liabilities relating to the joint arrangement In relation to its interests in joint operations, the Group recognises its share of the assets, liabilities and expenses of these joint operations incurred jointly with the other partners, along with the Group's income from the sale of its share of the output and any liabilities and expenses that the Group has incurred in relation to the joint operation

In addition, where the Group acts as operator to the joint operation, the gross receivables and liabilities (including amounts due to or from non-operating partners) of the joint operation are included in the Consolidated Statement of Financial Position The Group's licence interests are shown in note 26

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies (continued)

Subsidiaries and listed investments

Subsidiaries and listed investments in the Company's balance sheet are stated at cost less, where appropriate, provisions for impairment

Business combinations and goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its fair value at acquisition.

Identifiable assets and liabilities acquired, and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity, on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquired rights to petroleum reserves and resources that can be reliably measured are recognised separately in the assessment of fair values on acquisition. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets and liabilities of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value, with changes in fair value recognised either in the statement of profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured, and subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Goodwill and intangible assets impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, goodwill is tested for impairment at the level that management monitor the goodwill. See note 12 for further details on the impairment testing of goodwill and intangible assets.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies (continued)

Petroleum revenue recognition

Petroleum revenue represents the sales value of the Group's oil liftings and gas and condensate deliveries in the year. Petroleum revenue is recognised when title has passed to the buyer.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for oil, gas and condensate products in the normal course of business, net of discounts, customs duties and sales taxes. Typically, payment for the sale of the oil, gas and condensate is received by the end of the month following the month in which the sale is recognised. The Group adopts hedge accounting under IFRS 9, therefore, the effects of realised commodity hedging are recognised as part of the revenue.

Lifting or offtake arrangements for oil and gas produced by certain Group joint operations are such that each participant may not receive and sell its precise share of the overall production in each year. The resulting imbalance between cumulative entitlement and cumulative liftings is 'underlift' or 'overlift'. Underlift and overlift oil inventory is valued at net realisable value using an observable year-end oil or gas market price and included within other payables or receivables respectively. Movements during the accounting year are recognised within *movement in petroleum inventory in the income statement*.

In the opinion of the directors, the operations of the Group and the Company comprise one single class of business being oil and gas exploration and production. The Group and Company operate in one geographic area, the United Kingdom Continental Shelf. The financial information presented reflects all the activities of this single business.

Operating costs

Operating costs include royalties, transportation tariffs and field operating costs. These are recognised as incurred.

Pensions

The Group's employees and directors receive contributions to the Group defined contribution pension plan which is charged to the income statement on an accruals basis.

Taxation

The tax expense/credit represents the sum of the current and deferred tax.

Current tax, including UK corporation tax, supplementary charge and the Energy Profits Levy is provided at amounts expected to be paid (or recovered) using the tax rates and laws enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and assessed to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is recognised in equity

Foreign currency

The Company is a management company which incurs costs primarily in United States Dollars and Pound Sterling

The Group's presentational currency is United States Dollars and the Company's functional and presentational currency is United States Dollars

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the year

For the purposes of the consolidation, the income statement items of those entities for which the United States Dollars is not the functional currency are translated into United States Dollars at the average rates of exchange during the year. The related balance sheets are translated at the rates ruling at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income or expense and accumulated in the Group's currency translation reserves within equity

When the entity is disposed of, such translation differences relating to it are recognised as income or expense

Cash and cash equivalents

For the purpose of presentation in the Statement of Financial Position, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Group defines restricted cash and restricted cash equivalents as any cash or cash equivalent that is legally restricted as to withdrawal or usage

Inventory

All inventories are stated at the lower of cost and net realisable value. The cost of production materials and capital spares is the purchase cost, determined on a first-in, first-out basis

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies (continued)

Exploration and evaluation (E&E) expenditure

The Group adopts the successful efforts method of accounting for exploration and evaluation costs which are included within Property, Plant & Equipment

Pre-licence costs are expensed in the year in which they are incurred. Expenditure directly associated with exploration, evaluation or appraisal activities is initially capitalised. Such costs include the costs of acquiring an interest, appraisal well drilling costs, payments to contractors and an appropriate share of directly attributable overheads incurred during the evaluation phase. For such appraisal activity, which may require drilling of further wells, costs continue to be carried as an asset whilst related hydrocarbons are considered capable of commercial development. Such costs are subject to technical, commercial and management review to confirm the continued intent to develop, or otherwise extract value. When this is no longer the case, the costs are written off as exploration and evaluation expense in the income statement. When exploration licences are relinquished without further development, the carrying costs are written off through the income statement.

E&E assets are assessed for any impairment which includes the consideration of the period remaining for which the entity has the right to explore, the level of future budgeted expenditure and the level of potential commercially viable reserves to recover the carrying amount of E&E assets.

When E&E assets are declared part of a commercial development, related costs are transferred to development and production assets. All E&E assets are assessed for any impairment prior to transfer and any impairment loss is recognised in the income statement.

Property, plant and equipment - development and production assets

For accounting purposes, a field enters into the development phase when the licence enters the commercial phase by having a plan for development and operation. Development and production assets are accumulated on a field-by-field basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from E&E assets as outlined above. All costs in the development phase, including direct costs or cost of own time are capitalised as tangible assets.

Development and production expenditure for the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of the development wells are capitalised as producing oil and gas properties and depreciated using the unit of production method by reference to the ratio of production in the year to the related estimated proven, probable and risked possible reserves. Generally, where property, plant and equipment has been acquired as part of a business combination, the reserves base utilised in unit-of-production calculations is consistent with that used to determine the initial fair value. Any changes in the reserves affecting unit-of-production calculations are reflected prospectively.

At each balance sheet date, the Group assesses assets or groups of assets, called cash generating units (CGUs), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be fully recoverable. If any such indication exists, the Group makes an estimate of the asset's recoverable amount using a fair value less costs of disposal method. The CGU applied for impairment test purposes is generally the field, except that a number of field interests may be grouped as a single CGU where the cash inflows of each field are interdependent. Discounted cash flow models comprising asset-by-asset life of field projections and risks specific to assets, using Level 3 inputs (based on IFRS 13 fair value hierarchy), have been used to determine the recoverable amounts. The cash flows have been modelled on a post-tax basis at management's estimate of a market participant weighted average cost of capital (WACC).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount. The resulting impairment losses are written off to the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies (continued)

Property, plant and equipment

Property, plant and equipment, other than oil and gas assets, are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is charged so as to write off the cost, less estimated residual value, of assets on a straight-line basis over their useful lives as follows:

| | |
|------------------------|---------------------|
| Office equipment | 3-5 years |
| Furniture and fittings | 3-5 years |
| Leasehold improvements | over the lease term |

Decommissioning

Provision for future decommissioning costs is made in full when the Group has an obligation to dismantle and remove a facility or an item of plant, to restore the site on which it is located, and when a reasonable estimate of that liability can be made. The Group's provision relates to the present value of the future decommissioning of production facilities, pipelines and the plugging and abandonment of wells. It is discounted to its present value using a risk free rate.

A decommissioning asset is recognised, within development and production assets of property, plant and equipment. The decommissioning asset is amortised over the life of the underlying asset on a unit of production basis and included within depletion in the income statement. Any change in the present value of estimated future decommissioning costs is reflected as an adjustment to the provision and the oil and gas asset. Where there has been a revision to the estimate of a provision related to an asset at the end of its economic life, the change in the provision is taken directly to the income statement. The unwinding of the decommissioning liability is included under finance costs in the income statement.

These provisions have been created based on internal and third-party estimates. Assumptions based on the current economic environment have been made which management believe are a reasonable basis upon which to estimate the future liability.

These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions and regulations at that time.

Furthermore, the timing of decommissioning liabilities is uncertain and is likely to depend on the dates when the fields cease to be economically viable. This in turn depends on future oil and gas prices, which are inherently uncertain.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies (continued)

Financial instruments

a) Classification and measurement

Financial assets

It is the Group's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in the income statement

Classification and subsequent measurement are dependent on the Group's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Group may classify its financial instruments at amortised cost, fair value through income statement and at fair value through other comprehensive income

All the Group's financial assets as at 31 December 2024 satisfy the conditions for classification at amortised cost under IFRS 9 except derivative financial instruments which are measured at fair value through profit or loss or fair value through other comprehensive income

The Group's financial assets include trade receivables, other receivables, derivative financial instruments and cash and bank balances. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in finance income/costs

Financial liabilities

Financial liabilities of the Group are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognised at fair value through the profit or loss or fair value through other comprehensive income

Fair value gains or losses for financial liabilities designated at fair value through the profit or loss are accounted for as a profit or loss except for the amount of change that is attributable to changes in the Group's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in the income statement

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing loans and borrowings

b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15 Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions

The Group applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature, including intercompany receivables. The simplified approach is applied for trade receivables while the general approach is applied to cash and bank balances

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies (continued)

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting year end. The EAD is the total amount of outstanding receivable at the reporting year end.

These three components are multiplied together and adjusted for forward looking information to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in the income statement.

Financial liabilities

The Group derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the income statement.

c) Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified, and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/costs at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

d) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet. Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

e) Derivatives

The Group uses derivative financial instruments such as forward exchange contracts to hedge its foreign exchange risks as well as puts, collars and swap options to hedge against its oil and gas price risk. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. Certain derivative financial instruments are designated as cash flow hedges in line with the Group's risk management policies. When derivatives are not designated for hedge accounting or are not designated as accounting hedges, changes in the fair value of the instrument are recognised within the income statement.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

3 Summary of material accounting policies (continued)

Cash flow hedges

The cash flow hedge and cost of hedging reserves represent gains and losses on derivatives classified as effective cash flow hedges. Upon the designation of option instruments as hedging instruments, the intrinsic and time value components are separated, with only the intrinsic component being designated as the hedging instrument and the time value component is deferred in other comprehensive income as a 'cost of hedging'.

The effective portion of gains and losses arising from the remeasurement of derivative financial instruments designated as cash flow hedges are deferred within other comprehensive income and subsequently transferred to the income statement in the year the hedged transaction is recognised in the income statement. When a hedging instrument is sold or expires, any cumulative gain or loss previously recognised in other comprehensive income remains deferred until the hedged item affects profit or loss or is no longer expected to occur. Any gain or loss relating to the ineffective portion of a cash flow hedge is immediately recognised in the income statement. Hedge ineffectiveness could arise if volumes of the hedging instruments are greater than the hedged item of production, or where the credit worthiness of the counterparty is significant and may dominate the transaction and lead to losses.

For foreign currency exposures, any realised gains or losses are recognised as finance costs in the income statement together with any realised gain or losses on interest rate hedges. Premiums in respect of commodity hedges are also included within finance costs.

f) Fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

Inputs to valuation techniques reasonably represent market expectations and measure the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument. In other cases, the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

See note 20 for further details on recognition of fair value measurements classification in accordance with the hierarchy described in IFRS 13 'Fair value measurement'.

4 Critical accounting estimates and judgements

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year, as well as the exercise of judgements. These estimates and judgements are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. The critical accounting estimates and judgements that could result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

4 Critical accounting estimates and judgements (continued)

Critical accounting estimates

Oil and gas reserves

Oil and gas reserves are estimated by the Group in accordance with industry standards. The estimates are based on the Group's own assessment of internal information and information received from operators, whilst an external specialist is engaged for the purpose of assessing the appropriateness of the Group's internal estimate. Based on an internal expert's view, certain contingent volumes that do not meet the reserve industry criteria are included if they are considered to be sufficiently mature.

Reserves are used in the calculation of depletion, depreciation and amortisation of producing oil and gas assets, impairment testing and may influence life of field assumptions that impact the assumed timing of decommissioning activities. The reserve estimates may change based on various factors including updated production and reservoir information and changes in underlying assumptions such as assumed petroleum prices and cost estimates which may impact the assumed economic field life of oil and gas assets.

Decommissioning

The Group holds provisions for the future decommissioning of oil and natural gas production facilities and pipelines at the end of their economic lives. The largest decommissioning obligations facing the Group relate to the plugging and abandonment of wells and the removal and disposal of oil and gas platforms and pipelines.

Decommissioning technologies and costs are constantly changing, as are political, environmental, safety and public expectations. The timing and amounts of future cash flows are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognised. Any changes in the expected future costs are reflected in both the provision and the asset.

The estimated decommissioning costs and the pre-tax discount rate applied take into account the effects of inflation and the risks and uncertainties concerning amounts to be settled in the future. See note 18 for details on sensitivities.

Impairment of development and production assets and goodwill

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. For the purpose of impairment testing, goodwill is allocated to a cash-generating unit (CGU), or groups of CGUs.

For development and production assets an impairment test is performed only when events and circumstances arising during the development or production phase indicate that there is an indicator of impairment.

Where an impairment test is conducted, the aggregate carrying value is compared against the expected recoverable amount of the CGU or CGUs, generally by reference to the present value of the future net cash flows calculated on the basis of expected production profiles and estimated proven, probable and risked possible reserves. Impairment testing uses future commodity price, opex and capex assumptions and an appropriate discount factor, in order to calculate the future cash flows. These cash flows are compared to the net book values carried by the Group to ascertain whether an impairment charge should be applied.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

4 Critical accounting estimates and judgements (continued)

The key estimates relate to the future production and cost profiles, oil and gas prices, discount rate and inflation rate. Judgement is also required in the assessing whether an indicator of impairment exists and in grouping oil and gas assets into appropriate CGUs as alternative groupings of assets or CGUs may result in a different outcome from impairment testing. See note 12 for more details on assumptions and sensitivities used.

Other accounting estimates

Climate change

The Group recognises that there may be potential financial implications in the future from the risk of climate change. The Group expects changes to policies, legislation and regulation to address climate change which could increase associated costs and administration requirements. These changes may in the future have an impact across various areas of accounting including impairment, fair values and contingent liabilities. The Group recognises that there may be potential financial implications in the future from climate change risk and have included an estimation of future cash flows associated with the purchasing of carbon emissions allowances and certain capital expenditure projects targeted at reducing carbon emissions.

As at the balance sheet date the Group believes there is no impact of climate change resulting in a material adjustment to balance sheet carrying values of assets or liabilities.

Classification of preference shares

The Company has determined that the preference shares as detailed in note 22 are equity instruments. Both the common shares and the preference shares are only redeemable by the Company by resolution of the shareholders and therefore any decision to redeem either class of shares would be made by the shareholders acting in their role as decision makers for the Company in a General Meeting. There is no fixed or future date for redemption. Distributions arising in circumstances such as a listing, sale or winding up would need to be agreed by all the shareholders acting in their role as decision makers for the Company and do not create an unconditional obligation for the Company to pay cash or another financial instrument until such decisions are made in a General Meeting.

5 Total Revenue

An analysis of the Group's revenue from contracts with customers is as follows:

| | 2024 \$'million | 2023 \$'million |
|-------------------------------------|--------------------|--------------------|
| Oil revenue | 972.6 | 1,085.2 |
| Gas and condensate revenue | 977.9 | 1,905.5 |
| Total petroleum revenue | 1,950.5 | 2,990.7 |
| Tariff income | 26.7 | 22.8 |
| Other income | 1.7 | 1.5 |
| Total other operating income | 28.4 | 24.3 |
| Total revenue | 1,978.9 | 3,015.0 |

Revenue of \$1,816.5 million (2023: \$2,165.2 million) were from contracts with customers. This excludes realised hedging gains of \$134.0 million (2023: \$825.5 million gain).

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

6 Operating profit

| | 2024 | 2023 |
|---|------------|------------|
| | | Restated |
| | \$'million | \$'million |
| Operating profit is stated after charging / (crediting). | | |
| Depletion, depreciation and amortisation (note 13) | 615.6 | 603.2 |
| Changes in decommissioning provision | 31.0 | 10.7 |
| Gain on disposal of assets | - | (3.4) |
| Fair value changes in contingent consideration | (15.8) | (35.7) |
| Other expenses | 20.0 | 2.2 |
| Auditors' remuneration | | |
| <i>Group audit fee</i> | 0.7 | 0.7 |
| <i>Subsidiary audit fee</i> | 0.4 | 0.4 |
| <i>Non-audit services – other assurance</i> | 0.1 | 0.1 |

The comparative 2023 results have been restated to present changes in decommissioning provision separately from depletion, depreciation and amortisation resulting in a decrease from \$613.9 million to \$603.2 per the restated comparative figures

The gain on disposal in 2023 relates to completion statement adjustments received in respect of the ExxonMobil and Zennor Petroleum acquisitions

Fair value changes in contingent consideration during the year relate to the release of a contingent payment due in the event of the Leverett discovery receiving development plan approval by 31 December 2025. Whilst potential development of the Leverett discovery is being progressed, development plan approval is not expected to be achieved prior to 31 December 2025 and accordingly the associated contingent consideration liability has been released to the income statement.

The 2023 movement arose due to the release of a contingent payment due in the event of the Penguins redevelopment completing the offtake of its first crude oil cargo by 31 December 2023. This was not achieved and the associated contingent consideration liability was released to the income statement.

Other expenses of \$20.0 million represents a \$16.9 million write down of the Decommissioning Relief Deed (DRD) receivable in relation to the Brae asset, with the remainder being insurance costs. The 2023 expenses include primarily insurance costs.

7 Staff costs

The Company had no staff costs (2023: \$nil) and no employees during the year (2023: none)

The staff costs of the Group comprised

| | 2024 | 2023 |
|--|------------|------------|
| | | Restated |
| | \$'million | \$'million |
| Wages and salaries and other staff costs | 35.7 | 37.5 |
| Social security costs | 5.2 | 5.3 |
| Other pensions costs | 2.7 | 2.2 |
| | 43.6 | 45.0 |

The 2023 comparative results have been restated to combine items previously disclosed separately as wages and salaries and other employee benefit cost consolidated as wages and salaries and other staff costs to better align with the disclosure requirements of the Companies Act 2006.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

7 Staff costs (continued)

| | 2024 No. | 2023 No |
|--|-------------|------------|
| Average monthly number of employees including directors in the year | | |
| Technical and operations (offshore) | 52 | 53 |
| Technical and operations (onshore) | 78 | 76 |
| Management and administration | 78 | 82 |
| | 208 | 211 |

\$15.8 million (2023: \$11.8 million) of the Group's staff costs was charged to projects and capitalised to the extent that they are directly attributable to capital projects, in accordance with the Group's accounting policy.

Employment contracts are held by NEO Energy Upstream UK Limited. The Group operates a defined contribution pension plan and the amounts charged to the income statement represent the contributions payable in the year.

Eight (2023: six) directors of the Group received remuneration in respect of their services during 2024. During the year, directors who resigned from office received no compensation for loss of office (2023: nil).

The aggregate emoluments of the directors of the Group for the year were as follows:

| | 2024 \$'million | 2023 \$'million |
|-----------------------|--------------------|--------------------|
| Directors' emoluments | 0.8 | 0.9 |

The eight (2023: six) directors who received the emoluments above were remunerated through NEO Energy Upstream UK Limited. Directors' emoluments for the year include \$0.6 million paid under consultancy agreements (2023: \$0.6 million).

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

| | 2024 \$'million | 2023 \$'million |
|------------|--------------------|--------------------|
| Emoluments | 0.3 | 0.4 |

Key management personnel remuneration is disclosed in note 25.

8 Finance income

| | 2024 \$'million | 2023 \$'million |
|--------------------------------------|--------------------|--------------------|
| Interest income | 43.9 | 41.3 |
| Realised gain on interest rate swaps | 26.8 | - |
| Gain on foreign exchange | - | 16.3 |
| | 70.7 | 57.6 |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

9 Finance costs

| | 2024 | 2023 |
|---|--------------|--------------|
| | \$'million | \$'million |
| Decommissioning security fees paid | 19.3 | 21.2 |
| Bank charges, loan fees and interest | 166.3 | 193.4 |
| Interest expense on lease liabilities | 0.5 | 0.5 |
| Hedging costs and realised losses | 64.7 | 60.1 |
| Unwinding of discount on contingent payments | 4.7 | 19.8 |
| Loss on foreign exchange | 12.8 | - |
| Unwinding of discount on decommissioning provisions (note 18) | 79.7 | 58.5 |
| | 348.0 | 353.5 |

10 Income Tax

| | 2024 | 2023 |
|---|---------------|--------------|
| | \$'million | \$'million |
| Current tax: | | |
| UK corporation tax and supplementary charge | (6.3) | 0.1 |
| Petroleum Revenue Tax (PRT) | (1.7) | (1.4) |
| Energy Profits Levy (EPL) | 10.0 | 438.1 |
| Adjustments in respect of prior periods | 13.9 | (52.9) |
| | 15.9 | 383.9 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (68.1) | 328.1 |
| Derecognition of deferred tax asset | 14.1 | 24.9 |
| Impact of change in tax rates | 48.2 | - |
| Adjustments in respect of prior periods | (3.0) | (2.2) |
| Deferred petroleum revenue tax | (3.6) | (10.6) |
| | (12.4) | 340.2 |
| Total tax charge | 3.5 | 724.1 |

Factors affecting tax charge for year:

Group

The difference between the tax expense in the income statement and the amount calculated by applying the standard rate of UK corporation tax for oil and gas extraction activities of 30% (2023: 30%), a supplementary charge of 10% (2023: 10%) and Energy Profits Levy of 35% (2023: 35%) is reconciled as follows:

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

10 Income Tax (continued)

| | 2024 \$'million | 2023 \$'million |
|--|--------------------|--------------------|
| Profit before tax | 160.0 | 1,265.6 |
| Tax on profit at rate of 75% (2023 75%) | 120.0 | 949.2 |
| Effects of | | |
| Non-deductible or non-taxable items | 156.6 | 78.4 |
| Ring fence expenditure supplement | (15.9) | (13.3) |
| Adjustments in respect of prior periods | 10.9 | (55.1) |
| Investment allowance | (91.9) | (81.3) |
| Deferred tax asset not recognised | 14.1 | 24.9 |
| Movement in deferred petroleum revenue tax | (3.6) | (10.5) |
| Petroleum revenue tax refund | (1.7) | (1.4) |
| Impact of group relief | 1.7 | - |
| Impact of change in tax rates | 48.2 | - |
| Impact of different tax rates | (234.9) | (166.8) |
| Total tax charge for the year | 3.5 | 724.1 |

Group

The Group has a deferred tax liability of \$1,179.8 million on its ring fence trade (2023 \$1,358.4 million)

The Group also has non ring fence corporation tax losses of \$150.2 million (2023 \$94.3 million) which are available indefinitely for offset against future non ring fence profits and ring fence investment allowances of \$262.0 million (2023 \$262.0 million) which are available indefinitely to offset against future ring fence supplementary charge to corporation tax profits. Deferred tax assets have not been recognised in respect of these losses due to the uncertainty of suitable future profits from which they can be deducted.

Deferred tax included in the balance sheet is as follows

| Deferred tax liability | Provisions \$'million | Derivatives \$'million | Tax losses \$'million | Accelerated tax depreciation \$'million | Petroleum revenue tax \$'million | Total \$'million |
|--|--------------------------|---------------------------|-----------------------------|--|---|---------------------|
| At 1 January 2023 | 667.4 | (222.8) | 1,079.1 | (2,683.8) | 12.6 | (1,147.5) |
| Reallocation of prior year | 0.1 | (5.7) | 12.5 | (6.9) | - | - |
| Adjustments in respect of prior periods | - | (11.5) | (9.5) | 13.5 | (1.7) | (9.2) |
| Charged to Other Comprehensive Income (OCI) | - | 140.8 | - | - | - | 140.8 |
| Charged to the income statement | 3.9 | - | (496.2) | 139.3 | 10.5 | (342.5) |
| At 31 December 2023 | 671.4 | (99.2) | 585.9 | (2,537.9) | 21.4 | (1,358.4) |
| Adjustments in respect of prior periods | - | - | (14.6) | 17.6 | - | 3.0 |
| Charged to OCI | - | 166.3 | - | - | - | 166.3 |
| Charged to the income statement | 17.0 | - | (15.4) | 4.1 | 3.6 | 9.3 |
| At 31 December 2024 | 688.4 | 67.1 | 555.9 | (2,516.2) | 25.0 | (1,179.8) |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

10 Income Tax (continued)

| | 2024 \$'million | 2023 \$'million |
|--|--------------------|--------------------|
| Deferred tax liability | | |
| Accelerated capital allowances | (2,516.2) | (2,537.9) |
| Derivatives | - | (99.2) |
| | (2,516.2) | (2,637.1) |
| | | |
| | 2024 \$'million | 2023 \$'million |
| Deferred tax asset | | |
| Tax losses carried forward | 555.9 | 585.9 |
| Derivatives | 67.1 | - |
| Provisions | 688.4 | 671.4 |
| Petroleum revenue tax | 25.0 | 21.4 |
| | 1,336.4 | 1,278.7 |
| | | |
| | 2024 \$'million | 2023 \$'million |
| Disclosed on the balance sheet: | | |
| Deferred tax liability | 1,179.8 | 1,358.4 |

Global minimum corporate tax rate - Pillar Two requirements

The legislation implementing the Organisation for Economic Co-Operation and Development's (OECD) proposals for a global minimum corporation tax rate (Pillar Two) was substantively enacted into UK law on 20 June 2023. The rules have effect from 1 January 2024.

The NEO Group only has UK entities. The Group has performed an assessment of the potential exposure to Pillar Two income taxes for the year to 31 December 2024 and found that the Group meets the requirements to apply the routine profits transitional safe harbour relief. On this basis, the Group does not have an exposure to Pillar Two income taxes in the UK.

The Group has applied the exemption under the IAS 12 'Income Taxes' amendment for recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

Energy Profit Levy

On 3 March 2025, the Finance Act 2025 was substantively enacted following its third reading in the UK Parliament. As the substantive enactment is after the balance sheet date there are no implications to this accounting period. However, if the Finance Act 2025 had been substantively enacted at the balance sheet date, the Group deferred tax liability would have increased by \$378.6 million. The impact of the extension of Energy Profits Levy to 31 March 2030 per the Finance Act 2025 will be accounted for in the Group results for the year to 31 December 2025.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

11 Investments

Company – shares in subsidiary undertakings

| | \$'million |
|--|-------------|
| Net book value at 31 December 2024 and 31 December 2023 | 50.2 |

At 31 December 2024, the subsidiary undertakings which were all wholly owned were

Direct Control

| Name | Country of incorporation / operation | Nature of Business |
|--|--|--------------------|
| NEO Energy Consolidated Holdings Limited * | UK | Holding company |

Indirect Control

| Name | Country of incorporation / operation | Nature of Business |
|---|--|--------------------|
| NEO Energy Exploration UK Limited ** | UK | **** |
| NEO Energy Upstream UK Limited * | UK | Holding company |
| NEO Energy (CNS) Limited * | UK | **** |
| NEO Energy (Exploration) Limited * | UK | **** |
| NEO Energy Oil & Gas Limited ** (dissolved in 2025) | UK | Dormant company |
| NEO Energy (SNS) Limited * | UK | **** |
| NEO Energy (Production) Limited ** | UK | **** |
| NEO Energy Enterprises Limited ** (dissolved in 2025) | UK | **** |
| NEO Energy Enterprises (North Sea) Limited ** (dissolved in 2024) | UK | Dormant company |
| NEO Energy (North Sea) Limited (dissolved in 2024) | UK | Dormant company |
| NEO Energy (UKCS) Limited ** | UK | **** |
| NEO Energy Production UK Limited ** | UK | **** |
| NEO Energy (ZNS) Limited ** (dissolved in 2025) | UK | **** |
| NEO Energy Pathway Limited ** | UK | **** |
| NEO Energy (ZNI) Limited *** | UK | **** |
| NEO Energy (ZPL) Limited ** | UK | **** |
| NEO Energy (ZEX) Limited ** | UK | **** |
| NEO Energy (ZEL) Limited ** | UK | **** |
| NEO Energy (ZPL) Limited ** | UK | **** |
| NEO Energy Central North Sea Limited ** | UK | **** |
| NEO Energy (ZOG) Limited ** (dissolved in 2025) | UK | **** |
| NEO Energy Natural Resources Limited ** | UK | **** |
| NEO Energy Petroleum Limited ** | UK | **** |
| NEO Energy (GBA) Limited ** | UK | **** |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

11 Investments (continued)

- * Registered address - The Silver Fin Building (9th Floor), 455 Union Street, Aberdeen, AB11 6DB
- ** Registered address - 30 St Mary Axe, London, EC3A 8BF
- *** Registered address - Pinsent Masons LLP, The Soloist, 1 Lanyon Place, Belfast, Northern Ireland, BT1 3LP
- **** The nature of business for all the companies above is oil & gas exploration, development & production

During 2024, NEO Energy Exploration UK Limited and NEO Energy Upstream UK Limited moved out of direct control and into indirect control through NEO Energy Group Limited's holding in NEO Energy Consolidated Holdings Limited

The Group holds a listed investment in Otto Energy Limited, an oil and gas exploration and production company listed on the Australian stock exchange. The investment was acquired as part of the acquisition of Verus Petroleum UK Limited, now NEO Energy Upstream UK Limited and has a \$nil net book value as at 31 December 2024 (2023 \$nil)

12 Intangible assets

| | 2024 | 2023 |
|---|------------|------------|
| Cost and net book value - goodwill | \$'million | \$'million |
| At 1 January | 155.0 | 155.0 |
| Accumulated amortisation and impairment | (7.4) | (7.4) |
| At 31 December | 147.6 | 147.6 |

Goodwill

The recoverable amount of the CGUs was determined by fair value less cost of disposal calculations which measure the net present value at the reporting date of the anticipated cash flow projections from each individual asset which comprise the portfolio underpinning the CGU

Impairment testing of Goodwill

In accordance with IAS 36 Impairment of Assets, the Group's goodwill balance has been reviewed for impairment at the year-end. In assessing whether goodwill has been impaired, the carrying amount of the CGU for goodwill was compared with its recoverable amount. No impairment charge was identified as a result of the impairment review.

The assumptions used were consistent with those utilised in the impairment testing of oil and gas assets (see note 13). If the oil and gas prices were to fall by 10% compared with the base assumptions, this would result in \$nil impairment to goodwill (2023 \$nil). A 1% increase in the discount rate would result in no impairment of goodwill (2023 \$nil).

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

13 Property, plant & equipment

| Group | Production assets Restated \$'million | Exploration and evaluation Restated \$'million | Non-oil and gas assets Restated \$'million | Right-of-use assets \$'million | Total \$'million |
|---|---|--|--|-----------------------------------|---------------------|
| Cost | | | | | |
| At 1 January 2023 | 6,135.2 | 20.2 | 10.2 | 11.9 | 6,177.5 |
| Acquisitions | - | 23.9 | - | - | 23.9 |
| Additions | 528.5 | 81.1 | 5.7 | 3.8 | 619.1 |
| Capitalised interest | 7.0 | - | - | - | 7.0 |
| Disposal | - | - | (0.1) | (0.9) | (1.0) |
| Change in decommissioning provision (note 6 & 18) | 31.5 | - | - | - | 31.5 |
| At 31 December 2023 | 6,702.2 | 125.2 | 15.8 | 14.8 | 6,858.0 |
| Acquisitions | - | 2.0 | - | - | 2.0 |
| Additions | 759.7 | 52.3 | 1.9 | - | 813.9 |
| Capitalised interest | 35.4 | - | - | - | 35.4 |
| Change in decommissioning provision (note 6 & 18) | 20.9 | - | - | - | 20.9 |
| At 31 December 2024 | 7,518.2 | 179.5 | 17.7 | 14.8 | 7,730.2 |
| Accumulated depletion, depreciation and amortisation | | | | | |
| At 1 January 2023 | (1,219.3) | (3.2) | (1.5) | (2.7) | (1,226.7) |
| Charge for the year (note 6) | (598.3) | - | (3.3) | (1.6) | (603.2) |
| Disposal | - | - | 0.1 | 0.5 | 0.6 |
| Impairment | (160.9) | - | - | - | (160.9) |
| Write offs | - | (2.0) | - | - | (2.0) |
| At 31 December 2023 | (1,978.5) | (5.2) | (4.7) | (3.8) | (1,992.2) |
| Charge for the year (note 6) | (609.8) | - | (4.1) | (1.7) | (615.6) |
| Impairment | (165.7) | - | - | - | (165.7) |
| Write offs | - | (3.2) | - | - | (3.2) |
| At 31 December 2024 | (2,754.0) | (8.4) | (8.8) | (5.5) | (2,776.7) |
| Net book value | | | | | |
| At 31 December 2023 | 4,723.7 | 120.0 | 11.1 | 11.0 | 4,865.8 |
| At 31 December 2024 | 4,764.2 | 171.1 | 8.9 | 9.3 | 4,953.5 |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

13 Property, plant & equipment (continued)

The 2023 comparative results have been restated to separate exploration and evaluation assets out from development and production assets in the prior period. The 2023 comparative results have also been restated to disclose items previously disclosed as office equipment, furniture and fittings and leasehold improvements as non-oil and gas assets. Further, the prior period changes in decommissioning provision figures were restated reducing from \$42.2 million to \$31.5 million per the restated 2023 figures, further, the depreciation, depletion and amortisation charge for the prior period has been restated from \$613.9 million to \$598.3 million per the restated values. This has no impact on the prior period profit figure. See note 3 for further detail.

Impairment testing

In accordance with IAS 36 Impairment of Assets, oil and gas (development and production) assets have been reviewed for impairment at the year end. In assessing whether goodwill and oil and gas assets have been impaired, the carrying amount of the CGU or groups of CGUs is compared with their recoverable amounts.

The recoverable amounts of the CGUs have been determined on a fair value less costs of disposal basis. Discounted cash flow models including asset-by-asset life of field cash flow projections are used for development and producing assets, applying generally accepted market assumptions to determine the recoverable amounts. The fair values were classified as level 3 fair values in the fair value hierarchy, due to the inclusion of unobservable inputs.

During 2024 the Group recorded a total pre-tax impairment charge of \$165.7 million (2023 \$160.9 million) and post-tax impairment charge of \$45.0 million (2023 \$54.8 million) in respect of the Golden Eagle, Nelson and Bacchus assets. This was driven primarily by earlier than expected cessation of production dates.

Key assumptions used in calculations

The key assumptions required for the calculation of the recoverable amounts are

- Oil and gas prices
- Oil and gas reserves and production volumes
- Currency exchange rates
- Discount rates, and
- Operating and capital expenditure costs

The oil and gas price assumptions used in year-end impairment testing are set out in the table below and are thereafter inflated by 2.0%. A discount rate of 9.0% (2023 9.0%) and inflation rate of 2.0% (2023 2.0%) were utilised.

| 2024 | 2025 | 2026 | 2027 | 2028 |
|--------------------------|-------|-------|-------|-------|
| Brent crude oil (\$/bbl) | \$73 | \$70 | \$73 | \$74 |
| Gas (£/therm) | £1.17 | £0.98 | £0.83 | £0.85 |

| 2023 | 2025 | 2026 | 2027 | 2028 |
|--------------------------|-------|-------|-------|-------|
| Brent crude oil (\$/bbl) | \$73 | \$75 | \$76 | \$77 |
| Gas (£/therm) | £0.91 | £0.93 | £0.95 | £0.97 |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

13 Property, plant & equipment (continued)

Sensitivity to changes in assumptions

The Group's recoverable value of assets is highly sensitive to actual oil and gas prices achieved and the discount rates applied. If the oil and gas prices were to fall by 10% compared with the base assumptions, this would result in an additional \$168.4 million (2023: \$157.2 million) pre-tax impairment and \$68.2 million post-tax impairment in oil and gas asset carrying values. A 1% increase in the discount rate would result in a \$0.6 million increase to pre-tax impairment (2023: \$0.7 million) and \$0.2 million decrease to post-tax impairment in oil and gas carrying values (2023: \$0.2 million decrease).

The table below shows how the impairment or reversal of impairment of assets and goodwill would be affected by changes in the various assumptions:

| Assumption | Change | Increase / (decrease) in impairment after | |
|--------------------|--------|---|--------------------------------------|
| | | Increase in assumption \$'million | Decrease in assumption \$'million |
| Oil and gas prices | +/-10% | (62.9) | 168.4 |
| Discount rate | +/-1% | 0.6 | (0.5) |

The sensitivities are created for illustrative purposes, based on a simplified method and assumes no changes in other input factors. Significant reductions in commodity prices are likely to result in changes in business plans, as well as other factors used when estimating an asset's recoverable amount. Therefore, changes in such input factors would likely significantly reduce the actual impairment amount compared to the illustrative sensitivities outlined above.

Right-of-use assets

In addition to the right-of-use assets, the balance sheet also includes the following amounts relating to the leased buildings:

Lease liabilities

| | 2024 \$'million | 2023 \$'million |
|-------------|--------------------|--------------------|
| Current | 1.9 | 1.8 |
| Non-current | 7.6 | 9.1 |
| | 9.5 | 10.9 |

Interest expense resulting from unwinding of discount on lease liabilities was \$0.5 million (2023: \$0.5 million). The total cash outflow for leases in 2024 was \$1.9 million (2023: \$2.0 million).

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

14 Trade and other receivables

| | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|--|---------------|---------------|-----------------|-----------------|
| Current | \$'million | \$'million | \$'million | \$'million |
| Trade receivables | 38.7 | 37.6 | - | - |
| Prepayments | 63.5 | 40.5 | - | - |
| Accrued income | 35.2 | 34.2 | - | - |
| Amounts due from subsidiary undertakings | - | - | 7.2 | 7.2 |
| VAT receivable | 2.1 | 3.6 | - | - |
| Underlift | 59.1 | 81.4 | - | - |
| Other receivables | 4.3 | 21.2 | - | - |
| | 202.9 | 218.5 | 7.2 | 7.2 |

Group

The directors consider that the carrying amount of trade and other receivables approximates to their fair value due to their short-term nature. Trade receivables are not overdue as the payment terms established with the Group's customers have not been exceeded.

Company

Amounts due from subsidiary undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

The Group's and Company's credit risk considerations required under IFRS 9 Financial Instruments, including expected credit loss, are disclosed in note 21.

15 Cash and cash equivalents

| | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|----------------------------|---------------|------------------------|-----------------|-----------------|
| | \$'million | Restated \$'million | \$'million | \$'million |
| Cash at bank | 141.5 | 155.4 | 4.3 | 4.3 |
| Cash on short-term deposit | 363.6 | 1,103.4 | - | - |
| | 505.1 | 1,258.8 | 4.3 | 4.3 |
| Restricted cash | 89.4 | 6.8 | - | - |

The comparative 2023 results have been restated to present restricted cash and cash equivalents separately from cash and cash equivalents.

Restricted cash of \$89.4 million at 31 December 2024 (2023: \$6.8 million) primarily comprises \$88.9 million (2023: \$nil) held in a cash collateral bank account resulting from the Group's requirement to cash collateralise a percentage of outstanding letters of credit issued under the Group's borrowing facility. The remainder of the balance comprises cash held in escrow (to the Law Debenture Society), in relation to the security requirements on the Victoria field which will be released on satisfaction of the decommissioning liabilities.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

16 Trade and other payables

| | Group 2024 \$'million | Group 2023 \$'million | Company 2024 \$'million | Company 2023 \$'million |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade payables | 262.0 | 464.5 | - | - |
| Amounts due to subsidiary undertakings | - | - | 3.5 | 3.5 |
| Other tax and social security costs | 2.0 | 1.9 | - | - |
| Accruals and deferred income | 337.0 | 268.5 | - | - |
| Overlift | 42.5 | 43.3 | - | - |
| Contingent consideration | - | 211.2 | - | - |
| | 643.5 | 989.4 | 3.5 | 3.5 |

Trade payables predominantly comprise amounts outstanding for trade purchases of the Group by the joint operations, namely oil and gas exploration and development expenditure and ongoing administrative costs

The Group has financial risk management policies in place to ensure that all payables are paid within the credit term. The directors consider that the carrying amount of trade payables approximates to their fair value due to their short term nature.

Payments made in the year in respect of the contingent consideration balance amounted to \$188.3 million. The remaining balance has been reclassified to non-current liabilities in line with the revised payment dates. See note 19 for non-current liabilities.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit term. The directors consider that the carrying amount of trade payables approximates to their fair value due to their short-term nature.

17 Loans and other borrowings

| | 2024 \$'million | 2023 Restated \$'million |
|--------------------------------------|--------------------|--------------------------------|
| Current bank loan | 57.0 | 41.0 |
| Non-current bank loan | 1,828.1 | 1,885.8 |
| Total outstanding loan amount | 1,885.1 | 1,926.8 |
| Loan fees | (16.9) | (22.1) |
| Total loans and borrowings | 1,868.2 | 1,904.7 |

| | 2024 \$'million | 2023 \$'million |
|--|--------------------|--------------------|
| Maturity of financial liabilities | | |
| In one year or less, or on demand | 57.0 | 41.0 |
| In more than one year, but not more than two years | - | - |
| In more than two years, but not more than five years | 1,811.2 | 1,863.7 |
| Total | 1,868.2 | 1,904.7 |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

17 Loans and other borrowings (continued)

The comparative 2023 results have been restated to reclassify an element of the loan balance previously included in non-current liabilities as a current liability. This results in a decrease in non-current loans and other borrowings from \$1,904.7 million in 2023 to \$1,863.7 million per the restated comparative figures.

The Group's primary source of debt financing as at 31 December 2024 was through a Reserve Based Lending (RBL) facility of up to \$3,500 million with a syndicate of banks. Under the RBL agreement the 'borrowing base' amount is determined by valuation of the Group's cash flows from its oil and gas assets.

As at 31 December 2024, the lenders had a floating charge over all the assets of the Group and its principal operating subsidiaries and a charge over the shares in the asset owning and holding companies in the Group.

The loan attracts interest at compounded SOFR for each interest rate period (1, 3 or 6 months) plus a stepped margin rate which increases at set anniversaries: initial agreement date of 21 March 2022 to 2nd anniversary (3.5% per annum), 2nd anniversary to 4th anniversary (3.75% per annum), 4th anniversary to maturity date (4% per annum). For the year ended 31 December 2024 the loan attracted an all-in margin of 3.73%. The directors consider that the carrying amount of loan approximates to the fair value as at 31 December 2024.

The maximum facility amount amortises on a six-monthly basis starting on 1 April 2025, to final maturity on 31 March 2028. The maximum outstanding loan amounts are also subject to a borrowing base calculated by reference to estimated future cash flows from the assets which are re-calculated at annual redeterminations. As at 31 December 2024, the maximum available amount was \$1,885 million. The RBL includes a financial covenant to maintain net debt/EBITDAX cover ratio below 3.5x. The financial covenant is tested on a biannual basis. The Group's RBL facility is subject to periodic redeterminations from which there may arise required repayments to be made by the Group at this time. As at 31 December 2024, the Group is fully compliant with the financial covenant.

18 Provisions

| Group | Decommissioning provisions | | Dilapidation provisions | | Total provisions | |
|--|----------------------------|----------------|-------------------------|------------|------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | \$'million | \$'million | \$'million | \$'million | \$'million | \$'million |
| At 1 January | 1,678.6 | 1,670.1 | 1.1 | 0.8 | 1,679.7 | 1,670.9 |
| Addition | - | - | - | 0.3 | - | 0.3 |
| Utilisation of provision | (87.8) | (92.1) | - | - | (87.8) | (92.1) |
| Movement in provision (note 6 & 13) | 51.9 | 42.1 | - | - | 51.9 | 42.1 |
| Unwinding of discount (note 9) | 79.7 | 58.5 | - | - | 79.7 | 58.5 |
| Total provisions at 31 December | 1,722.4 | 1,678.6 | 1.1 | 1.1 | 1,723.5 | 1,679.7 |
| Reclassified to current liability | (143.2) | (100.2) | - | - | (143.2) | (100.2) |
| Long term provisions at 31 December | 1,579.2 | 1,578.4 | 1.1 | 1.1 | 1,580.3 | 1,579.5 |

Decommissioning costs are expected to be incurred between 2025 and 2054. The provision has been based upon existing technology, current legislation requirements and discounted using a rate of 4.75% (2023: 4.75%). The estimated decommissioning costs and the pre-tax discount rate applied take into account the effects of inflation and the risks and uncertainties concerning amounts to be settled in the future.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

18 Provisions (continued)

As at 31 December 2024 the Group had posted decommissioning securities in respect of future abandonment liabilities of \$977.3 million (2023 \$807.1 million), comprising \$211.7 million (2023 \$180.4 million) of letters of credit, \$762.9 million (2023 \$617.7 million) of surety bonds and \$2.7 million in an escrow account (2023 \$9.0 million)

As part of the acquisition of certain assets, associated decommissioning liabilities have been retained by the vendor in full or to an amount specified in the relevant sale and purchase agreement

On the basis that all other assumptions in the calculation remain the same, a 1% reduction in the discount rate would result in an increase in the decommissioning liability of \$163.0 million (2023 \$176.5 million). The change would be principally offset by a change to the value of the associated asset unless the asset is fully depreciated, in which case the change in estimate is recognised directly within the income statement

Dilapidation provisions relate to property leases held by the Group

19 Other non-current liabilities

| <i>Group</i> | 2024 \$'million | 2023 \$'million |
|--------------------------|--------------------|--------------------|
| Onerous contract | - | 1.3 |
| Contingent consideration | 12.5 | - |
| | 12.5 | 1.3 |

Contingent consideration represents amounts potentially due to Jersey Oil & Gas in respect of the acquisition of the Great Buchan Area license interest of \$12.5 million. During the year, as a result of fiscal and regulatory uncertainties, the expected payment date has been delayed and therefore is deemed a non-current liability. In prior period, the value was estimated to be \$11.4 million and was deemed a current liability, detailed in note 16

These liabilities are discounted at a rate of 9.1% (2023 9.1%) representing the G's weighted average cost of debt

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

20 Financial risk management

Derivative financial instruments are initially recognised and subsequently re-measured at fair value. They have been classified in accordance with the hierarchy described in IFRS 13 'Fair value measurement'. The Group's derivative financial assets and liabilities are level 2 financial instruments.

The Group held the following financial instruments at fair value as 31 December 2024

Current derivative assets and liabilities

| | 2024 | | 2023 | |
|--|----------------------|---------------------------|----------------------|---------------------------|
| | Assets \$'million | Liabilities \$'million | Assets \$'million | Liabilities \$'million |
| Measured at fair value through other comprehensive income | | | | |
| Commodity derivatives - cash flow hedges | 6.7 | (8.0) | 159.0 | - |
| Interest rate derivatives – cash flow hedges | 14.4 | - | - | - |
| Foreign exchange derivatives - cash flow hedges | - | (0.7) | - | - |
| Total | 21.1 | (8.7) | 159.0 | - |

Non-current derivative assets and liabilities

| | 2024 | | 2023 | |
|--|----------------------|---------------------------|----------------------|---------------------------|
| | Assets \$'million | Liabilities \$'million | Assets \$'million | Liabilities \$'million |
| Measured at fair value through other comprehensive income | | | | |
| Commodity derivatives – cash flow hedges | 12.6 | (18.6) | 38.0 | - |
| Interest rate derivatives – cash flow hedges | 4.9 | - | 37.1 | - |
| Total | 17.5 | (18.6) | 75.1 | - |

The following amounts were recognised in profit and loss, and other comprehensive income in relation to derivatives

| | 2024 \$'million | 2023 \$'million |
|--|--------------------|--------------------|
| Realised hedging gains through revenue | 134.0 | 825.5 |
| Net realised gain / (loss) through finance costs | 30.0 | (7.9) |
| Premiums paid through finance costs | (67.8) | (52.2) |
| | 96.2 | 765.4 |
| Fair value movement through other comprehensive income | (231.0) | (196.0) |
| | (134.8) | 569.4 |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

20 Financial risk management (continued)

Recognised fair value measurements

Derivative financial instruments are initially recognised and subsequently re-measured at fair value. They have been classified in accordance with the hierarchy described in IFRS 13 'Fair value measurement'.

The fair value hierarchy described below reflects the significance of the inputs used to determine the valuation of assets and liabilities measured at fair value.

Specific valuation techniques used to value financial instruments include the use of dealer quotes for similar instruments.

Level 1 The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are level 1.

Level 2 The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is level 2.

Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is level 3.

There were no transfers between levels 1, 2 or 3 for recurring fair value measurements during the year.

Cash flow hedge accounting

The Group uses a combination of cash settled fixed price commodity swaps, puts and collars to manage the price risk associated with underlying oil and gas revenues. All commodity contracts entered into have been designated as cash flow hedges of highly probable forecast sales of oil and gas.

The Group's hedging reserves disclosed in the balance sheet relate to the following instruments:

| | Cash flow hedge reserve 2024 \$'million | Cost of hedging reserve 2024 \$'million | Cash flow hedge reserve 2023 \$'million | Cost of hedging reserve 2023 \$'million |
|------------------------------------|---|---|---|---|
| Commodity options / swaps - oil | - | (3.7) | - | (9.4) |
| Commodity options / swaps - gas | - | (88.4) | 123.5 | 6.3 |
| Forward foreign exchange contracts | (0.7) | - | - | - |
| Interest rate swaps | 19.4 | - | 37.1 | - |
| At 31 December (pre-tax) | 18.7 | (92.1) | 160.6 | (3.1) |
| Less deferred tax | (4.7) | 71.8 | (101.4) | 2.3 |
| At 31 December (post tax) | 14.0 | (20.3) | 59.2 | (0.8) |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

20 Financial risk management (continued)

The below table indicates the volumes and average hedged price associated with the Group's financial commodity derivatives

Position as at 31 December 2024

| | |
|------------------------------------|-------|
| Oil volume hedged (thousand bbls) | 9,413 |
| Weighted average floor (\$/bbl) | 60 |
| Weighted Average ceiling (\$/bbl) | 101 |
| Gas volume hedged (million therms) | 1,010 |
| Weighted average floor (p/therm) | 75 |
| Weighted average ceiling (p/therm) | 194 |

Hedge effectiveness is determined at the inception of the hedge relationship and through prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and the hedging instruments. For the year ended 31 December 2024, there were no gains or losses relating to ineffective hedging (2023 \$22.5 million gains relating to ineffective hedging were offset against finance costs)

The fair value of net financial commodity derivatives designated as cash flow hedges was \$11.3 million (2023 \$234.1 million) and net unrealised pre-tax losses of \$73.5 million (2023 \$196.6 million pre-tax gains) was deferred in other comprehensive income in respect of the effective portion of the hedge relationships. Amounts deferred in other comprehensive income will be released to the income statement as the underlying hedged transactions occur. As at 31 December 2024, net deferred pre-tax gains of \$12.4 million (2023 \$159.0 million pre-tax gains) are expected to be released to the income statement within one year.

21 Financial risk factors and risk management

Market risk

Market risk primarily comprises i) commodity price risk ii) foreign exchange risk and iii) interest rate risk

i) Commodity price risk

Commodity price risk arises in respect of the Group's production. To reduce the risk of oil and gas fluctuations, the Group actively hedges oil and gas prices for a portion of its future estimated production.

During the year \$134.0 million of net realised hedge gains (2023 \$825.5 million gains) were recognised within revenue in the income statement.

The impact on the post-tax profit for the year of a 10% movement in oil and gas prices would be an increase or decrease to gross revenues of \$195.0 million (2023 \$299.1 million).

ii) Foreign exchange risk

The Group is exposed to foreign currency risk primarily arising from exchange rate movements in US Dollar against Pound Sterling. To mitigate exposure to movements in exchange rates, wherever possible financial assets and liabilities are held in currencies that match the functional currency of the Group. Exposures can also arise from sales or purchases denominated in currencies other than the functional currency of the Group, such exposures are monitored and hedged with agreement from the Board.

The Group routinely enters forward contracts as a means of hedging its exposure to foreign exchange rate risks. As at 31 December 2024, the Group had £40.1 million hedged using a collar with a floor price of \$1.26/£1 and a ceiling price of \$1.30/£1 for the period to June 2025.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

21 Financial risk factors and risk management (continued)

iii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings issued at variable rates (see note 17) and exposing the Group to interest rate risk. As at 31 December 2024, the Group had an interest rate hedge in place for circa 26% (2023: 47%) of the outstanding borrowing (RBL) exposure. Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. The impact on the post-tax profit for the year of a 1% movement in interest rates would be an increase or decrease of \$18.8 million (2023: \$19.8 million).

Credit risk

i) Risk management

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposures to customers and co-venturers, including outstanding receivables and committed transactions. Credit risk is considered by the Board and senior management prior to entering into significant transactions with measures put in place as considered appropriate and monitored on an ongoing basis. None of the receivable balances are past their due date. The credit ratings for associated financial institutions range from A+ to AA-. The Group assesses the credit risk associated with petroleum sales customers as part of its sales and marketing process and only contracts where a counterparty demonstrates a sufficient level of financial strength. The Group's customers are typically major integrated oil and gas companies.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

ii) Impairment of financial assets

The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are joint venture partners and there are no indications of change in risk.

The expected credit loss on the Group trade debtors and contract assets balance is immaterial and therefore no adjustment has been applied.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, any impairments are immaterial.

Impairment of financial assets – Company

The Company evaluates the concentration of risk with respect to intercompany receivables as low. Its customers are intercompany affiliates and the Company has considered the risk relating to the probability of default on loans that are repayable on demand. At 31 December 2024, the Company had intercompany receivable balances due from NEO Energy Upstream UK Limited of \$7.9 million (before applying the credit loss) (2023: \$7.9 million). In line with the requirements of IFRS 9, 'Financial Instruments' management calculated an expected credit loss of \$0.6 million (2023: \$0.6 million), which is carried in the 2024 financial statements of the Company. This is based on an assessment of the probability of default, exposure at default, loss given default and consideration of macroeconomic conditions.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

21 Financial risk factors and risk management (continued)

Financial assets by category

| <i>Group</i> | Amortised value | Fair value through OCI | Total |
|--|--------------------|---------------------------|--------------|
| At 31 December 2024 | \$'million | \$'million | \$'million |
| Assets as per balance sheet | | | |
| Trade and other receivables (excl prepayments) (note 14) | 139.4 | - | 139.4 |
| Cash and cash equivalents (note 15) | 505.1 | - | 505.1 |
| Restricted cash (note 15) | 89.4 | - | 89.4 |
| Derivative financial instruments (note 20) | - | 38.6 | 38.6 |
| Total | 733.9 | 38.6 | 772.5 |

| | Less than 3 months | 3 to 12 months | Non- current | Total |
|--|--------------------------|-------------------|-----------------|--------------|
| At 31 December 2024 | \$'million | \$'million | \$'million | \$'million |
| Trade and other receivables (excl prepayments) (note 14) | 139.4 | - | - | 139.4 |
| Cash and cash equivalents (note 15) | 505.1 | - | - | 505.1 |
| Restricted cash (note 15) | 89.4 | - | - | 89.4 |
| Derivative financial instruments (note 20) | 4.8 | 16.3 | 17.5 | 38.6 |
| Total | 738.7 | 16.3 | 17.5 | 772.5 |

| <i>Group</i> | Amortised value | Fair value through OCI | Total |
|--|------------------------|---------------------------|------------------------|
| At 31 December 2023 | Restated \$'million | Restated \$'million | Restated \$'million |
| Assets as per balance sheet | | | |
| Trade and other receivables (excl prepayments) (note 14) | 178.0 | - | 178.0 |
| Cash and cash equivalents (note 15) | 1,258.8 | - | 1,258.8 |
| Restricted cash (note 15) | 6.8 | - | 6.8 |
| Derivative financial instruments (note 20) | - | 234.1 | 234.1 |
| Total | 1,443.6 | 234.1 | 1,677.7 |

The prior period figures above have been restated for comparative purposes. Refer to note 3 for further details.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

21 Financial risk factors and risk management (continued)

| | Less than 3 months Restated | 3 to 12 months | Non- current | Total Restated |
|--|-----------------------------------|-------------------|-----------------|-------------------|
| At 31 December 2023 | \$'million | \$'million | \$'million | \$'million |
| Trade and other receivables (excl prepayments) (note 14) | 178.0 | - | - | 178.0 |
| Cash and cash equivalents (note 15) | 1,258.8 | - | - | 1,258.8 |
| Restricted cash (note 15) | 6.8 | - | - | 6.8 |
| Derivative financial instruments (note 20) | 81.4 | 77.6 | 75.1 | 234.1 |
| Total | 1,525.0 | 77.6 | 75.1 | 1,677.7 |

The prior period figures above have been restated for comparative purposes. Refer to note 3 for further details.

iii) Liquidity risk

Liquidity risk relates to the need to maintain sufficient cash and cash equivalents and borrowing facilities for the Group to continue to meet its cash and funding requirements as they fall due. The Group closely monitors its funding requirements in conjunction with its ultimate parent controlling undertaking, HitecVision VI, LP, HitecVision VII, LP and HitecVision North Sea Opportunity Fund, LP. Securing appropriate funding is a key element of project appraisal.

Financial liabilities by category

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities, namely all non-derivative financial liabilities and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

| Group | Financial liabilities at amortised cost \$'million |
|--|--|
| At 31 December 2024 | |
| Liabilities as per balance sheet | |
| Trade and other payables * (note 16) | 304.5 |
| Bank loan (note 17) | 1,868.2 |
| Lease liabilities (note 13) | 9.5 |
| Derivative financial instruments (note 20) | 27.3 |
| Total | 2,209.5 |

*Trade and other payables, per note 16, excluding non-financial liabilities

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

21 Financial risk factors and risk management (continued)

| At 31 December 2024 | Less than 3 months | 3 to 12 months | 1 to 2 years | 2 to 10 years | Total |
|--|--------------------|----------------|--------------|----------------|----------------|
| Liabilities as per balance sheet | \$'million | \$'million | \$'million | \$'million | \$'million |
| Trade and other payables * (note 16) | 304.5 | - | - | - | 304.5 |
| Lease liabilities (note 13) | 0.5 | 1.4 | 1.3 | 6.3 | 9.5 |
| Bank loan (note 17) | 57.0 | - | - | 1,811.2 | 1,868.2 |
| Derivative financial instruments (note 20) | 1.2 | 7.5 | 15.3 | 3.3 | 27.3 |
| Total | 363.2 | 8.9 | 16.6 | 1,820.8 | 2,209.5 |

| Group | Financial liabilities at amortised cost |
|--------------------------------------|---|
| At 31 December 2023 | \$'million |
| Liabilities as per balance sheet | |
| Trade and other payables * (note 16) | 719.0 |
| Bank loan (note 17) | 1,904.7 |
| Lease liabilities (note 13) | 10.9 |
| Total | 2,634.6 |

* Trade and other payables, per note 16, excluding non-financial liabilities

| At 31 December 2023 | Less than 3 months Restated | 3 to 12 months | 1 to 2 years | 2 to 10 years Restated | Total |
|------------------------------------|-----------------------------|----------------|--------------|------------------------|----------------|
| Liabilities as per balance sheet | \$'million | \$'million | \$'million | \$'million | \$'million |
| Trade and other payables (note 16) | 719.0 | - | - | - | 719.0 |
| Lease liabilities (note 13) | 0.4 | 1.4 | 1.8 | 7.3 | 10.9 |
| Bank loan (note 17) | 41.0 | - | - | 1,863.7 | 1,904.7 |
| Total | 760.4 | 1.4 | 1.8 | 1,871.0 | 2,634.6 |

The prior period figures above have been restated for comparative purposes. Refer to note 3 for further details.

The financial assets and liabilities of the Group and Company are primarily denominated in United States dollars and Pound Sterling.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balances. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other peers in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio represents net debt divided by capital and net debt. Net debt is total borrowings less cash and cash equivalents. Total capital is "total equity" as shown in the Statement of Financial Position plus net debt. The inputs for the gearing ratio are as follows:

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

21 Financial risk factors and risk management (continued)

| | Group 2024 \$'million | Group 2023 \$'million |
|---|-----------------------------|-----------------------------|
| Total borrowings (note 17) | 1,885.1 | 1,926.8 |
| Less: cash and cash equivalents (note 15) | (594.5) | (1,265.6) |
| Net loan debt | 1,290.6 | 661.2 |
| Equity | 514.1 | 422.3 |
| Capital and net loan debt | 1,804.7 | 1,083.5 |
| Gearing ratio | 72% | 61% |

Under the terms of its borrowing facility, the Group is required to comply with a financial covenant to maintain a Net Debt / EBITDAX cover ratio below 3.5x. The financial covenant is tested on a biannual basis.

22 Called up Share capital

Group and Company

| Number | 2024 | 2023 |
|---|--------------------|--------------------|
| Authorised, allotted, called up and fully paid | | |
| Common shares of £0.000298 each | 67,010,634 | 67,010,634 |
| Preference shares of £0.000031 each | 737,721,622 | 737,721,622 |
| Total | 804,732,256 | 804,732,256 |

| Value | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Authorised, allotted, called up and fully paid | | |
| Common shares of £0.000298 each | 30 | 30 |
| Preference shares of £0.000031 each | 36 | 36 |
| Total | 66 | 66 |

23 Capital reserve

| | Group \$'million | Company \$'million |
|---|---------------------|-----------------------|
| At 31 December 2024 and 31 December 2023 | (40.0) | 1.0 |

During 2015 and 2016 the Company repurchased a number of shares and also passed a resolution to reduce share premium to allow the Company to buy shares, resulting in the balance on the capital reorganisation account.

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

24 (a) Cash generated from operations

| | | 2024 | 2023 |
|---|------|----------------|------------------------|
| | Note | \$'million | Restated \$'million |
| Operating profit | | 437.3 | 1,561.5 |
| Adjustments to reconcile loss to net cash from operating activities: | | | |
| Depletion, depreciation and amortisation | 13 | 615.6 | 603.2 |
| Changes in decommissioning estimate | 6 | 31.0 | 10.7 |
| Impairment expense | 13 | 165.7 | 160.9 |
| Gain on disposal | 6 | - | (3.4) |
| Fair value changes in contingent consideration | 6 | (15.8) | (35.7) |
| Asset write off | 13 | 3.2 | 2.0 |
| Fair value changes in other receivables | 6 | 16.9 | - |
| Utilisation of provision | 18 | (87.8) | (92.1) |
| Operating cashflows before movement in working capital | | 1,166.1 | 2,207.1 |
| Decrease / (increase) in trade and other receivables | | 8.5 | 282.3 |
| (Decrease) / increase in trade and other payables | | (115.1) | 60.5 |
| Decrease / (increase) in stock | | (5.2) | (12.1) |
| Cash generated from operations | | 1,054.3 | 2,537.8 |

The comparative 2023 results have been restated to present changes in decommissioning estimate separate from depletion, depreciation and amortisation, in line with the Consolidated Income Statement. See further detail within note 3.

24 (b) Net debt reconciliation

| <i>Group</i> | 2024 | 2023 |
|--------------------------------------|------------------|----------------|
| | \$'million | \$'million |
| Cash and cash equivalents (note 15) | 594.5 | 1,265.6 |
| Loans and other borrowings (note 17) | (1,868.2) | (1,904.7) |
| Lease liability (note 13) | (9.5) | (11.0) |
| Net debt | (1,283.2) | (650.1) |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

24 (b) Net debt reconciliation (continued)

| Group | Loans \$'million | Leases \$'million | Sub-total \$'million | Cash and cash equivalents \$'million | Total \$'million |
|-------------------------------------|---------------------|----------------------|-------------------------|--|---------------------|
| Net debt at 1 January 2023 | (2,222.0) | (9.2) | (2,231.2) | 514.8 | (1,716.4) |
| Repayment of loans and leases | 328.6 | 1.5 | 330.1 | - | 330.1 |
| Net increase in cash | - | - | - | 750.8 | 750.8 |
| New leases and modifications | - | (3.3) | (3.3) | - | (3.3) |
| Drawdown of loan facility | - | - | - | - | - |
| Interest expense | (127.9) | - | (127.9) | - | (127.9) |
| Foreign exchange differences | (6.0) | - | (6.0) | - | (6.0) |
| Interest and facility fees paid | 122.6 | - | 122.6 | - | 122.6 |
| Net debt at 31 December 2023 | (1,904.7) | (11.0) | (1,915.7) | 1,265.6 | (650.1) |
| Repayment of loans and leases | 40.7 | 1.5 | 42.2 | - | 42.2 |
| Net decrease in cash | - | - | - | (671.1) | (671.1) |
| Interest expense | (116.6) | - | (116.6) | - | (116.6) |
| Foreign exchange differences | 1.6 | - | 1.6 | - | 1.6 |
| Interest and facility fees paid | 110.8 | - | 110.8 | - | 110.8 |
| Net debt at 31 December 2024 | (1,868.2) | (9.5) | (1,877.7) | 594.5 | (1,283.2) |

25 Related parties - Company

The outstanding balances at 31 December 2024 and 31 December 2023 were as follows

| Company Name | 2024 \$'million | 2023 \$'million |
|--------------------------------|--------------------|--------------------|
| NEO Energy Upstream UK Limited | 7.2 | 7.2 |
| NEO Energy SNS Limited | (3.5) | (3.5) |
| Total | 3.7 | 3.7 |

Group and Company

Remuneration of key management personnel (including directors)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the directors of the Group. Some directors received remuneration in respect of their services to the Group during the year (note 7).

Key management personnel comprises the directors and leadership team who received total remuneration of \$4.6 million (2023: \$6.2 million) during the year. It comprises short-term employee benefits \$3.7 million (2023: \$4.4 million) and compensation for loss of office \$0.9 million (2023: \$1.9 million).

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

26 Licence portfolio

The Group held interests in licences on the UK continental shelf as at 31 December 2024, as follows

| Licence | Block | Operator | Interest | Asset |
|---------|---|----------------|----------|-----------------|
| P011 | 29/10a, 30/6a | Shell | 50.00% | Joelle |
| P012 | 29/3c, 29/8a, 29/3a | Shell | 72.00% | Fram, Starling |
| P012 | 22/30a | Shell | 46.67% | Merganser |
| P012 | 22/30a | Shell | 35.00% | Merganser |
| P012 | 22/30a | Shell | 50.00% | Scoter |
| P013 | 21/25b, 21/30b, 21/30d, 22/21a, 22/21b, 22/26a | Shell | 50.00% | Gannet Cluster |
| P059 | 22/20a, 22/20d, 23/16a | BP | 12.65% | Mungo & Monan |
| P084 | 22/6a | Apache | 2.86% | Forties |
| P084 | 22/6a | NEO | 100.00% | Forties |
| P090 | 9/15a | NEO | 100.00% | Boa |
| P108 | 16/3a | Taq | 10.50% | Brae East |
| P108 | 16/7a | Taq | 10.50% | Brae |
| P111 | 22/25a | TotalEnergies | 18.01% | Culzean |
| P118 | 21/3a | Harbour Energy | 44% | Leverett |
| P188 | 22/30b | TotalEnergies | 4.38% | Elgin-Franklin |
| P188 | 22/30b | Shell | 44.50% | Shearwater |
| P201 | 211/22c | Ithaca | 35.50% | Causeway |
| P201 | 211/22a | Taq | 40.00% | Cormorant East |
| P213 | 16/26a | Ithaca | 17.00% | Alba |
| P213 | 16/26a | Ithaca | 12.05% | Britannia |
| P218 | 15/21a | CNOOC | 10.83% | Scott, Telford |
| P233 | 22/23b | BP | 50.00% | Madoes |
| P240 | 16/22a | Repsol | 21.92% | Burghley |
| P255 | 30/19a | NEO | 100.00% | Affleck |
| P255 | 22/6c | Apache | 20.00% | Bacchus |
| P255 | 22/6s B | Shell | 50.00% | Nelson |
| P255 | 22/6s A | Apache | 20.00% | North of Nelson |
| P295 | 16/8a | Shell | 50.00% | Kingfisher |
| P296 | 211/13a, 211/14a | Shell | 50.00% | Penguins |
| P300 | 14/26a | CNOOC | 31.56% | Golden Eagle |
| P313 | 16/3b, 16/3c | Taq | 5.40541% | Brae East |
| P313 | 16/3c | Taq | 5.40541% | Braemar |
| P324 | 14/20b | Repsol | 50.00% | Duart |
| P335 | 9/11a | Equinor | 20.00% | Manner |
| P340 | 16/7b, 16/7c | Taq | 10.5% | Brae |
| P345 | 16/27b | Ithaca | 24.76% | Britannia |
| P362 | 29/5b | TotalEnergies | 4.38% | Elgin-Franklin |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

26 Licence portfolio (continued)

| Licence | Block | Operator | Interest | Asset |
|---------|------------------------|----------------|----------|--------------------------|
| P456 | 48/2a | NEO | 60 00% | Babbage |
| P472 | 210/24a | Dana Petroleum | 23 08% | Western Isles |
| P598 | 22/25b | Shell | 50 00% | Murren |
| P631 | 9/15b | NEO | 100 00% | Boa |
| P666 | 22/30c, 29/5c | TotalEnergies | 4 38% | Elgin-Franklin |
| P726 | 9/11b | Equinor | 20 00% | Manner East |
| P735 | 15/20b | NEO | 100.00% | GPIII |
| P741 | 21/3b | Harbour Energy | 44 00% | Leverett |
| P886 | 22/28d | BP | 50 00% | Madoes |
| P928 | 20/1a | CNOOC | 31 56% | Golden Eagle |
| P979 | 9/11c | Equinor | 20 00% | Manner |
| P1041 | 15/20a | NEO | 100 00% | GPIII |
| P1117 | 29/2b | Shell | 50 00% | West of Starling |
| P1383 | 211/23d | Ithaca | 35 50% | Causeway |
| P1464 | 15/20c | NEO | 100 00% | GPIII |
| P1664 | 29/4c, 29/9c | Shell | 50 00% | Fram |
| P1758 | 8/15a | Equinor | 20 00% | Cadet |
| P1807 | 22/30e | Shell | 44 50% | Shearwater |
| P2013 | 21/5c, 21/5d | NEO | 100 00% | Finlaggan |
| P2151 | 9/11g | Equinor | 20 00% | Manner |
| P2170 | 20/5b, 21/1d* | NEO | 50 00% | Verbier and J2 |
| P2340 | 211/8a | Shell | 50 00% | Penguins |
| P2349 | 210/24e | Dana Petroleum | 23 08% | Western Isles |
| P2350 | 15/29c | NEO | 100 00% | Greenwell |
| P2350 | 21/2d, 21/3d, 21/4c | NEO | 44 00% | Leverett |
| P2390 | 23/26e, 30/1d | NEO | 45 00% | Isolde |
| P2452 | 22/24h | BP | 20 00% | Murlach (Skua) |
| P2495 | 211/13c | Shell | 50 00% | Penguins |
| P2498 | 20/5a, 20/5e, 21/1a* | NEO | 50 00% | Buchan |
| P2508 | 9/11d, 9/12b | Equinor | 20 00% | Bluebeard |
| P2522 | 15/28b, 15/29f | Harbour Energy | 35 00% | Gilderoy |
| P2544* | 22/25c, 23/21b, 23/26g | TotalEnergies | 18 01% | White Caterthun |
| P2609* | 15/29d | Ithaca | 50 00% | Ptarmagan |
| P2614* | 22/30d | Shell | 44 50% | Shearwater NE |
| P2615* | 23/26c | No Operator | 44 50% | Scoter Deep |
| P2617* | 29/2a, 29/3b | No Operator | 44 50% | Strathblane and Torrance |
| P2618* | 29/5a, 29/10c | Shell | 44 50% | Puffin |
| P2620* | 30/1a, 30/2g | Shell | 44 50% | Faraday and Ockley |

NEO Energy Group Limited

Notes to the financial statements for the year ended 31 December 2024

26 Licence portfolio (continued)

| Licence | Block | Operator | Interest | Asset |
|---------|-----------------|-------------|----------|---------|
| P2621* | 30/2b | Shell | 44.50% | Moorhen |
| P2624* | 30/13b | NEO | 100.00% | Cawdor |
| P2636* | 15/22b, 15/23b | No Operator | 50.00% | Bugle |
| P2637* | 15/27a, 15/28a | No Operator | 50.00% | Loudon |
| P2641* | 21/25c, 22/21d | No Operator | 100.00% | Goshawk |
| P2653* | 211/11, 211/16b | No Operator | 50.00% | Lucius |

Relinquished licences

| Licence | Block | Operator | Interest | Asset |
|---------|------------------------|-------------|----------|------------|
| P2520 | 15/24b | NEO | 100.00% | Macculloch |
| P2521 | 15/23d, 15/24a, 15/25d | No Operator | 35.00% | Bowmore |
| P2623* | 30/6c | No Operator | 44.50% | Joelle |

* Acquired during 2024

27 Capital commitments

At 31 December 2024, the Group had commitments for future capital expenditure amounting to \$268.7 million (2023: \$608.4 million). The commitments relate primarily to development projects at Penguins, Murlach and Affleck, with ongoing drilling operations at the Mungo and Shearwater area. Where the commitment relates to a joint arrangement, the amount represents the Group's net share of the commitment. Where the Group is not the operator of the joint arrangement then the amounts are based on the Group's net share of committed future work programmes.

28 Post balance sheet events

On 2 January 2025, the Group repaid \$57.0 million of its reserves-based lending facility.

On 23 January 2025, the Board approved a dividend payment of \$35.0 million.

On 3 March 2025, the Energy Profit Levy (EPL) extensions were substantially enacted after a third reading of the Finance Bill in Parliament.

On 27 March 2025, NEO announced that it would combine with Repsol S.A.'s UK North Sea upstream business in a share for share transaction. On completion, NEO will be owned 55% by funds managed by HitecVision and 45% by Repsol S.A. Completion of the transaction is subject to customary regulatory approvals and is expected in the second half of 2025.

29 Ultimate parent undertaking

As at 31 December 2024 and 31 December 2023 the immediate parent undertaking is NEO Energy Holding Limited, a Company registered in England and Wales.

NEO Energy Group Limited is the smallest and the largest group to consolidate these financial statements.

As at 31 December 2024 and 31 December 2023, the ultimate parent undertaking and controlling party is HitecVision VI, LP, a Private Equity Fund based in Guernsey. HitecVision VII, LP and HitecVision North Sea Opportunity Fund, LP also hold a non-controlling interest in the Group.