

13 May 2026

## ENWELL ENERGY PLC

### 2025 AUDITED RESULTS

Enwell Energy plc (“Enwell Energy” or the “Company”, and together with its subsidiaries, the “Group”), the AIM-quoted (AIM: ENW) oil and gas exploration and production group, today announces its audited results for the year ended 31 December 2025.

#### 2025 Highlights

##### Operational

- Aggregate average daily production of 1,865 boepd (2024: 2,288 boepd (in each case calculated on the days when the Group’s fields were actually in production))
- Aggregate production volumes for the year of 48,962 boe (2024: 722,753 boe)

##### Financial

- Revenue of \$3.3 million (2024: \$44.9 million), down 92%, primarily as a result of significantly lower production following licence suspensions by Ukrainian Government authorities
- Gross profit of \$1.2 million (2024: \$28.2 million), down 96%
- Operating loss of \$1.5 million (2024: \$29.1 million profit), down 105%, predominantly as a result of lower production following licence suspensions by Ukrainian Government authorities
- Net loss of \$4.5 million (2024: \$23.7 million profit)
- Cash and cash equivalents of \$97.1 million as at 31 December 2025 (2024: \$99.4 million), and of \$92.0 million as at 8 May 2026
- Average realised gas, condensate and oil prices in Ukraine were \$377/Mm<sup>3</sup> (UAH15,836/Mm<sup>3</sup>), \$63/bbl and \$64/bbl respectively, with no LPG produced in the year (2024: \$318/Mm<sup>3</sup> (UAH12,767/Mm<sup>3</sup>) gas, \$101/bbl condensate and \$69/bbl oil)

##### Outlook

- The Russian invasion of Ukraine in February 2022 has had, and continues to have, a significant impact on all aspects of life in Ukraine, including the Group’s business and operations. The scale and duration of disruption to the Group’s business continues to be difficult to predict, and there remains significant uncertainty about the outcome of the war in Ukraine
- In November 2024, the Ukrainian authorities issued orders to suspend the MEX-GOL, SV and VAS production licences for a period of ten years, and consequently all work at these licences is currently suspended. This followed similar regulatory action against the Group in April and May 2023, when the VAS production licence and SC exploration licence were suspended from May 2023 until June 2024
- Further work on the MEX-GOL, SV and VAS licences will remain suspended until there is a resolution of the regulatory issues, including the lifting of the suspension orders
- At the SC exploration licence area, development planning is continuing, including planning for the drilling of the SC-5 exploration well, and for the installation of new gas processing facilities and other surface infrastructure as well as assessing the feasibility of an alternative option of a connection to existing gas processing facilities. Additionally, temporary gathering, separation and compression equipment is being installed, which will enable gas and condensate from the SC-4 well to be separated,

and the gas compressed at site and then trucked to the Group's gas processing facilities at its MEX-GOL and SV fields for treatment and sale

- The Group is continuing to pursue legal proceedings to challenge the suspension orders and protect its business and assets, including arbitration proceedings under the bilateral investment treaty between the United Kingdom and Ukraine
- Currently, the Group retains a material proportion of its cash outside Ukraine, which enhances the Group's ability to navigate the current risk environment for the foreseeable future, and provides a material buffer to any further disruptions to the Group's operations
- The Group's limited development programme for the remainder of 2026 and 2027 is expected to be funded from existing cash resources and operational cash flow

**Oleksiy Zayets, CEO, commented:** *"The regulatory actions of the Ukrainian authorities resulting in the suspensions of our MEX-GOL, SV and VAS production licences, coupled with the challenges of the ongoing war in Ukraine, meant that 2025 was a difficult year for us. Nevertheless, we were able to progress some development work at our SC exploration licence area, and we hope to establish some limited production from that licence later in the year. The lack of progress towards a resolution of the regulatory situation is frustrating, and has meant that we have been obliged to take necessary steps to protect our business and assets, including through arbitration proceedings under the bilateral investment treaty between the United Kingdom and Ukraine."*

The Annual Report and Financial Statements for 2025, together with the Notice of Annual General Meeting, will be posted to shareholders and published on the Company's website by 22 May 2026.

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This announcement contains inside information for the purposes of Article 7 of EU Regulation No. 596/2014, which forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by virtue of the Market Abuse (Amendment) (EU Exit) Regulations 2019.

Dr Gehrig Schultz, BSc Geophysical Engineering, PhD Geophysics, Member of the European Association of Geophysical Engineers, Member of the Executive Coordinating Committee of the Continental European Energy Council, and a Non-Executive Director of the Company, has reviewed and approved the technical information contained within this announcement in his capacity as a qualified person, as required under the AIM Rules for Companies.

## Glossary

AAPG	American Association of Petroleum Geologists
Arkona	LLC Arkona Gas-Energy
bbl	barrel
bbl/d	barrels per day
Bm <sup>3</sup>	thousands of millions of cubic metres
boe	barrels of oil equivalent
boepd	barrels of oil equivalent per day
Bscf	thousands of millions of scf
Company	Enwell Energy plc
D&M	DeGolyer and MacNaughton
€	Euro
Group	Enwell Energy plc and its subsidiaries
km	kilometre
km <sup>2</sup>	square kilometres
LPG	liquefied petroleum gas
MEX-GOL	Mekhdiviska-Golotvshinska
m <sup>3</sup>	cubic metres
m <sup>3</sup> /d	cubic metres per day
Mboe	thousand barrels of oil equivalent
Mm <sup>3</sup>	thousand cubic metres
MMbbl	million barrels
MMboe	million barrels of oil equivalent
MMm <sup>3</sup>	million cubic metres
MMscf	million scf
MMscf/d	million scf per day
Mtonnes	thousand tonnes
%	per cent.
QCA Code	Quoted Companies Alliance Corporate Governance Code 2023
QHSE	quality, health, safety and environment
SC	Svystunivsko-Chervonolutskyi
scf	standard cubic feet measured at 20 degrees Celsius and one atmosphere
SPE	Society of Petroleum Engineers
SPEE	Society of Petroleum Evaluation Engineers
SV	Svrydivske
Tscf	trillion scf
\$	United States Dollar
UAH	Ukrainian Hryvnia
VAS	Vasyshevskoye
VED	Vdenska
WPC	World Petroleum Council

## Chairman's Statement

The 2025 Annual Report and Financial Statements reflect a very challenging period in the Group's business in Ukraine, driven primarily by the regulatory actions of the Ukrainian Government authorities that led to the suspension of the Group's production licences. Furthermore, the ongoing war in Ukraine presents a difficult operating environment and worrying outlook, and I am greatly saddened by these terrible events.

The war has had, and continues to have, a significant impact on all aspects of life in Ukraine. The overall scale and duration of disruption to the Group's business and operations continues to be difficult to predict, and there remains significant uncertainty about the outcome of the war.

In November 2024, the MEX-GOL, SV and VAS production licences were suspended by the Ukrainian authorities. The Group commenced legal proceedings to challenge these suspensions, which resulted in interim rulings to temporarily lift such suspensions, but unfortunately, the interim rulings in respect of the MEX-GOL and SV licences were overturned in January 2025, and in respect of the VAS licence in February 2025. Consequently, all operational activity is currently suspended at these licences.

As a result of a lack of progress in resolving the issues relating to the licence suspensions with the relevant Ukrainian authorities, in August 2025, the Group commenced arbitration proceedings against Ukraine under the Agreement Between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Ukraine for the Promotion and Reciprocal Protection of Investments (the "Treaty"). The Treaty is an international treaty designed to protect the rights of investors from the United Kingdom or Ukraine who make investments in the other country. Within the arbitration proceedings, the Company is claiming monetary damages for the loss and damage it has suffered as a result of Ukraine's actions, as well as the reinstatement of the MEX-GOL, SV and VAS production licences for the remainder of their respective terms, and its costs.

In December 2025, the gas processing facilities at the VAS field were hit and damaged by Russian military drones. As the facilities had been mothballed since the reinstatement of the suspension of the VAS licence in February 2025, there were only security staff on site, and most fortunately, there were no casualties. A general assessment of the damage has been undertaken, power has been restored, and site premises have been repaired. A more detailed assessment of the damage to equipment will be undertaken to enable the preparation of a detailed plan for the restoration of the facilities.

Notwithstanding the war and the Ukrainian authorities' regulatory actions, during 2025, the Group continued with planning the development of the SC exploration licence area. This included planning for the drilling of the SC-5 exploration well and for the installation of new gas processing facilities and other surface infrastructure, as well as assessing the feasibility of an alternative option of a connection to existing gas processing facilities. Additionally, temporary gathering, separation and compression equipment is being installed at the SC-4 well site, which will enable gas and condensate from this well to be separated, the gas compressed at site, and then trucked to the Group's gas processing facilities at its MEX-GOL and SV fields for treatment and sale.

Aggregate average daily production (calculated for the days when the fields were actually on production) from the MEX-GOL, SV and VAS fields during the year was 1,865 boepd, which is lower than the aggregate daily production rate of 2,288 boepd achieved during 2024 due to the disruption caused by the war, natural field decline and the various suspensions of the MEX-GOL, SV and VAS field operations during the year. The aggregate production volumes for the year were 48,962 boe, which is lower than the aggregate production volumes of 722,753 boe in 2024 for the same reasons.

The suspension of the MEX-GOL, SV and VAS fields meant that production volumes were significantly lower during the year, with the result that revenues were much lower at \$3.3 million (2024: \$44.9 million). The Group made a net loss of \$4.5 million (2024: \$23.7 million net profit), and an operating loss of \$1.5 million (2024: \$29.1 million profit). Despite this, the Group still generated a small net cash inflow from operating activities of \$0.1 million (2024: \$34.6 million) enabled by the \$9.2 million interest received from the Group's cash resources.

Development activity was significantly impacted by the high level of risk and regulatory issues faced by the Group in Ukraine.

There is significant disruption to the fiscal and economic environment in Ukraine due to the ongoing war, but during the year, the economy grew, the inflation rate decreased, and the Ukrainian Hryvnia remained stable against other currencies. Nevertheless, it is likely that fiscal and economic uncertainties will continue until the hostilities cease.

In recent years, the Ukrainian Government implemented a number of reforms in the oil and gas sector, which include the deregulation of the gas supply market and simplification of the regulatory procedures applicable to oil and gas exploration and production activities in Ukraine. The deregulation of the gas supply market, supported by electronic gas trading platforms, has improved pricing transparency in Ukraine.

During 2025, Ukrainian gas prices strengthened as the Ukrainian gas market adapted to the prevailing demand and supply conditions. However, condensate and oil prices were lower by comparison to the previous year, and there was no LPG production due to a delay in the issue of an LPG production licence.

### **Restructuring of Smart Holding Group**

In January 2023, the Company was notified that there had been a restructuring of the ownership of the PJSC Smart-Holding Group, a member of which held a major shareholding in the Company, and which was ultimately controlled by Mr Vadym Novynskyi (“Mr Novynskyi”). Under this restructuring, which occurred with effect from 1 December 2022, Mr Novynskyi disposed of his major indirect shareholding interest in the Company to two trusts registered in Cyprus named the SMART Trust and the STEP Trust (the “Trusts”). Further information is contained in the Company’s announcement dated 17 January 2023, and the TR-1 Forms published on 26 January 2023, 31 July 2023, 20 March 2024 and 29 September 2025.

### **Regulatory Actions by Ukrainian Authorities and Suspensions of Licences**

In early December 2022, the Ukrainian Government imposed sanctions on Mr Novynskyi, as set out in the Company’s announcement dated 9 December 2022.

As announced on 4 January 2023, new legislation, Law No. 2805-IX, relating to the natural resources sector, was enacted in Ukraine, which came into force on 28 March 2023. This legislation was a substantial package of new procedures and reforms designed to improve the regulatory process relating to the exploration and development of natural resources in Ukraine. However, the legislation included provisions that if the ultimate beneficial owner of a mineral or hydrocarbon licence becomes the subject of sanctions in Ukraine, then the State Geologic and Subsoil Survey of Ukraine (the “SGSS”) may suspend or revoke that licence.

Following Law No. 2805-IX coming into force on 28 March 2023, the Ukrainian authorities have taken a series of regulatory actions against a number of the Group’s subsidiary companies in Ukraine.

As announced on 12 April 2023, such regulatory actions included conducting a search at the Group’s Yakhnyky office, from where the MEX-GOL and SV fields are operated, and placing certain physical assets of the Ukrainian branch (representative) office of Regal Petroleum Corporation Limited (“RPC”) and LLC Arkona Gas-Energy (“Arkona”) (which respectively hold the MEX-GOL and SV fields and the SC exploration licence) under seizure, thereby restricting any actions that would change registration of the property rights relating to such assets, although the use of such assets was not restricted and therefore the Company was able to continue to operate the fields. In addition, the Ministry of Justice of Ukraine (the “MoJ”) made an order cancelling the registration entry made on behalf of a subsidiary of the Company named LLC Regal Petroleum Corporation (Ukraine) Limited in the Unified State Register of Legal Entities, Individuals—entrepreneurs and Civil Institutions of Ukraine (the “State Register”) relating to the ultimate beneficial owners of such company, which were stated as being the trustees (the “Trustees”) of the Trusts as previously notified to the Company, thereby restoring the previous entry in the State Register, Mr Novynskyi.

On 2 May 2023, the MoJ made further orders cancelling the registration entry made on behalf of three further Ukrainian subsidiaries of the Company named LLC Prom-Enerho Produkt (“PEP”), Arkona and LLC Well Investum (“Well Investum”) respectively in the State Register relating to the ultimate beneficial owners of such companies, which again were stated as being the Trustees of the Trusts, thereby restoring the previous entry, Mr Novynskyi. PEP holds the VAS production licence, Arkona holds the SC exploration licence, and Well Investum is a dormant company.

Following the issuance of the abovementioned orders by the MoJ, Mr Novynskyi was registered in the State Register as the ultimate beneficial owner of each of PEP and Arkona, and was consequently recognised by the SGSS as the ultimate beneficial owner of each of the VAS production licence and SC exploration licence. As a result, on 4 May 2023, the SGSS issued orders suspending the VAS production licence and SC exploration licence for a period of five years, effective from that date.

However, on 26 June 2024, the SGSS issued orders to renew the validity of each of the VAS production licence and SC exploration licence, thereby cancelling the suspensions of those licences, and enabling the resumption of operational activities at those licences. Further information is contained in the Company's announcement dated 27 June 2024.

In September 2024, new legislation came into force, which requires that branches (or representative offices) of foreign companies operating in Ukraine register their ultimate beneficial owners in the State Register. RPC, which holds the MEX-GOL and SV licences, operates such a branch and therefore registered the Trustees of the Trusts as its ultimate beneficial owners in the State Register, based on the notifications made by the Trustees to the Company and published to the market on 26 January 2023, 31 July 2023 and 20 March 2024.

On 8 October 2024, the Ukrainian Government imposed sanctions on the Trustees, as set out in the Company's announcement dated 11 October 2024.

On 15 November 2024, the SGSS issued orders to suspend the MEX-GOL, SV and VAS production licences for a period of ten years, effective from 8 October 2024 pursuant to Law No. 2805-IX, based on the sanctions imposed on the Trustees of the Trusts. Further information is contained in the Company's announcement dated 18 November 2024.

Following receipt of the suspension orders, the Company issued legal proceedings in the Poltava District Administrative Court in Ukraine to challenge such orders, and within such proceedings, the Company obtained interim rulings (the "Interim Rulings") to lift the suspensions of the MEX-GOL, SV and VAS production licences pending determination of the substantive issues in the legal proceedings, as set out in the Company's announcement dated 26 November 2024. However, the SGSS appealed against the Interim Rulings in the Second Appeal Administrative Court in Ukraine, and by a decision dated 22 January 2025, the appeal against the Interim Ruling relating to the MEX-GOL and SV licences was allowed, and by a decision dated 27 February 2025, the appeal against the Interim Ruling relating to the VAS licence was also allowed. As a result, the respective suspension orders in respect of the MEX-GOL, SV and VAS licences were reinstated, and the Company ceased all field operations on those licences immediately following the respective appeal decisions.

In light of these circumstances, as announced on 27 August 2025, the Group commenced arbitration proceedings against Ukraine under the Treaty and in accordance with the Convention on Settlement of Investment Disputes between States and Nationals of Other States (the "ICSID Convention"). The arbitration proceedings were registered in the International Centre for Settlement of Investment Disputes ("ICSID"), and within such proceedings, the Company is claiming monetary damages for the loss and damage it has suffered as a result of Ukraine's actions, as well as the reinstatement of the MEX-GOL, SV and VAS production licences for the remainder of their respective terms, and its costs.

### **Board and Management Changes**

In January 2025, Igor Basai stepped down as a Non-Executive Director and Oleksandr Blyzniuk was appointed as a Non-Executive Director.

### **Outlook**

The ongoing war creates a devastating humanitarian situation in Ukraine, as well as extreme challenges to its social, fiscal, economic and business environment. This has been exacerbated in respect of the Group by the regulatory actions of the Ukrainian authorities, culminating in the suspension of the MEX-GOL, SV and VAS production licences.

Under these circumstances, it is extremely difficult to plan future investment and operational activities at the Group's fields. However, subject to resolution of the current regulatory issues with the Ukrainian authorities,

and it being safe to do so, the Group is planning to undertake further limited development activities during the remainder of 2026 and beyond in order to continue the development of its fields. In doing so, the Group is taking and will take all measures available to protect and safeguard its personnel and business, with the safety and wellbeing of its personnel and contractors being paramount. The Group retains a material proportion of its cash reserves outside Ukraine, and this provides a material buffer to any further disruptions to the Group's operations. This has enabled the Board to reach the opinion that the Group has sufficient resources to navigate the current risk environment for the foreseeable future.

In conclusion, on behalf of the Board, I would like to thank all of our staff for their continued dedication and efforts during 2025, especially their remarkable courage and fortitude during the ongoing hostilities in Ukraine. I would also like to thank our shareholders for their perseverance during this challenging period for the Group.

**Chuck Valceschini**  
**Chairman**

## **Chief Executive Officer's Statement**

### **Introduction**

The ongoing war in Ukraine, as well as adverse regulatory actions by the Ukrainian authorities, have materially disrupted the Group's development activity at its Ukrainian fields during 2025, with the continued suspensions of the MEX-GOL, SV and VAS licences preventing production operations for most of the year. There are currently no production operations at these fields.

At the SC exploration licence, development planning continued, which included planning for the drilling of a new exploration well and installation of new gas processing facilities and other surface infrastructure, as well as assessing the feasibility of an alternative option to connect to existing gas processing facilities. In addition, temporary gathering, separation and compression equipment is being installed at the SC-4 well site, which will enable gas and condensate from this well to be separated, the gas compressed at site, and then trucked to the Group's gas processing facilities at its MEX-GOL and SV fields for treatment and sale.

Overall production in 2025 was lower than in 2024 due to the disruption to production operations caused by the war in Ukraine, natural field decline and, most significantly, the suspensions of the MEX-GOL, SV and VAS production licences for most of the year.

### **Quality, Health, Safety and Environment ("QHSE")**

The Group is committed to maintaining the highest QHSE standards and the effective management of these areas is an intrinsic element of its overall business ethos. The Group's QHSE policies and performance are overseen by the Health, Safety and Environment Committee. Through strict enforcement of the Group's QHSE policies, together with regular management meetings, training and the appointment of dedicated safety professionals, the Group strives to ensure that the impact of its business activities on its staff, contractors and the environment is as low as is reasonably practicable. The Group reports safety and environmental performance in accordance with industry practice and guidelines.

I am greatly saddened to report that, while on secondment outside the Group, one of our operational team members, Oleksandr Lysenko, was fatally injured in a Russian missile and drone attack, and I express our heartfelt condolences to Oleksandr's family.

Within the Group's operations, I can report that no Lost Time Incidents were recorded in 2025, with a total of 357,945 safe man-hours worked during the year. Cumulatively, the number of man-hours worked since the last Lost Time Incident is now in excess of 5.8 million man-hours. No environmental incidents were recorded during the year.

### **Production**

The average daily production of gas, condensate and oil for the 23 days that the MEX-GOL and SV fields were producing (356 days in 2024) and the 58 days that the VAS field was producing (143 days in 2024), over the 2025 year, is shown below:

Field	Gas (MMscf/d)		Condensate* (bbl/d)		LPG** (boe/d)		Aggregate boepd	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>MEX-GOL &amp; SV</b>	<b>7.0</b>	8.3	<b>449</b>	480	-	194	<b>1,692</b>	2,146
<b>VAS</b>	<b>0.9</b>	0.7	<b>6</b>	6	-	-	<b>173</b>	142
<b>Total</b>	<b>7.9</b>	9.0	<b>455</b>	486	-	194	<b>1,865</b>	2,288

\* Condensate includes light oil from well MEX-102 which commenced production in late October 2024

\*\* There was no LPG production in 2025 due to a delay in the renewal of the Group's LPG production licence

As a result of the continued operational disruptions caused by the war, deferment of development work and, most significantly, regulatory actions by the Ukrainian authorities, the Group's average daily production rate in 2025 declined. During the year, the regulatory actions resulted in the suspensions of the MEX-GOL and SV licences from 22 January 2025 and the VAS licence from 27 February 2025, with, in each case, such suspensions currently continuing. Accordingly, there is currently no production from these fields.

Aggregate production volumes for the year were 48,962 boe, which is lower than the aggregate production volumes of 722,753 boe in 2024 for the reasons set out above.

## Operations

The war in Ukraine has significantly affected fiscal and economic stability in Ukraine, and the oil and gas sector in country has been particularly affected by interruptions to power supplies, the unavailability of oil field equipment and services and disruptions to the markets, including weaker demand, for the sale of gas, condensate, oil and LPG. These disruptions impacted the Group's realised hydrocarbon prices in Ukraine, in turn impacting the Group's revenues and profitability during the year.

During 2025, the Group continued to refine its geological subsurface models of the MEX-GOL, SV and VAS fields, as well as the SC licence area, in order to enhance its strategy for the further development of such fields and licence area, including the timing and level of future capital investment required to exploit the hydrocarbon resources therein.

At the MEX-GOL and SV fields, limited operational activities were undertaken in the period up to the reinstatement of the suspensions of these licences on 22 January 2025, after which all operational activities were suspended. At these fields, until the reinstatement of the suspensions, the Group continued to operate each of the SV-2 and SV-12 wells under joint venture agreements with PJSC Ukrnafta, the majority State-owned oil and gas producer. Under the agreements, the gas and condensate produced from the respective wells is sold under an equal net profit sharing arrangement between the Group and PJSC Ukrnafta, with the Group accounting for the hydrocarbons produced and sold from the wells as revenue, and the net profit share due to PJSC Ukrnafta being treated as a lease expense in cost of sales. However, following the SV-2 well experiencing water ingress, a workover of this well was undertaken to replace the production string and remove obstructions in the well, but this work was unsuccessful and further remedial work is not being considered at the present time.

At the VAS field, production operations were undertaken in the period up to the reinstatement of the suspension of this licence on 27 February 2025, after which all operational activities were suspended. In December 2025, the gas processing facilities at the field were hit by several Russian military drones, which resulted in damage

to the facilities. As the facilities had not been operational since the reinstatement of the licence suspension, there were only security staff on site, and most fortunately, there were no casualties. A general assessment of the damage has been undertaken, mains power has been restored and repairs have been made to site equipment and premises. In light of the risks at site, critical and high-value equipment has been moved elsewhere for further inspection and repair work. A more detailed assessment of damage to other equipment is to be undertaken shortly to enable the preparation of a detailed plan for the restoration of the facilities.

At the SC exploration licence area, development planning continued, and this included planning for the drilling of the SC-5 exploration well, and installation of new gas processing facilities and other surface infrastructure as well as assessing the feasibility of an alternative option to connect to existing gas processing facilities. Additionally, temporary gathering, separation and compression equipment is being installed at the SC-4 well site, which will enable gas and condensate from this well to be separated, the gas compressed at site, and then trucked to the Group's gas processing facilities at the MEX-GOL and SV fields for treatment and sale. The SC-4 well was completed in October 2022 but production from the well cannot commence until gas processing facilities are installed.

## **Outlook**

The ongoing war in Ukraine has caused significant disruption to the country as a whole and to the Group's business activities, and until there is a resolution to the war, the disruption and uncertainty are likely to continue. Subject to resolution of the current regulatory issues with the Ukrainian authorities and it being safe to do so, during the remainder of 2026 and 2027 the Group plans to continue the development of its fields to the extent it is possible to do so.

However, such work at the MEX-GOL, SV and VAS fields will remain suspended until there is a resolution of the regulatory issues, including the lifting of the suspension orders made in respect of those licences.

At the SC licence area, the work on development plans for the licence area will continue, along with installation of the temporary production equipment.

Finally, I would like to add my thanks to all of our staff for the continued hard work and dedication they have shown over the course of 2025, and to especially recognise their continuing efforts and professionalism in the face of the extremely challenging current situation in Ukraine. I would also like to express my appreciation to our shareholders for their continued support throughout this challenging period.

**Oleksiy Zayets**  
**Chief Executive Officer**

## Overview of Assets

Our assets comprise four fields in the Dnieper-Donets basin in north-eastern Ukraine. Our fields have high potential for growth and longevity for future production - a strong foundation for success.

### MEX-GOL and SV fields

The MEX-GOL and SV fields are held under two adjacent production licences, but are operated as one integrated asset, and have significant gas and condensate reserves and potential resources of unconventional gas.

#### Production Licences

We hold a 100% working interest in, and are the operator of, the MEX-GOL and SV fields. The production licences for the fields were granted to the Group in July 2004 with an initial duration of 20 years, and the duration of these licences have been extended to 2044 in order to fully develop the remaining reserves. The economic life of these fields extend to 2038 and 2042 respectively pursuant to the most recent reserves and resources assessment by DeGolyer and MacNaughton ("D&M") as at 31 December 2017.

The two licences, located in Ukraine's Poltava region, are adjacent and extend over a combined area of 253 km<sup>2</sup>, approximately 200 km east of Kyiv.

#### Geology

Geologically, the fields are located towards the middle of the Dnieper-Donets sedimentary basin which extends across the major part of north-eastern Ukraine. The vast majority of Ukrainian gas and condensate production comes from this basin. The reservoirs comprise a series of gently dipping Carboniferous sandstones of Viséan age inter-bedded with shales at around 4,700 metres below the surface, with a gross thickness of between 800 and 1,000 metres.

Analysis suggests that the origin of these deposits ranges from fluvial to deltaic, and much of the trapping at these fields is stratigraphic. Below these reservoirs is a thick sequence of shale above deeper, similar, sandstones at a depth of around 5,800 metres. These sands are of Tournasian age and offer additional gas potential. Deeper sandstones of Devonian age have also been penetrated in the fields.

#### Reserves

The development of the fields began in 1995 by the Ukrainian State company Chernihivnaftogasgeologiya ("CNGG"), and shortly after this time, the Group entered a joint venture with CNGG in respect of the exploration and development of these fields.

The fields have been mapped with 3D seismic, and a geological subsurface model has been developed and refined using data derived from high-level reprocessing of such 3D seismic and new wells drilled on the fields.

The assessment undertaken by D&M as at 31 December 2017 estimated proved plus probable (2P) reserves attributable to the fields of 50.0 MMboe, with 3C contingent resources of 25.3 MMboe.

### VAS field

The VAS field is a smaller field with interesting potential. The field has assessed proved plus probable reserves in excess of 3 MMboe and substantial contingent and prospective resources, as well as potential resources of unconventional gas.

#### Production Licence

We hold a 100% working interest in, and are the operator of, the VAS field. The production licence for the field was granted in August 2012 with a duration of 20 years. The economic life of the field extends to 2032 pursuant to the most recent reserves and resources assessment by D&M as at 31 December 2018.

The licence extends over an area of 33.2 km<sup>2</sup> and is located 17 km south-east of Kharkiv, in the Kharkiv region of Ukraine. The field was discovered in 1981, and the first well on the licence area was drilled in 2004.

## **Geology**

Geologically, the field is located towards the middle of the Dnieper-Donets sedimentary basin in north-east Ukraine. The field is trapped in an anticlinal structure broken into several faulted blocks, which are gently dipping to the north, stretching from the north-east to south-west along a main bounding fault. The gas is located in Carboniferous sandstones of Bashkirian, Serpukhovian and Visean age.

The productive reservoirs are at depths between 3,370 and 3,700 metres.

## **Reserves**

The field has been mapped with 3D seismic, and a geological subsurface model has been developed and refined using data derived from such 3D seismic and new wells drilled on the field.

The assessment undertaken by D&M as at 31 December 2018 estimated proved plus probable (2P) reserves of 3.1 MMboe, with 3C contingent resources of 0.6 MMboe, and prospective resources of 7.7 MMboe in the VED area of the field. The next well planned on the field is designed to explore the VED area of the field.

## **SC Licence**

The SC licence area is located near to and has similar characteristics to the SV field, and is prospective for gas and condensate.

## **Exploration Licence**

We hold a 100% working interest in, and are the operator of, the SC licence. The licence was granted in May 2017 with a duration of 20 years.

The licence extends over an area of 97 km<sup>2</sup>, and is located in the Poltava region in north-eastern Ukraine, approximately 15 km east of the SV field.

## **Geology**

Geologically, the field is located towards the middle of the Dnieper-Donets sedimentary basin which extends across the major part of north-eastern Ukraine. The vast majority of Ukrainian gas and condensate production comes from this basin. The reservoirs comprise a series of gently dipping Carboniferous sandstones of Visean age inter-bedded with shales at depth between 4,600 and 6,000 metres.

## **Resources**

The licence is prospective for gas and condensate, and has been the subject of exploration since the 1980s, with five wells having been drilled on the licence since then, although none of these wells are currently on production.

The assessment undertaken by D&M as at 1 January 2021 estimated proved plus probable (2P) reserves of 12.1 MMboe, with 3C contingent resources of 15.0 MMboe.

## Overview of Reserves

### 1. MEX-GOL and SV fields

The Group's estimates of the remaining Reserves and Resources at the MEX-GOL and SV fields are derived from an assessment undertaken by D&M, as at 31 December 2017 (the "MEX-GOL-SV Report"), which was announced on 31 July 2018. During the period from 1 January 2018 to 31 December 2025, the Group has produced 7.73 MMboe from these fields.

The MEX-GOL-SV Report estimated the remaining Reserves as at 31 December 2017 in the MEX-GOL and SV fields as follows:

	Proved (1P)	Proved + Probable (2P)	Proved + Probable + Possible (3P)
Gas	121.9 Bscf / 3.5 Bm <sup>3</sup>	218.3 Bscf / 6.2 Bm <sup>3</sup>	256.5 Bscf / 7.3 Bm <sup>3</sup>
Condensate	4.3 MMbbl / 514 Mtonne	7.9 MMbbl / 943 Mtonne	9.2 MMbbl / 1,098 Mtonne
LPG	2.8 MMbbl / 233 Mtonne	5.0 MMbbl / 418 Mtonne	5.8 MMbbl / 491 Mtonne
<b>Total</b>	<b>27.8 MMboe</b>	<b>50.0 MMboe</b>	<b>58.6 MMboe</b>

The MEX-GOL-SV Report estimated the Contingent Resources as at 31 December 2017 in the MEX-GOL and SV fields as follows:

	Contingent Resources (1C)	Contingent Resources (2C)	Contingent Resources (3C)
Gas	14.7 Bscf / 0.42 Bm <sup>3</sup>	38.3 Bscf / 1.08 Bm <sup>3</sup>	105.9 Bscf / 3.00 Bm <sup>3</sup>
Condensate	1.17 MMbbl / 144 Mtonne	2.8 MMbbl / 343 Mtonne	6.6 MMbbl / 812 Mtonne
<b>Total</b>	<b>3.8 MMboe</b>	<b>9.6 MMboe</b>	<b>25.3 MMboe</b>

## 2. VAS field

The Group's estimates of the remaining Reserves and Resources at the VAS field and the Prospective Resources at the VED prospect are derived from an assessment undertaken by D&M as at 31 December 2018 (the "VAS Report"), which was announced on 21 August 2019. During the period from 1 January 2019 to 31 December 2025, 0.83 MMboe were produced from the field.

The VAS Report estimated the remaining Reserves as at 31 December 2018 in the VAS field as follows:

	Proved (1P)	Proved + Probable (2P)	Proved + Probable + Possible (3P)
Gas	9,114 MMscf / 258 MMm <sup>3</sup>	15,098 MMscf / 427 MMm <sup>3</sup>	18,816 MMscf / 533 MMm <sup>3</sup>
Condensate	205 Mbbl / 25 Mtonne	346 Mbbl / 42 Mtonne	401 Mbbl / 48 Mtonne
<b>Total</b>	<b>1.895 MMboe</b>	<b>3.145 MMboe</b>	<b>3.890 MMboe</b>

The VAS Report estimated the Contingent Resources as at 31 December 2018 in the VAS field as follows:

	Contingent Resources (1C)	Contingent Resources (2C)	Contingent Resources (3C)
Gas	-	-	2,912 MMscf / 83 MMm <sup>3</sup>
Condensate	-	-	74 Mbbl / 9 Mtonne

The VAS Report estimated the Prospective Resources as at 31 December 2018 in the VED prospect as follows:

	Low (1U)	Best (2U)	High (3U)	Mean
Gas	23,721 MMscf / 672 MMm <sup>3</sup>	38,079 MMscf / 1,078 MMm <sup>3</sup>	62,293 MMscf / 1,764 MMm <sup>3</sup>	41,291 MMscf / 1,169 MMm <sup>3</sup>

### 3. SC Licence

The Group's estimates of the remaining Reserves and Contingent Resources at the SC Licence are derived from an assessment undertaken by D&M as at 1 January 2021 (the "SC Report"), which was announced on 2 June 2021.

The SC Report estimated the remaining Reserves as at 1 January 2021 in the SC licence area as follows:

	Proved (1P)	Proved + Probable (2P)	Proved + Probable + Possible (3P)
Gas	17.20 Bscf / 0.49 Bm <sup>3</sup>	65.16 Bscf / 1.85 Bm <sup>3</sup>	85.03 Bscf / 2.41 Bm <sup>3</sup>
Condensate	145 Mbbl / 16 Mtonne	548 Mbbl / 61 Mtonne	716 Mbbl / 80 Mtonne
<b>Total</b>	<b>3.2 MMboe</b>	<b>12.1 MMboe</b>	<b>15.7 MMboe</b>

The SC Report estimated the Contingent Resources as at 1 January 2021 in the SC licence area as follows:

	Contingent Resources (1C)	Contingent Resources (2C)	Contingent Resources (3C)
Gas	8.56 Bscf / 0.24 Bm <sup>3</sup>	14.18 Bscf / 0.40 Bm <sup>3</sup>	81.16 Bscf / 2.30 Bm <sup>3</sup>
Condensate	72 Mbbl / 8 Mtonne	119 Mbbl / 13 Mtonne	682 Mbbl / 75 Mtonne
<b>Total</b>	<b>1.6 MMboe</b>	<b>2.6 MMboe</b>	<b>15.0 MMboe</b>

## Finance Review

The periods of suspension of its production licences and the resultant significantly reduced production and sales volumes for much of 2025 resulted in the Group making a net loss for the year of \$4.5 million (2024: \$23.7 million net profit).

Revenue for the year, derived from the sale of the Group's Ukrainian gas, condensate and oil production, was down 92% at \$3.3 million (2024: \$44.9 million), primarily as a result of much lower production rates due to the licence suspensions.

Aggregate production volumes for the year were 48,962 boe, which is 93% lower than the aggregate production volumes of 722,753 boe in 2024, primarily due to the suspension of the MEX-GOL, SV and VAS licences, as well as the disruption to operations and ongoing reduced levels of field development as a result of the war in Ukraine and natural field decline. Aggregate average daily production for the year was down approximately 18% at 1,865 boepd (2024: 2,288 boepd), in each case calculated on the days when the Group's fields were actually in production, for the same reasons.

During the year, while there was less volatility in global, and particularly European, gas prices, the war in Ukraine continued to disrupt the Ukrainian gas market. Nevertheless, there was an improvement in realised gas sales prices, resulting in a 19% increase in average gas price realisations in the period at \$377/Mm<sup>3</sup> (UAH15,836/Mm<sup>3</sup>). Average sales prices for condensate declined by 38% to \$63/bbl. Following the successful workover of the MEX-102 well, oil production commenced during October 2024 with average realised oil prices of \$64/bbl. There were no LPG sales in the year due to a delay in the renewal of the Group's LPG production licence. Since 1 March 2025, there have been no hydrocarbons sales as a result of the suspension of the MEX-GOL, SV and VAS production licences.

Gross profit for the year was also lower at \$1.2 million (2024: \$28.2 million) due to the much lower production rates caused by the licence suspensions. Cash generated from operations was negative at \$7.7 million (2024: positive \$33.0 million) for similar reasons.

Nevertheless, representing a major achievement in the circumstances, the Group made a slightly positive net cash inflow from operating activities of \$0.08 million (2024: \$34.56 million).

Cost of sales for the year was also proportionately lower at \$2.2 million (2024: \$16.7 million), with the significant decline in production resulting in a decline in depreciation as well as reducing the revenue-related costs of taxes and well rental.

The subsoil tax rates applicable to gas production were stable during the year as follows:

- (i) when gas prices are up to \$150/Mm<sup>3</sup>, the rate for wells drilled prior to 1 January 2018 ("old wells") is 14.5% for gas produced from deposits at depths shallower than 5,000 metres and 7% for gas produced from deposits deeper than 5,000 metres, and for wells drilled after 1 January 2018 ("new wells") is 6% for gas produced from deposits at depths shallower than 5,000 metres and 3% for gas produced from deposits deeper than 5,000 metres;
- (ii) when gas prices are between \$150/Mm<sup>3</sup> and \$400/Mm<sup>3</sup>, the rate for old wells is 29% for gas produced from deposits at depths shallower than 5,000 metres and 14% for gas produced from deposits deeper than 5,000 metres, and for new wells is 12% for gas produced from deposits at depths shallower than 5,000 metres and 6% for gas produced from deposits deeper than 5,000 metres;
- (iii) when gas prices are more than \$400/Mm<sup>3</sup>, for the first \$400/Mm<sup>3</sup>, the rate for old wells is 29% for gas produced from deposits at depths shallower than 5,000 metres and 14% for gas produced from deposits deeper than 5,000 metres, and for new wells is 12% for gas produced from deposits at depths shallower than 5,000 metres and 6% for gas produced from deposits deeper than 5,000 metres, and for the difference between \$400/Mm<sup>3</sup> and the actual price, the rate for old wells is 65% for gas produced from deposits at depths shallower than 5,000 metres and 31% for gas produced from deposits deeper than 5,000 metres, and for new wells is 36% for gas produced from deposits at depths shallower than 5,000 metres and 18% for gas produced from deposits deeper than 5,000 metres.

The subsoil tax rates applicable to condensate and oil production were 31% for condensate and oil produced from deposits shallower than 5,000 metres and 16% for condensate and oil produced from deposits deeper than 5,000 metres, for both old and new wells.

As a direct result of the war in Ukraine, including the significant decline in domestic consumption disrupting the previous supply, demand and pricing dynamics, there was a divergence between domestic and European gas pricing, and accordingly, the methodology (linked to European prices) used to determine the reference gas price for the subsoil tax rates had a significantly detrimental effect for domestic gas producers. In order to address this issue, legislation was implemented in August 2022 which modified such methodology to ensure that it operates as originally intended (with such reference price being aligned with domestic prices).

Administrative expenses for the year were higher at \$7.5 million (2024: \$6.2 million) due to increased legal costs.

The tax charge for the year was lower at \$2.0 million (2024: \$6.7 million), and comprised a current tax charge of \$0.6 million (2024: \$5.5 million) and a deferred tax charge of \$1.4 million (2024: \$1.2 million).

A deferred tax asset relating to the Group's provision for decommissioning as at 31 December 2025 of \$0.7 million (2024: \$0.6 million) was recognised on the tax effect of the temporary differences of the Group's provision for decommissioning at the MEX-GOL and SV fields, and its tax base. A deferred tax liability relating to the Group's development and production assets at the MEX-GOL and SV fields as at 31 December 2025 of \$7.9 million (2024: \$6.4 million) was recognised on the tax effect of the temporary differences between the carrying value of the Group's development and production asset at the MEX-GOL and SV fields, and its tax base.

A deferred tax asset relating to the Group's provision for decommissioning as at 31 December 2025 of \$0.2 million (2024: \$0.4 million) was recognised on the tax effect of the temporary differences on the Group's provision on decommissioning at the VAS field, and its tax base. A deferred tax asset relating to the Group's development and production assets at the VAS field as at 31 December 2025 of \$0.2 million (2024: \$0.1 million) was recognised on the tax effect of the temporary differences between the carrying value of the Group's development and production asset at the VAS field, and its tax base.

Capital investment of \$0.7 million reflects the greatly reduced investment in the Group's oil and gas development and production assets during the year (2024: \$3.2 million). The low level of capital investment in the year is a function of the deferral of certain aspects of the Group's development plans necessitated by the ongoing war in Ukraine and the suspensions of the MEX-GOL, SV and VAS licences.

A review of any indicators of impairment in the carrying value of the Group's assets was undertaken at the year end and this review concluded that the suspension of the MEX-GOL, SV and VAS production licences had resulted in such an indicator. Impairment reviews were therefore conducted on the carrying value of the Group's assets but did not result in the recognition of any further impairment loss (2024: \$nil).

Cash and cash equivalents held as at 31 December 2025 were slightly lower at \$97.1 million (2024: \$99.4 million). The Group's cash and cash equivalents balance as at 8 May 2026 was \$92.0 million, held as to \$77.9 million equivalent in Ukrainian Hryvnia and the balance of \$14.1 million equivalent predominantly in US Dollars, Euros and Pounds Sterling.

During 2025, the Ukrainian Hryvnia was steady against the US Dollar, at UAH42.0/\$1.00 on 31 December 2024 and UAH42.4/\$1.00 on 31 December 2025. The impact of this was \$1.3 million of foreign exchange loss (2024: \$14.5 million of foreign exchange loss). Increases and decreases in the value of the Ukrainian Hryvnia against the US Dollar affect the carrying value of the Group's assets. The official exchange rate of the Ukrainian Hryvnia to the US Dollar on 8 May 2026 was UAH43.8/\$1.00.

Cash from operations has funded the capital investment during the year, and along with the Group's current cash position, are the sources from which the Group plans to fund the limited development programmes for its assets over the remainder of 2026 and beyond. This is coupled with the fact that the Group has no debt covenants that may otherwise impede its ability to implement contingency plans if domestic and/or global

circumstances dictate. This flexibility and ability to monitor and manage development plans and liquidity is a cornerstone of our planning, and underpins our assessments of the future. The annual running costs of less than \$8 million are currently covered by interest income from the Group's monetary resources at the end of the year of \$97.1 million, meaning that the Group remains in a very strong financial position, notwithstanding the suspension of the MEX-GOL, SV and VAS production licences, the impact of the current war in Ukraine and any local or global shocks that may occur to the industry and/or the Group.

**Bruce Burrows**  
**Finance Director**

## Principal Risks and How We Manage Them

The Group has a risk evaluation methodology in place to assist in the review of the risks across all material aspects of its business. This methodology highlights external, operational and technical, financial and corporate risks and assesses the level of risk and potential consequences. It is periodically presented to the Audit Committee and the Board for review, to bring to their attention potential risks and, where possible, propose mitigating actions. Key risks recognised and mitigation factors are detailed below:-

Risk	Mitigation
<b>External risks</b>	
<i>War in Ukraine</i>	
<p>On 24 February 2022, Russia invaded Ukraine and there is currently a serious and ongoing war within Ukraine. This war is having a huge impact on Ukraine and its population, with significant destruction of infrastructure and buildings in the areas of conflict, as well as damage in other areas of Ukraine. The war is resulting in significant casualties and has caused a huge humanitarian catastrophe and refugee influx into neighbouring countries. The war is also impacting the fiscal and economic environment in Ukraine, as well as the financial stability and banking system in Ukraine, including restrictions on the transfer of funds outside Ukraine. The war is an escalation of the previous regional conflict risk faced by the business, a dispute that has been going on since 2014 in parts of eastern Ukraine, and since that time Russia has continued to occupy Crimea. The current war is also having a significant adverse effect on the Ukrainian financial markets, hampering the ability of Ukrainian companies and banks to obtain funding from the international capital and debt markets. The war has disrupted the Group's business and operations, with damage to certain facilities from military drones and periods of suspension of field operations, and has also impacted the supply of materials and equipment and the availability of contractors to undertake field operations. At present, the war is ongoing and the scope and duration of the war is uncertain.</p>	<p>The Group has assets in the areas of conflict in the east of Ukraine, and the war has disrupted its operations in those areas. The Group had been undertaking only limited field and production operations at the MEX-GOL, SV and VAS fields, as well as at the SC licence area, until the suspension of the MEX-GOL, SV and VAS licences in November 2024. During production operations at the fields, inventories of hydrocarbons are maintained at minimum levels. At the sites where operations are suspended, there are no staff permanently on site, except for necessary security staff. Where possible, all other staff work remotely and have been supplied with all necessary devices and software to facilitate remote working. Additionally, the Group aims to maintain a material proportion of its cash resources outside Ukraine. The Group continues to monitor the situation and endeavours to protect its assets and safeguard its staff and contractors.</p>
<i>Risk relating to Ukraine</i>	
<p>Ukraine is an emerging market and as such the Group is exposed to greater regulatory, economic and political risks than it would be in other jurisdictions. Emerging economies are generally subject to a volatile political and economic environment, which makes them vulnerable to market downturns elsewhere in the world and could adversely impact the Group's ability to operate in the market. Furthermore, the war in Ukraine is impacting the social, fiscal and economic environment, the financial and banking system, and the economic stability of Ukraine. As a result, Ukraine will require financial assistance and/or aid from international financial agencies to provide economic support and assist with the reconstruction of infrastructure and buildings damaged in the war.</p>	<p>The Group minimises this risk by continuously monitoring the market in Ukraine and by maintaining as strong a working relationship as possible with the Ukrainian regulatory authorities. The Group also maintains a material proportion of its cash holdings in international banks outside Ukraine.</p>
<i>Banking system in Ukraine</i>	
<p>The banking system in Ukraine has been under great strain in recent years due to the weak level of capital,</p>	<p>The creditworthiness and potential risks relating to the banks in Ukraine are regularly reviewed by the Group,</p>

<p>low asset quality caused by the economic situation, currency depreciation, changing regulations and other economic pressures generally, and so the risks associated with the banks in Ukraine have been significant, including in relation to the banks with which the Group has operated bank accounts. This situation was improving moderately following remedial action by the National Bank of Ukraine, but the current war has significantly affected such improvements, and the National Bank of Ukraine has imposed a number of restrictive measures designed to protect the banking system, including restrictions on the transfer of funds outside Ukraine (albeit that the Group aims to maintain a material proportion of its cash resources outside Ukraine). In addition, Ukraine continues to be supported by funding from the International Monetary Fund.</p>	<p>but the geopolitical and economic events in Ukraine over recent years have significantly weakened the Ukrainian banking sector. This has been exacerbated by the current war in Ukraine. In light of this, the Group has taken and continues to take steps to diversify its banking arrangements between a number of banks in Ukraine. These measures are designed to spread the risks associated with each bank's creditworthiness, and the Group endeavours to use banks that have the best available creditworthiness. Nevertheless, the Ukrainian banking sector remains weakly capitalised and so the risks associated with the banks in Ukraine remain significant, including in relation to the banks with which the Group operates bank accounts. As a consequence, the Group also maintains a material proportion of its cash holdings in international banks outside Ukraine.</p>
<p><b><i>Geopolitical environment in Ukraine</i></b></p>	
<p>Although there were some improvements in recent years, there has not been a final resolution of the political, fiscal and economic situation in Ukraine, and the current war has had a severe detrimental effect on the economic situation in Ukraine. The ongoing effects of this are difficult to predict and likely to continue to affect the Ukrainian economy and potentially the Group's business. This situation is currently affecting the Group's production and field operations, and the ongoing instability is disrupting the Group's development and operational planning for its assets.</p>	<p>The Group continually monitors the market and business environment in Ukraine and endeavours to recognise approaching risks and factors that may affect its business. However, the war in Ukraine creates material challenges in planning future investment and operations. The Group is limiting its operational activities to minimise risk to its staff and contractors, and to limit its financial exposure.</p>
<p><b><i>Climate change</i></b></p>	
<p>Any near and medium-term continued warming of the planet can have potentially increasing negative social, economic and environmental consequences, generally, globally and regionally, and specifically in relation to the Group. The potential impacts include: loss of market; and increased costs of operations through increasing regulatory oversight and controls, including potential effective or actual loss of licences to operate. As a diligent operator aware of and responsive to its good stewardship responsibilities, the Group not only needs to monitor and modify its business plans and operations to react to changes, but also to ensure its environmental footprint is as minimal as it can practicably be in managing the hydrocarbon resources the Group produces.</p>	<p>The Group's plans include: assessing, reducing and/or mitigating its emissions from its operations; and identifying climate change-related risks and assessing the degree to which they can affect its business, including financial implications. The HSE Committee is specifically tasked with overseeing, measuring, benchmarking and mitigating the Group's environmental and climate impact, which will be reported on in future periods. At this stage, the Group does not consider climate change to have any material implications on the Group's financial statements, including accounting estimates.</p>
<p><b>Operational and technical risks</b></p>	
<p><b><i>Quality, Health, Safety and Environment ("QHSE")</i></b></p>	
<p>The oil and gas industry, by its nature, conducts activities which can cause health, safety, environmental and security incidents. Serious incidents can not only have a financial impact but can also damage the Group's reputation and the opportunity to undertake further projects. The war in Ukraine poses significant risks to field operations, by way of potential threat to the lives of employees and contractors, and damage to equipment and infrastructure.</p>	<p>The Group maintains QHSE policies and requires that management, staff and contractors adhere to these policies. The policies ensure that the Group meets Ukrainian legislative standards in full and achieves international standards to the maximum extent possible. As a consequence of the current war in Ukraine and the periods of suspension of the Group's production licences, only limited field and production operations have been undertaken at the Group's fields. Only essential staff are located at site, and all other staff are working remotely, either from areas away from the</p>

	conflict areas or outside Ukraine. The Group has invested in technology that allows many staff to work just as effectively from remote locations.
<i>Industry risks</i>	
The Group is exposed to risks which are generally associated with the oil and gas industry. For example, the Group's ability to pursue and develop its projects and undertake development programmes depends on a number of uncertainties, including the availability of capital, seasonal conditions, regulatory approvals, gas, condensate, oil and LPG prices, development costs and drilling success. As a result of these uncertainties, it is unknown whether potential drilling locations identified on proposed projects will ever be drilled or whether these or any other potential drilling locations will be able to produce gas, condensate or oil. In addition, drilling activities are subject to many risks, including the risk that commercially productive reservoirs will not be discovered. Drilling for hydrocarbons can be unprofitable, not only due to dry holes, but also as a result of productive wells that do not produce sufficiently to be economic. In addition, drilling and production operations are highly technical and complex activities and may be curtailed, delayed or cancelled as a result of a variety of factors.	The Group has well qualified and experienced technical management staff to plan and supervise operational activities. In addition, the Group engages with suitably qualified local and international geological, geophysical and engineering experts and contractors to supplement and broaden the pool of expertise available to the Group. Detailed planning of development activities is undertaken with the aim of managing the inherent risks associated with oil and gas exploration and production, as well as ensuring that appropriate equipment and personnel are available for the operations, and that local contractors are appropriately supervised.
<i>Production of hydrocarbons</i>	
Producing gas, condensate and oil reservoirs are generally characterised by declining production rates which vary depending upon reservoir characteristics and other factors. Future production of the Group's gas, condensate and oil reserves, and therefore the Group's cash flow and income, are highly dependent on the Group's success in operating existing producing wells, drilling new production wells and efficiently developing and exploiting any reserves, and finding or acquiring additional reserves. The Group may not be able to develop, find or acquire reserves at acceptable costs. The experience gained from drilling undertaken to date highlights such risks as the Group targets the appraisal and production of these hydrocarbons.	In recent years, the Group has engaged external technical consultants to undertake a comprehensive review and re-evaluation study of the MEX-GOL and SV fields in order to gain an improved understanding of the geological aspects of the fields and reservoir engineering, drilling and completion techniques, and the results of this study and further planned technical work are being used by the Group in the future development of these fields. The Group has established an ongoing relationship with such external technical consultants to ensure that technical management and planning is of a high quality in respect of all development activities on the Group's fields.
<i>Risks relating to the further development and operation of the Group's gas, condensate and oil fields in Ukraine</i>	
The planned development and operation of the Group's gas, condensate and oil fields in Ukraine is susceptible to appraisal, development and operational risk. This could include, but is not restricted to, delays in the delivery of equipment in Ukraine, failure of key equipment, lower than expected production from wells that are currently producing, or new wells that are brought on-stream, problematic wells and complex geology which is difficult to drill or interpret. The generation of significant operational cash is dependent on the successful delivery and completion of the development and operation of the fields. The war in Ukraine is impacting planning and	The Group's technical management staff, in consultation with its external technical consultants, carefully plan and supervise development and operational activities with the aim of managing the risks associated with the further development of the Group's fields in Ukraine. This includes detailed review and consideration of available subsurface data, utilisation of modern geological software, and utilisation of engineering and completion techniques developed for the fields. With regards to operational activities, the Group ensures that appropriate equipment and personnel are available for the operations, and that operational contractors are appropriately supervised. In addition, the Group performs a review of indicators of

implementation of development and operations at the Group's fields.	impairment of its oil and gas assets on an annual basis, and considers whether an assessment of its oil and gas assets by a suitably qualified independent assessor is appropriate or required.
<i>Drilling and workover operations</i>	
Due to the depth and nature of the reservoirs in the Group's fields, the technical difficulty of drilling or re-entering wells in the Group's fields is high, and this and the equipment limitations within Ukraine, can result in unsuccessful or lower than expected outcomes for wells.	The utilisation of detailed sub-surface analysis, careful well planning and engineering design in designing work programmes, along with appropriate procurement procedures and competent on-site management, aims to minimise these risks.
<i>Maintenance of facilities</i>	
There is a risk that production or transportation facilities can fail due to inadequate maintenance, control or poor performance of the Group's suppliers.	The Group's facilities are operated and maintained at standards above the Ukrainian minimum requirements. Operations staff are experienced and receive supplemental training to ensure that facilities are properly operated and maintained. Service providers are rigorously reviewed at the tender stage and are monitored during the contract period.
<b>Financial risks</b>	
<i>Exposure to cash flow and liquidity risk</i>	
There is a risk that insufficient funds are available to meet the Group's development obligations to commercialise the Group's oil and gas assets. Since a significant proportion of the future capital requirements of the Group is expected to be derived from operational cash generated from production, including from wells yet to be drilled, there is a risk that in the longer term insufficient operational cash is generated, or that additional funding, should the need arise, cannot be secured. The war in Ukraine and regulatory actions have disrupted production operations at the Group's fields, and consequently reduced anticipated cash flows from those fields, and this has increased the risk regarding sufficiency of capital for development in the future. In addition, the war may disrupt the sales market for hydrocarbons that are produced. In addition to the risk of operational cash shortfalls, there is a risk that even with strong cash flows and cash balances, the Group, from time to time, can suffer from operational banking appetite for businesses such as the Group's business, which can ultimately manifest itself in having a restricted access to banking services.	The Group maintains adequate cash reserves and closely monitors forecasted and actual cash flow, as well as short and longer-term funding requirements. The Group aims to maintain a material proportion of its cash resources outside Ukraine. The Group does not currently have any external loans outstanding, internal financial projections are regularly made based on the latest estimates available, and various scenarios are run to assess the robustness of the Group's liquidity. However, as the risk to future capital funding is inherent in the oil and gas exploration and development industry and reliant in part on future development success, it is difficult for the Group to take any other measures to further mitigate this risk, other than tailoring its development activities to its available capital funding from time to time. The Group aims to maintain as diverse a range of banking relationships as possible to reduce the risks associated with limited accessibility to banking services which may exist from time to time.
<i>Ensuring appropriate business practices</i>	
The Group operates in Ukraine, an emerging market, where certain inappropriate business practices may, from time to time occur, such as corrupt business practices, bribery, appropriation of property and fraud, all of which can lead to financial loss.	The Group maintains anti-bribery and corruption policies in relation to all aspects of its business, and ensures that clear authority levels and robust approval processes are in place, with stringent controls over cash management and the tendering and procurement processes. In addition, office and site protection is maintained to protect the Group's assets.
<i>Hydrocarbon price risk</i>	
The Group derives its revenue principally from the sale of its Ukrainian hydrocarbon production. These revenues are subject to commodity price volatility and political influence. A prolonged period of low hydrocarbon prices may impact the Group's ability to	The Group sells a proportion of its hydrocarbon production through offtake arrangements, which include pricing formulae so as to ensure that it achieves market prices for its products, as well as utilising the electronic market platforms in Ukraine to achieve market prices for

<p>maintain its long-term investment programme with a consequent effect on its growth rate, which in turn may impact the Company's share price or any shareholder returns. Lower hydrocarbon prices may not only decrease the Group's revenues per unit, but may also reduce the amount of hydrocarbons which the Group can produce economically, as would increases in costs associated with hydrocarbon production, such as subsoil taxes and royalties. The overall economics of the Group's key assets (being the net present value of the future cash flows from its Ukrainian projects) are far more sensitive to long term hydrocarbon prices than short-term price volatility. However, short-term volatility does affect liquidity risk, as, in the early stage of the projects, income from production revenues is offset by capital investment. In addition, the war in Ukraine has disrupted the sales market for hydrocarbons.</p>	<p>its remaining products. However, hydrocarbon prices in Ukraine are, in the longer-term, linked to world hydrocarbon prices and so the Group is subject to external price trends, as well as shorter-term volatility in the Ukrainian hydrocarbon market.</p>
<p><i>Currency risk</i></p>	
<p>Since the beginning of 2014, the Ukrainian Hryvnia significantly devalued against major world currencies, including the US Dollar, where it has fallen from UAH8.3/\$1.00 on 1 January 2014 to UAH42.4/\$1.00 on 31 December 2025, and UAH43.8/\$1.00 on 8 May 2026. This devaluation has been a significant contributor to the imposition of banking restrictions by the National Bank of Ukraine over recent years. In addition, the geopolitical events in Ukraine over recent years and the current war in Ukraine are likely to continue to impact the valuation of the Ukrainian Hryvnia against major world currencies. Further devaluation of the Ukrainian Hryvnia against the US Dollar will affect the carrying value of the Group's assets.</p>	<p>The Group's sales proceeds are received in Ukrainian Hryvnia, and the majority of the capital expenditure costs for the current investment programme will be incurred in Ukrainian Hryvnia, thus the currency of revenue and costs are largely matched. In light of the previous devaluation and volatility of the Ukrainian Hryvnia against major world currencies, and since the Ukrainian Hryvnia does not benefit from the range of currency hedging instruments which are available in more developed economies, the Group has adopted a policy that, where possible, funds not required for use in Ukraine be retained on deposit in the United Kingdom and Europe, principally in US Dollars.</p>
<p><i>Counterparty and credit risk</i></p>	
<p>The challenging political and economic environment in Ukraine and current war means that businesses can be subject to significant financial strain, which can mean that the Group is exposed to increased counterparty risk if counterparties fail or default in their contractual obligations to the Group, including in relation to the sale of its hydrocarbon production, resulting in financial loss to the Group.</p>	<p>The Group monitors the financial position and credit quality of its contractual counterparties and seeks to manage the risk associated with counterparties by contracting with creditworthy contractors and customers. Hydrocarbon production is sold on terms that limit supply credit and/or title transfer until payment is received.</p>
<p><i>Financial markets and economic outlook</i></p>	
<p>The performance of the Group is influenced by global economic conditions and, in particular, the conditions prevailing in the United Kingdom and Ukraine. The economies in these regions have been subject to volatile pressures in recent periods, with the global economy having experienced a long period of difficulty, the COVID pandemic, and more particularly the current war in Ukraine. This has led to extreme foreign exchange movements in the Ukrainian Hryvnia, high inflation and interest rates, and increased credit risk relating to the Group's key counterparties.</p>	<p>The Group's sales proceeds are received in Ukrainian Hryvnia and a significant proportion of investment expenditure is made in Ukrainian Hryvnia, which minimises risks related to foreign exchange volatility. However, hydrocarbon prices in Ukraine are implicitly linked to world hydrocarbon prices and so the Group is subject to external price movements. The Group holds a material proportion of its cash reserves in the United Kingdom and Europe, mostly in US Dollars, with reputable financial institutions. The financial status of counterparties is carefully monitored to manage counterparty risks. Nevertheless, the overall exposure that the Group faces as a result of these risks cannot be</p>

	predicted and many of these are outside of the Group's control.
<b>Corporate risks</b>	
<i>Ukrainian production licences</i>	
<p>The Group operates in a region where the right to production can be challenged by State and non-State parties. During 2010, this manifested itself in the form of a Ministry Order instructing the Group to suspend all operations and production from its MEX-GOL and SV production licences, which was not resolved until mid-2011. In 2013, new rules relating to the updating of production licences led to further challenges being raised by the Ukrainian authorities to the production licences held by independent oil and gas producers in Ukraine, including the Group. In March 2019, a Ministry Order was issued instructing the Group to suspend all operations and production from its VAS production licence, which was not resolved until March 2023. In 2020, LLC Arkona Gas-Energy ("Arkona") faced a challenge from PJSC Ukrnafta concerning the validity of its SC exploration licence, which was not ultimately resolved in Arkona's favour until February 2021. During 2023, the Ukrainian authorities took a number of regulatory actions against the Group, which culminated in Ministry Orders being made in May 2023 to suspend all operations and production at the VAS production licence and SC exploration licence area, which suspensions were not lifted until June 2024. In November 2024, a Ministry Order was issued to suspend all operations and production at the MEX-GOL, SV and VAS production licences, which suspensions, although temporarily lifted, currently remain in force. Excepting the current suspension orders made in respect of the MEX-GOL, SV and VAS production licences, all such challenges affecting the Group have been successfully defended through the Ukrainian legal system. The business environment is such that these types of challenges may arise at any time in relation to the Group's operations, licence history, compliance with licence commitments and/or local regulations. In addition, production licences in Ukraine are issued with and/or carry ongoing compliance obligations, which if not met, may lead to the loss of a licence.</p>	<p>The Group ensures compliance with commitments and regulations relating to its production and exploration licences through Group procedures and controls or, where this is not immediately feasible for practical or logistical considerations, seeks to enter into dialogue with the relevant Government bodies with a view to agreeing a reasonable time frame for achieving compliance or an alternative, mutually agreeable course of action. Work programmes are designed to ensure that all licence obligations are met and continual interaction with Government bodies is maintained in relation to licence obligations and commitments.</p>
<i>Risks relating to key personnel</i>	
<p>The Group's success depends upon skilled management as well as technical expertise and administrative staff. The loss of service of critical members from the Group's team could have an adverse effect on the business. The current war in Ukraine has meant that, as far as possible, the Group's staff have needed to move away from areas of conflict and work remotely.</p>	<p>The Group periodically reviews the compensation and contractual terms of its staff. In addition, the Group has developed relationships with a number of technical and other professional experts and advisers, who are used to provide specialist services as required. As a result of the war, only essential staff are located at site, and all other staff are working remotely, either from areas away from the conflict areas or outside Ukraine. The Group has invested in technology that allows many staff to work just as effectively from remote locations.</p>

**Consolidated Income Statement**  
for the year ended 31 December 2025

	Note	2025 \$000	2024 \$000
Revenue	5	3,346	44,928
Cost of sales	6	(2,165)	(16,693)
<b>Gross profit</b>		<b>1,181</b>	28,235
Administrative expenses	7	(7,494)	(6,190)
Other operating gains/(losses), (net)	10	4,831	7,061
<b>Operating (loss)/profit</b>		<b>(1,482)</b>	29,106
Finance income	11	177	7
Finance costs	12	(768)	(663)
Net income from investments		-	1,176
Net (losses)/gains on financial assets		(368)	789
Other gains/(losses), (net)	13	(64)	4
<b>(Loss)/profit before taxation</b>		<b>(2,505)</b>	30,419
Income tax expense	14	(1,980)	(6,696)
<b>(Loss)/profit for the year</b>		<b>(4,485)</b>	23,723
<b>Earnings per share (cents)</b>			
Basic and diluted	16	(1.4)c	7.4c

The Notes set out below are an integral part of these consolidated financial statements.

**Consolidated Statement of Comprehensive Income**  
for the year ended 31 December 2025

	<b>2025</b>	2024
	<b>\$000</b>	\$000
(Loss)/profit for the year	<b>(4,485)</b>	23,723
<b>Other comprehensive income/(loss):</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Equity – foreign currency translation	<b>(1,274)</b>	(14,479)
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Re-measurements of post-employment benefit obligations	<b>22</b>	75
Total other comprehensive loss	<b>(1,252)</b>	(14,404)
<b>Total comprehensive (loss)/income for the year</b>	<b>(5,737)</b>	9,319

**Company Statement of Comprehensive Income**  
for the year ended 31 December 2025

	Note	<b>2025</b>	2024
		<b>\$000</b>	\$000
Loss for the year	15	<b>(28,141)</b>	(12,940)
<b>Total comprehensive loss for the year</b>		<b>(28,141)</b>	(12,940)

The Notes set out below are an integral part of these consolidated financial statements.

**Consolidated Balance Sheet**  
as at 31 December 2025

	Note	2025 \$000	2024 \$000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	67,431	72,083
Intangible assets	18	7,086	7,317
Deferred tax asset	26	427	363
Right-of-use assets	19	374	633
Prepayments for fixed assets		312	363
Non-current receivables		29	51
		<b>75,659</b>	80,810
<b>Current assets</b>			
Inventories	21	3,006	3,152
Trade and other receivables	22	5,480	7,648
Cash and cash equivalents	23	97,093	99,398
		<b>105,579</b>	110,198
<b>Total assets</b>		<b>181,238</b>	191,008
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	(2,012)	(3,286)
Lease liabilities	19	(315)	(343)
Corporation tax payable		(205)	(974)
		<b>(2,532)</b>	(4,603)
<b>Net current assets</b>		<b>103,047</b>	105,595
<b>Non-current liabilities</b>			
Provision for decommissioning	25	(4,735)	(8,276)
Deferred tax liability	26	(7,238)	(5,796)
Loans		(393)	-
Defined benefit liability		(340)	(323)
Lease liabilities	19	(224)	(492)
Other non-current liabilities		(73)	(78)
		<b>(13,003)</b>	(14,965)
<b>Total liabilities</b>		<b>(15,535)</b>	(19,568)
<b>Net assets</b>		<b>165,703</b>	171,440
<b>Equity</b>			
Called up share capital	27	28,115	28,115
Foreign exchange reserve	28	(162,302)	(161,028)
Merger reserve	28	(3,204)	(3,204)
Capital contributions reserve	28	7,477	7,477
Retained earnings		295,617	300,080
<b>Total equity</b>		<b>165,703</b>	171,440

The Notes set out below are an integral part of these consolidated financial statements.

**Consolidated Statement of Changes in Equity**  
for the year ended 31 December 2025

	Called up share capital \$000	Merger reserve \$000	Capital contributions reserve \$000	Foreign exchange reserve* \$000	Retained earnings/(Accumu- lated losses) \$000	Total equity \$000
As at 1 January 2024	28,115	(3,204)	7,477	(146,549)	276,282	162,121
Profit for the year	-	-	-	-	23,723	23,723
Other comprehensive income/(loss)	-	-	-	(14,479)	-	(14,479)
- exchange differences	-	-	-	-	-	-
- re-measurements of post- employment benefit obligations	-	-	-	-	75	75
Total comprehensive income/(loss)	-	-	-	(14,479)	23,798	9,319
As at 31 December 2024	28,115	(3,204)	7,477	(161,028)	300,080	171,440

	Called up share capital \$000	Merger reserve \$000	Capital contributions reserve \$000	Foreign exchange reserve* \$000	Retained earnings/(Accum- ulated losses) \$000	Total equity \$000
<b>As at 1 January 2025</b>	<b>28,115</b>	<b>(3,204)</b>	<b>7,477</b>	<b>(161,028)</b>	<b>300,080</b>	<b>171,440</b>
Profit for the year	-	-	-	-	(4,485)	(4,485)
Other comprehensive income/(loss)	-	-	-	(1,274)	-	(1,274)
- exchange differences	-	-	-	-	-	-
- re-measurements of post- employment benefit obligations	-	-	-	-	22	22
Total comprehensive income/(loss)	-	-	-	(1,274)	(4,463)	(5,737)
<b>As at 31 December 2025</b>	<b>28,115</b>	<b>(3,204)</b>	<b>7,477</b>	<b>(162,302)</b>	<b>295,617</b>	<b>165,703</b>

\* Predominantly as a result of exchange differences on non-monetary assets and liabilities where the subsidiaries' functional currency is not the US Dollar.

The Notes set out below are an integral part of these consolidated financial statements.

**Consolidated Cash Flow Statement***for the year ended 31 December 2025*

	Note	2025 \$000	2024 \$000
<b>Operating activities</b>			
Cash generated from operations	29	(7,662)	33,039
Charitable donations	13	(2)	(18)
Income tax paid		(1,471)	(6,375)
Interest received		9,215	7,914
<b>Net cash inflow from operating activities</b>		<b>80</b>	<b>34,560</b>
<b>Investing activities</b>			
Purchase of oil and gas development, production and other property, plant and equipment		(774)	(3,324)
Purchase of oil and gas exploration and evaluation assets		(569)	(336)
Purchase of oil and gas development, production and other intangible assets		(488)	(277)
Proceeds from sale of property, plant and equipment		20	35
<b>Net cash outflow from investing activities</b>		<b>(1,811)</b>	<b>(3,902)</b>
<b>Financing activities</b>			
Payment of principal portion of lease liabilities		(366)	(436)
Loans received		1,834	-
Loans issued		(1,775)	-
Dividend paid		-	-
<b>Net cash outflow from financing activities</b>		<b>(307)</b>	<b>(436)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,038)</b>	<b>30,222</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>99,398</b>	<b>76,493</b>
ECL* of cash and cash equivalents		18	(522)
Effect of foreign exchange rate changes		(285)	(6,795)
<b>Cash and cash equivalents at the end of the year</b>	23	<b>97,093</b>	<b>99,398</b>

\*ECL – Expected credit losses

The Notes set out below are an integral part of these consolidated financial statements.

## Notes forming part of the financial statements

### 1. Statutory Accounts

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2025 or 2024, but is derived from those accounts. The Auditor has reported on those accounts, and its reports were unqualified and did not contain statements under sections 498(2) or (3) of the Companies Act 2006. The auditors' report on the Group financial statements included a material uncertainty in respect of the Group's ability to continue as a going concern as explained in the section "Going Concern" in Note 3 below.

The statutory accounts for 2025 will be delivered to the Registrar of Companies following publication.

While the financial information included in this announcement has been prepared in accordance with UK-adopted International Accounting Standards ("framework"), this announcement does not itself contain sufficient information to comply with the framework. The Company expects to distribute the full financial statements that comply with UK-adopted International Accounting Standards by 22 May 2026.

### 2. General Information and Operational Environment

Enwell Energy plc (the "Company") and its subsidiaries (the "Group") is a gas, condensate, oil and LPG production group.

The Company is a public limited company incorporated in England and Wales under the Companies Act 2006, whose shares are quoted on the AIM Market of London Stock Exchange plc. The Company's registered office is at 84 Brook Street, London W1K 5EH, United Kingdom and its registered number is 4462555. The principal activities of the Group and the nature of the Group's operations are set out above.

As at 31 December 2025, the Company's immediate parent company was Smart Energy (CY) Limited, which was 100% owned by Smart Holding (Cyprus) Limited, which was 100% owned by Proteas Trustees Ltd as trustee of the STEP Trust, and Proteas Trustee Services Ltd, Afroditi Loukaidou, Elena Iona and Argyrou Vaso as trustees of the SMART Trust. Accordingly, the Company was ultimately controlled by Proteas Trustees Ltd as trustee of the STEP Trust, and Proteas Trustee Services Ltd, Afroditi Loukaidou, Elena Iona and Argyrou Vaso as trustees of the SMART Trust.

As at 31 December 2024, the Company's immediate parent company was Smart Energy (CY) Limited, which was 100% owned by Smart Holding (Cyprus) Limited, which was 100% owned by Proteas Trustees Ltd as trustee of the STEP Trust, and Proteas Trustee Services Ltd, Afroditi Loukaidou, Elena Iona and Maria Sokratous as trustees of the SMART Trust. Accordingly, the Company was ultimately controlled by Proteas Trustees Ltd as trustee of the STEP Trust, and Proteas Trustee Services Ltd, Afroditi Loukaidou, Elena Iona and Maria Sokratous as trustees of the SMART Trust.

The Group's gas, condensate, oil and LPG extraction and production facilities are located in Ukraine.

#### Impact of the ongoing war in Ukraine

On 24 February 2022, Russia commenced a military invasion of Ukraine, and since then there has been an ongoing war in Ukraine. Shortly after the invasion, the Ukrainian Government imposed martial law, and the corresponding introduction of related temporary restrictions that impact, amongst other areas, the economic environment and business operations in Ukraine. The war has caused significant economic and social challenges in Ukraine, which has led to a deterioration of Ukrainian State finances, volatility of financial markets, illiquidity on capital markets, higher inflation and a depreciation of the national currency against major foreign currencies.

During 2022, the National Bank of Ukraine ("NBU") took a number of measures to protect the Ukrainian economy, including significantly increasing its key policy interest rate, introducing temporary restrictions on foreign currency trades and limiting cross-border payments for non-critical imports and repayment of debt to foreign creditors, apart from international institutions. In addition, the Ukrainian Hryvnia exchange rate

with the US Dollar was effectively fixed on the foreign exchange market to ensure the stable operation of Ukraine's financial system.

The NBU is now following an interest rate policy consistent with inflation targets, and its key policy rate currently stands at 15.0%. The inflation rate in Ukraine for 2025 was 8% (2024: 12%) according to the statistics published by the State Statistics Service of Ukraine.

In October 2023, the NBU returned to a managed floating exchange rate for the Ukrainian Hryvnia, and as at 31 December 2025, the Ukrainian Hryvnia exchange rate with the US Dollar was UAH42.39/\$1.00 (UAH42.04/\$1.00 as at 31 December 2024).

During 2025, Ukrainian GDP increased by 2.2% compared with a 2.9% increase in 2024.

The nature of the situation in Ukraine and the unpredictability of the outcome means it is impracticable to assess the full impact of the war on the economic environment.

Overall, the final resolution and the ongoing effects of the war and political and economic situation in Ukraine are difficult to predict, but they may have further severe effects on the Ukrainian economy and the Group's business.

As at 8 May 2026, the official NBU exchange rate of the Ukrainian Hryvnia against the US Dollar was UAH43.80/\$1.00, compared with UAH42.39/\$1.00 as at 31 December 2025.

Further details of risks relating to Ukraine can be found within the Principal Risks section of the Strategic Report.

### **3. Accounting Policies**

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

#### **Basis of Preparation**

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group and Company transitioned to UK-adopted International Accounting Standards on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The consolidated financial statements of the Group and the financial statements of the Company 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.

These consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of financial instruments categorised at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Apart from the accounting policy changes effective from 1 January 2022 these policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of financial statements in conformity with UK-adopted International Accounting Standards requires 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. The consolidated financial statements are presented in thousands of US Dollars.

## Going Concern

The Group's business activities, together with the factors likely to affect its future operations, performance and position are set out in the Chairman's Statement, Chief Executive's Statement and Finance Review. The financial position of the Group, its cash flows and liquidity position are set out in these consolidated financial statements.

On 24 February 2022, Russia commenced a military invasion of Ukraine, and since then there has been an ongoing war between Russia and Ukraine. Immediately after the commencement of the war, the Ukrainian Government imposed martial law and introduced a number of related temporary restrictions that impacted the economic environment and business operations in Ukraine. While a number of restrictions remain in place, improvements in the economic environment have led the Ukrainian Government to relax a number of the restrictions and stabilise the economic situation in Ukraine.

The production assets of the Group are located in the central and eastern part of the country (Poltava and Kharkiv regions) which are controlled by the Ukrainian Government. However, the licences relating to the Group's MEX-GOL and SV assets in the Poltava region and VAS asset in the Kharkiv region are suspended after the State Geologic and Subsoil Survey of Ukraine issued orders on 15 November 2024 for the suspension of the MEX-GOL, SV and VAS production licences for a period of ten years effective from 8 October 2024, and consequently all field and production operations on these licences has ceased. In December 2025, the gas processing facilities at the VAS field were hit and damaged by Russian military drones. However, since the VAS field was not in operation as a result of the licence suspension, there were only security staff on site, and most fortunately, there were no casualties. A general assessment of the damage has been undertaken, power has been restored and repairs have been made to site premises. A more detailed assessment of damage to equipment will be undertaken to enable the preparation of a detailed plan for the restoration of the facilities. The Group's SC exploration licence is not suspended and development work is ongoing on the licence area. The Gas Transmission System Operator of Ukraine has maintained complete operational and technological control over the operations of the Ukrainian Gas Transmission System. However, as of the date of approval of these financial statements, the war and the regulatory actions of the Ukrainian authorities has had, and continues to have, a material impact on the production and sales levels of the business and execution of the Group's 2026 budget.

The Group funds its operations from its own cash resources. Cash and cash equivalents were \$92.0 million as at 8 May 2026. The Directors maintain a significant level of flexibility to modify the Group's development plans as may be required to preserve cash resources for liquidity management. Absent the potential impact of the war in Ukraine, the Directors are satisfied that the Group and the Company are a going concern and will continue their operations for the foreseeable future.

In assessing the impact of the war and the regulatory actions of the Ukrainian authorities on the ability of the Group and the Company to continue as a going concern, the Directors have analysed a number of possible scenarios of economic and military developments and the impact on the expected cash flows of the Group and Company for 2026 and 2027. This includes considering a possible worst case scenario in which the Group has zero production as a result of possible future military conflict and regulatory actions dictating field operations being completely shut-in, and all other non-production related costs being maintained at current levels with no reduction or mitigating actions as would otherwise be possible. Even in this worst-case scenario, the Directors are satisfied that the Group and the Company have sufficient liquid resources to be able to meet their liabilities as they fall due and to be able to continue as a going concern for the foreseeable future.

The corporate strategy for the near term is to:

- continue work for the development of the SC exploration licence area, and moderating such development plans to reduce cash spend exposure whilst the war and regulatory, operational and political uncertainty continues;
- vigorously pursue legal initiatives to protect the Group's assets, restore all licences and production, and seek compensation for losses incurred to date and as may be incurred in the future; and
- tightly manage costs to ensure cash resources are maintained at levels capable of sustaining the business through the continuing uncertainty.

In respect of the Group’s operations, staff and assets in Ukraine, the potential short and long-term impact of the future development of the war is inherently uncertain. Accordingly, this creates a material uncertainty related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern because of the potential impact on its ability to continue its operations for the foreseeable future and realise its assets in the normal course of business. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The Company is a UK-based investment holding company. The Company had cash and cash equivalents of \$14.1 million as at 8 May 2026, all of which are held outside Ukraine, in US Dollars, Pounds Sterling and Euros. The Directors are satisfied that the Company is a going concern and will be able to continue its operations for the foreseeable future, and there is no material uncertainty in respect of its ability to do so.

### **New and revised standards adopted by the Group**

The Group has adopted the following new and revised standards for the first time, effective for reporting periods beginning on or after 1 January 2025:

#### ***Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” – “Lack of Exchangeability”***

These amendments clarify the requirements for assessing whether a currency is exchangeable into another currency and determining the exchange rate to be used when exchangeability is lacking.

Furthermore, the amendments require the disclosure of additional information when a currency is not exchangeable, in order to help users of financial statements understand the impact of this fact on the entity’s financial performance and financial position.

Since the Group operates in conditions where there are no signs of a lack of exchangeability of the functional currency, the Group’s accounting policy has not changed, no potential impacts on future periods are expected, the amendments have not affected any line item of the financial statements, and there were no adjustments for prior periods.

### **New and revised IFRSs have been issued but have not yet entered into force**

In accordance with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Group has considered all new and revised standards that have been issued but are not yet effective at the date of preparation of these financial statements. The list of such standards and amendments includes:

<b>Standards and Interpretations</b>	<b>Effective date</b>
Renewable Energy Contracts (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Annual Improvements to IFRS - Volume 11	1 January 2026
Amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 18 “Presentation and Disclosure in Financial Statements”	1 January 2027

These new standards and interpretations are not expected to significantly affect the Group’s consolidated financial statements.

### **Exchange differences on intra-group balances with foreign operations**

The Group has certain inter-company monetary balances of which the Company is the beneficial owner. These monetary balances are payable by a subsidiary that is a foreign operation and are eliminated on consolidation.

In the consolidated financial statements, exchange differences arising on such payables because the transaction currency differs from the subsidiary’s functional currency are recognised initially in other comprehensive income if the settlement of such payables is continuously deferred and is neither planned nor likely to occur in the foreseeable future.

In such cases, the respective receivables of the Company are regarded as an extension of the Company's net investment in that foreign operation, and the cumulative amount of the abovementioned exchange differences recognised in other comprehensive income is carried forward within the foreign exchange reserve in equity and is reclassified to profit or loss only upon disposal of the foreign operation.

When the subsidiary that is a foreign operation settles its quasi-equity liability due to the Company, but the Company continues to possess the same percentage of the subsidiary, i.e. there has been no change in its proportionate ownership interest, such settlement is not regarded as a disposal or a partial disposal, and therefore cumulative exchange differences are not reclassified.

The designation of inter-company monetary balances as part of the net investment in a foreign operation is re-assessed when management's expectations and intentions on settlement change due to a change in circumstances.

Where, because of a change in circumstances, a receivable balance, or part thereof, previously designated as a net investment into a foreign operation is intended to be settled, the receivable is de-designated and is no longer regarded as part of the net investment.

In such cases, the exchange differences arising on the subsidiary's payable following de-designation are recognised within finance costs / income in profit or loss, similar to foreign exchange differences arising from financing.

Foreign exchange gains and losses not related to intra-group balances are recognised on a net basis as other gains or losses.

### **Basis of Consolidation**

The consolidated financial statements incorporate the financial information of the Company and entities controlled by the Company (and its subsidiaries) made up to 31 December each year.

### **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when 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 over 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 Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

## Segment reporting

The Group's only class of business activity is oil and gas exploration, development and production. The Group's primary operations are located in Ukraine, with its head office in the United Kingdom. The geographical segments are the basis on which the Group reports its segment information to management. Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors.

## Commercial Reserves

Proved and probable oil and gas reserves are estimated quantities of commercially producible hydrocarbons which the existing geological, geophysical and engineering data show to be recoverable in future years from known reservoirs. Proved reserves are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. Probable reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. The proved and probable reserves conform to the definition approved by the Petroleum Resources Management System.

## Oil and Gas Exploration/Evaluation and Development/Production Assets

The Group applies the successful efforts method of accounting for oil and gas assets, having regard to the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources.

Exploration costs are incurred to discover hydrocarbon resources. Evaluation costs are incurred to assess the technical feasibility and commercial viability of the resources found. Exploration, as defined in IFRS 6 Exploration and evaluation of mineral resources, starts when the legal rights to explore have been obtained. Expenditure incurred before obtaining the legal right to explore is generally expensed; an exception to this would be separately acquired intangible assets such as payment for an option to obtain legal rights.

Expenditures incurred in the exploration activities are expensed unless they meet the definition of an asset. The Group recognises an asset when it is probable that economic benefits will flow to the Group as a result of the expenditure. The economic benefits might be available through commercial exploitation of hydrocarbon reserves or sales of exploration findings or further development rights. Exploration and evaluation ("E&E") assets are recognised as either property, plant and equipment or intangible assets, according to their nature, in single field cost centres.

The capitalisation point is the earlier of:

- (a) the point at which the fair value less costs to sell the property can be reliably determined as being higher than the total of the expenses incurred and costs already capitalised (such as licence acquisition costs); and
- (b) an assessment of the property demonstrates that commercially viable reserves are present and hence there are probable future economic benefits from the continued development and production of the resource.

E&E assets are reclassified from Exploration and Evaluation when evaluation procedures have been completed. E&E assets that are not commercially viable are written down. E&E assets for which commercially viable reserves have been identified are reclassified to Development and Production assets. E&E assets are tested for impairment immediately prior to reclassification out of E&E.

Once an E&E asset has been reclassified from E&E, it is subject to the normal IFRS requirements. This includes impairment testing at the cash-generating unit ("CGU") level and depreciation.

## Abandonment and Retirement of Individual Items of Property, Plant and Equipment

Normally, no gains or losses shall be recognised if only an individual item of equipment is abandoned or retired or if only a single lease or other part of a group of proved properties constituting the amortisation

base is abandoned or retired as long as the remainder of the property or group of properties constituting the amortisation base continues to produce oil or gas. Instead, the asset being abandoned or retired shall be deemed to be fully amortised, and its costs shall be charged to accumulated depreciation, depletion or amortisation. When the last well on an individual property (if that is the amortisation base) or group of properties (if amortisation is determined on the basis of an aggregation of properties with a common geological structure) ceases to produce and the entire property or group of properties is abandoned, a gain or loss shall be recognised. Occasionally, the partial abandonment or retirement of a proved property or group of proved properties or the abandonment or retirement of wells or related equipment or facilities may result from a catastrophic event or other major abnormality. In those cases, a loss shall be recognised at the time of abandonment or retirement.

### **Intangible Assets other than Oil and Gas Assets**

Intangible assets other than oil and gas assets are stated at cost less accumulated amortisation and any provision for impairment. These assets represent exploration licences. Amortisation is charged so as to write off the cost, less estimated residual value on a straight-line basis of 20-25% per annum.

### **Depreciation, Depletion and Amortisation**

All expenditure carried within each field is amortised from the commencement of commercial production on a unit of production basis, which is the ratio of gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field by field basis. In certain circumstances, fields within a single development area may be combined for depletion purposes. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs necessary to bring the reserves into production.

### **Impairment**

At each balance sheet date, the Group reviews the carrying amount of oil and gas development and production assets to determine whether there is any indication that those assets have suffered an impairment loss. This includes exploration and appraisal costs capitalised which are assessed for impairment in accordance with IFRS 6. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

For oil and gas development and production assets, the recoverable amount is the greater of fair value less costs to dispose and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an expected weighted average cost of capital. 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 its recoverable amount. Impairment losses are recognised as an expense immediately. The valuation method used for determination of fair value less cost of disposal is based on unobservable market data, which is within Level 3 of the fair value hierarchy.

Should an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but 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 as income immediately.

### **Decommissioning Provision**

Where a material liability for the removal of existing production facilities and site restoration at the end of the productive life of a field exists, a provision for decommissioning is recognised. The amount recognised is the present value of estimated future expenditure determined in accordance with local conditions and requirements. The cost of the relevant property, plant and equipment is increased with an amount equivalent to the provision and depreciated on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated fixed asset. The unwinding of the discount on the decommissioning provision is included within finance costs.

## Property, Plant and Equipment other than Oil and Gas Assets

Property, plant and equipment other than oil and gas assets (included in Other fixed assets in Note 17 are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is charged so as to write off the cost of assets on a straight-line basis over their useful lives as follows:

	<u>Useful lives in years</u>
Buildings and constructions	10 to 20 years
Machinery and equipment	2 to 5 years
Vehicles	5 years
Office and other equipment	4 to 12 years

Spare parts and equipment purchased with the intention to be used in future capital investment projects are recognised as oil and gas development and production assets within property, plant and equipment.

## Right-of-use assets

The Group leases various offices, equipment, wells and land. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- costs to restore the asset to the conditions required by lease agreements.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	<u>Useful lives in years</u>
Land	40 to 50 years
Wells	10 to 20 years
Properties:	
Buildings and constructions	10 to 20 years
Machinery and equipment	2 to 5 years
Vehicles	5 years
Office and other equipment	4 to 12 years

## Inventories

Inventories typically consist of materials, spare parts and hydrocarbons, and are stated at the lower of cost and net realisable value. Cost of finished goods is determined on the weighted average bases. Cost of other than finished goods inventory is determined on the first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## Revenue Recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised by the amount of the transaction price. Transaction price is the amount of consideration to which the Group

expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is recognised net of indirect taxes and excise duties.

Sales of gas, condensate, oil and LPG are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group normally uses standardised contracts for the sale of gas, condensate, oil and LPG, which define the point of control transfer. The price and quantity of each sale transaction are indicated in the specifications to the sales contracts.

The control over gas is transferred to a customer when the respective act of acceptance is signed by the parties to a contract upon delivery of gas to the point of sale specified in the contract, normally being a certain point in the Ukrainian gas transportation system. Acts of acceptance of gas are signed and the respective revenues are recognised on a monthly basis.

The control over condensate, oil and LPG is transferred to a customer when the respective waybill is signed by the parties to a contract upon shipment of goods at the point of sale specified in the contract, which is normally the Group's production site.

## **Foreign Currencies**

The Group's consolidated financial statements and those of the Company are presented in US Dollars. The functional currency of the subsidiaries which operate in Ukraine is Ukrainian Hryvnia. The remaining entities have US Dollars as their functional currency.

The functional currency of individual companies is determined by the primary economic environment in which the entity operates, normally the one in which it primarily generates and expends cash. In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the dates of the transactions. 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. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items which are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on balances which are considered long term investments where the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the Group's subsidiaries which do not use US Dollars as their functional currency are translated into US Dollars as follows:

- (a) assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- (b) income and expenses for each Income Statement are translated at average monthly exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing

on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- (c) all resulting exchange differences are recognised in other comprehensive income.

The principal rates of exchange used for translating foreign currency balances as at 31 December 2025 were \$1:UAH42.39 (2024: \$1: UAH42.04), \$1:£0.743 (2024: \$1:£ 0.798), \$1:€0.852 (2024: \$1:€ 0.963), and the average rates for the year were \$1:UAH41.69 (2024: \$1:UAH40.16), \$1:£0.758 (2024: \$1:£ 0.783), \$1:€0.885 (2024: \$1:€ 0.925).

None of the Group's operations are considered to use the currency of a hyperinflationary economy, however this is kept under review.

## Pensions

The Group contributes to a local government pension scheme in Ukraine and defined benefit plans. The Group has no further payment obligations towards the local government pension scheme once the contributions have been paid.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group companies participate in a mandatory Ukrainian State-defined retirement benefit plan, which provides for early pension benefits for employees working in certain workplaces with hazardous and unhealthy working conditions. The Group also provides lump sum benefits upon retirement subject to certain conditions. The early pension benefit (in the form of a monthly annuity) is payable by employers only until the employee has reached the statutory retirement age. The pension scheme is based on a benefit formula which depends on each individual member's average salary, his/her total length of past service and total length of past service at specific types of workplaces ("list II" category).

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Since Ukraine has no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the Income Statement within the Cost of Sales in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognised immediately in the Income Statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Income Statement within Cost of Sales.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

## Taxation

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

Current tax, including UK corporation and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally 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 tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates which are expected to apply in the period when the liability is settled or the asset is realised. 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 also dealt with in equity.

Other taxes which include recoverable value added tax, excise tax and custom duties represent the amounts receivable or payable to local tax authorities in the countries where the Group operates.

### **Value added tax**

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis for different entities of the Group and disclosed separately as an asset and a liability. Where provision has been made for expected credit losses ("ECL") of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

### **Financial Instruments**

*Financial instruments - key measurement terms.* 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. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

A portfolio of financial derivatives or other financial assets and liabilities that are not traded in an active market is measured at the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or paid to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date. This is applicable for assets carried at fair value on a recurring basis if the Group: (a) manages the group of financial assets and financial liabilities on the basis of the Group's net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the Group's documented risk management or investment strategy; (b) it provides information on that basis about the group of assets and liabilities to the Group's key management personnel; and (c) the market risks, including duration of the Group's exposure to a particular market risk (or risks) arising from the financial assets and financial liabilities are substantially the same.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain

financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Fair value is the amount at which the financial instrument was recognised at initial recognition, while amortised cost ("AC") is the amount at which the financial instrument was subsequently measured after the initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for ECL. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

*Financial instruments - initial recognition.* Financial instruments at fair value through profit or loss ("FVTPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at fair value through other comprehensive income ("FVOCI"), resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at the trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

*Financial assets - classification and subsequent measurement - measurement categories.* The Group classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. The Group's financial assets include cash and cash equivalents, trade and other receivables and loans to subsidiary undertakings, all of which are classified as AC in accordance with IFRS 9.

*Financial assets - classification and subsequent measurement - business model.* The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective

is: (i) solely to collect the contractual cash flows from the assets (“hold to collect contractual cash flows”), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets (“hold to collect contractual cash flows and sell”) or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of the “other” business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include past experience on how the cash flows for the respective assets were collected.

The Group’s business model for financial assets is to collect the contractual cash flows from the assets (“hold to collect contractual cash flows”).

*Financial assets - classification and subsequent measurement - cash flow characteristics.* Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest (“SPPI”). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

*Financial assets - reclassification.* Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current and comparative period and did not make any reclassifications.

*Financial assets impairment - credit loss allowance for ECL.* The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising for contractual assets. The Group measures ECL and recognises Net impairment losses on financial and contractual assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC and contractual assets are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position.

The Group applies a simplified approach for impairment of cash and cash equivalents, other short-term investments and trade and other receivables, by recognising lifetime expected credit losses based on past default experience and credit profiles, adjusted as appropriate for current observable data. For other financial assets the Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the Group identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired (“POCI Assets”), the ECL is always measured as a Lifetime ECL.

*Financial assets - write-off.* Financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due,

however, there is no reasonable expectation of recovery.

*Financial assets - derecognition.* The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

*Financial assets - modification.* If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners. If the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

*Financial liabilities - measurement categories.* Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments. The Group's financial liabilities include trade and other payables and lease liabilities, all of which are classified as AC in accordance with IFRS 9.

*Financial liabilities - derecognition.* Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

## **Trade Receivables**

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses.

## **Prepayments**

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

## **Investments in subsidiaries**

Investments made by the Company in its subsidiaries are stated at cost in the Company's financial statements and reviewed for impairment if there are indications that the carrying value may not be recoverable.

## Loans issued to subsidiaries

Loans issued by the Company to its subsidiaries are initially recognised in the Company's financial statements at fair value and are subsequently carried at amortised cost using the effective interest method, less credit loss allowance. Net change in credit losses and foreign exchange differences on loans issued are recognised in the Company's statement of profit or loss in the period when incurred.

## Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases and all leases of low-value assets under \$5,000 are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## Equity Instruments

Ordinary shares are classified as equity. Equity instruments issued by the Company and the Group are recorded at the proceeds received, net of direct issue costs. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

## Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks and other short-term highly liquid investments which are readily convertible to a known amount of cash with insignificant risk of change in value. Cash and cash equivalents are carried at amortised cost. Interest income that relates to cash and cash equivalents on current and deposit accounts is disclosed within operating cash flow.

## Other short-term investments

Other short-term investments include current accounts and deposits held at banks, which do not meet the cash and cash equivalents definition. Current accounts and deposits held at banks, which do not meet the cash and cash equivalents definition are measured initially at fair value and subsequently carried at amortised cost using the effective interest method. Interest received on other short-term investments is disclosed within operating cash flow.

## Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the asset. Interest income on current bank accounts and on demand deposits or term deposits with a maturity of less than three months recognised as part of cash and cash equivalents is recognised as other operating income. Interest income on term deposits other than those classified as cash and cash equivalents is recognised as finance income.

Certain reclassifications have been made in the comparative numbers for better clarity and consistency of presentation.

## 4. Significant Accounting Judgements and Estimates

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements which have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Depreciation of Oil and Gas Development and Production Assets

Development and production assets held in property, plant and equipment are depreciated on a unit of production basis at a rate calculated by reference to proved and probable reserves at the end of the period plus the production in the period, and incorporating the estimated future cost of developing and extracting those reserves. Future development costs are estimated using estimates about the number of wells required to produce those reserves, the cost of the wells, future production facilities and operating costs, together with assumptions on oil and gas realisations, and are revised annually. The reserves estimates used are determined using estimates of gas in place, recovery factors, future hydrocarbon prices and also take into consideration the Group's latest development plan for the associated development and production asset. The latest development plan and therefore the inputs used to determine the depreciation charge for the MEX-GOL, SV and VAS fields continue until the end of the economic life of the fields, which is assessed to be 2038, 2042 and 2033 respectively, based on the assessment contained in the DeGolyer & MacNaughton reserves report for these fields. The licences for the MEX-GOL and SV fields have recently been extended until 2044. Were the estimated reserves at the beginning of the year to differ by 10% from previous assumptions, the impact on depreciation for the year ended 31 December 2025 would be to increase it by \$38,000 or decrease it by \$31,000 (2024: increase by \$417,000 or decrease by \$504,000).

## Provision for Decommissioning

The Group has decommissioning obligations in respect of its Ukrainian assets. The full extent to which the provision is required depends on the legal requirements at the time of decommissioning, the costs and timing of any decommissioning works and the discount rate applied to such costs.

A detailed assessment of gross decommissioning cost was undertaken on a well-by-well basis using local data on day rates and equipment costs. The discount rate applied on the decommissioning cost provision as at 31 December 2025 was 4.69% (31 December 2024: 4.67%). The discount rate is calculated in real terms based on the yield to maturity of Ukrainian Government bonds denominated in the currency in which the liability is expected to be settled and with the settlement date that approximates the timing of settlement of decommissioning obligations. An increase in the discount rate applied is caused by the growth of the Ukrainian risk-free rate.

The change in estimate applied to calculate the provision as at 31 December 2025 resulted from the revision of the estimated costs of decommissioning (decrease of \$426,000 in provision), a change in the discount rate applied (decrease of \$25,000 in provision), revision of the economic life of the MEX-GOL, SV and VAS fields (decrease of \$3,473,000 in provision), and resulting from the drilling of new development wells at the SC field (increase of \$3,000 in provision). The costs are expected to be incurred by 2048 on the MEX-GOL field, by 2052 on the SV field, and by 2042 on the VAS field, which is the end of the estimated economic life of the respective fields (Note 25).

## Net Carrying Amount of Inter-Company Loans Receivable and Investments by the Company into a Subsidiary

The Company has certain inter-company loans receivable from a subsidiary, which are eliminated on consolidation. For the purpose of the Company's financial statements, these receivable balances are carried at amortised cost using the effective interest method, less credit loss allowance. Measurement of lifetime expected credit losses on inter-company loans is a significant judgment that involves models and data inputs including forward-looking information, current conditions and forecasts of future conditions impacting the estimated future cash flows that are expected to be recovered, time value of money, etc. In previous years, significant impairment charges were recorded against the carrying amount of the loans issued to subsidiaries as the present value of estimated future cash flows discounted at the original effective interest rate was less than the carrying amount of the loans, and the resulting impairment losses were recognised in profit or loss in the Company's financial statements.

For the purpose of assessment of the credit loss allowance as at 31 December 2025, the Company considered all reasonable and supportable forward-looking information available as at that date without undue cost and effort, which includes a range of factors, such as estimated future net cash flows to be generated by the subsidiaries operating in Ukraine and cash flow management. All these factors have a significant impact on the amounts subject to repayment on the loans and investments. The estimated future discounted cash flows generated by the subsidiaries operating in Ukraine are considered as a primary source of repayment on the loans and investments. As at 31 December 2025, the present value of future net cash flows to be generated by the subsidiaries operating in Ukraine during 2025 - 2029, adjusted for the subsidiaries' working capital as at 31 December 2025 and estimated amounts reserved by the Group for investment projects in the time horizon was calculated.

The key assumptions used in the discounted cash flow model are:

- production levels for a period of five years assumed to be: for the MEX-GOL, SV and VAS fields, no production during their respective periods of suspension, and for the SC licence area, 2.05 MMboe;
- proved plus probable (2P) reserves at the beginning of 2026 at the MEX-GOL and SV fields of 42.9 MMboe, at the VAS field of 2.3 MMboe and at the SC licence area of 12.1 MMboe;
- commodity prices - the model assumes gas prices of \$450/Mm<sup>3</sup> in 2026, \$400/Mm<sup>3</sup> in 2027 and in subsequent years;

- discount rate applied is 17.80% in 2026, 14.33% in 2027, 10.87% in 2028 and beyond, determined in real terms;
- production taxes applicable to gas production at variable rates under relevant legislation;
- capital expenditure allowance for maintenance and development of: MEX-GOL and SV fields at the level of \$750,000 per year, VAS field at the level of \$100,000 per year and SC licence area at the level of \$250,000 per year;
- future capital expenditures for a period of five years assumed to be: for the MEX-GOL and SV fields at the level of \$900,000, VAS field at the level of \$100,000 and SC licence area at the level of \$116,300,000;
- life of field for the purpose of the assessment of loans - cash flows were taken for a period of five years as management believes there is no reasonably available information to build reliable expectations and demonstrate the ability to settle the loans over a longer perspective;
- life of field for the purpose of the assessment of investments - cash flows were taken for a period of the full economic life of the respective CGUs.

The resulting amount, net of the carrying value of the Company's investments in subsidiaries and loans, was compared to the discounted cash flows and net financial assets of the subsidiaries as at 31 December 2025. As such, the Company has recorded \$33,905,000 of loss, being the net change in the expected credit losses for loans issued to and investments in subsidiaries in the Company's statement of profit or loss for the year ended 31 December 2025.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes.

## **5. Segmental Information**

In line with the Group's internal reporting framework and management structure, the key strategic and operating decisions are made by the Board of Directors, who review internal monthly management reports, budget and forecast information as part of this process. Accordingly, the Board of Directors is deemed to be the Chief Operating Decision Maker within the Group.

The Group's only class of business activity is oil and gas exploration, development and production. The Group's operations are located in Ukraine, with its head office in the United Kingdom. These geographical regions are the basis on which the Group reports its segment information. The segment results as presented represent operating profit before depreciation, amortisation and impairment of non-current assets.

	Ukraine 2025 \$000	United Kingdom 2025 \$000	Total 2025 \$000
<b>Revenue</b>			
Gas sales	2,287	-	2,287
Condensate sales	486	-	486
Oil sales	433	-	433
Liquefied Petroleum Gas sales	-	-	-
Other goods	140	-	140
<b>Total revenue</b>	<b>3,346</b>	<b>-</b>	<b>3,346</b>
<b>Segment result</b>	<b>(1,606)</b>	<b>2,612</b>	<b>1,006</b>
<b>Depreciation and amortisation of non-current assets</b>	<b>(2,482)</b>	<b>(6)</b>	<b>(2,488)</b>
<b>Operating profit</b>			<b>(1,482)</b>
<b>Segment assets</b>	<b>164,460</b>	<b>16,778</b>	<b>181,238</b>
<b>Capital additions*</b>	<b>1,353</b>	<b>-</b>	<b>1,353</b>

\*Comprises additions to property, plant and equipment (Note 17)

There are no inter-segment sales within the Group and all products are sold in the geographical region in which they are produced. The Group is not significantly impacted by seasonality. Revenue is recognised at a point in time.

During 2025, 93% of all revenue generated by the Group was from sales to its top five customers (2024: 78%).

	Ukraine 2024 \$000	United Kingdom 2024 \$000	Total 2024 \$000
<b>Revenue</b>			
Gas sales	27,830	-	27,830
Condensate sales	11,153	-	11,153
Oil sales	424	-	424
Liquefied Petroleum Gas sales	5,521	-	5,521
Other goods	-	-	-
<b>Total revenue</b>	<b>44,928</b>	<b>-</b>	<b>44,928</b>
<b>Segment result</b>	<b>32,337</b>	<b>2,309</b>	<b>34,646</b>
<b>Depreciation and amortisation of non-current assets</b>	<b>(5,534)</b>	<b>(6)</b>	<b>(5,540)</b>
<b>Operating profit</b>			<b>29,106</b>
<b>Segment assets</b>	<b>173,359</b>	<b>17,649</b>	<b>191,008</b>
<b>Capital additions*</b>	<b>3,660</b>	<b>-</b>	<b>3,660</b>

\*Comprises additions to property, plant and equipment (Note 17)

## 6. Cost of Sales

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Production taxes	<b>600</b>	4,852
Depreciation of property, plant and equipment	<b>365</b>	4,540
Amortisation of mineral reserves (Note 18)	<b>315</b>	327
Staff costs (Note 9)	<b>312</b>	2,393
Cost of inventories recognised as an expense	<b>210</b>	1,315
Transmission tariff for Ukrainian gas system	<b>77</b>	234
Rent expenses (Note 19)	<b>8</b>	1,330
Cost of purchased gas	<b>7</b>	184
Other expenses	<b>271</b>	1,518
	<b>2,165</b>	16,693

A transmission tariff for use of the Ukrainian gas transit system of UAH464.37/Mm<sup>3</sup> of gas was applicable (2024: UAH101.93/Mm<sup>3</sup>).

## 7. Administrative Expenses

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Staff costs (Note 9)	<b>3,186</b>	3,167
Consultancy fees	<b>2,302</b>	1,367
Amortisation of other intangible assets	<b>340</b>	193
Depreciation of other fixed assets	<b>300</b>	290
Professional services	<b>164</b>	168
Group Auditor's remuneration*	<b>159</b>	145
Rent expenses	<b>127</b>	118
Other expenses	<b>916</b>	742
	<b>7,494</b>	6,190

\*The Group's Auditor did not provide any non-audit services for the 2025 and 2024 audits.

## 8. Remuneration of Directors

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Directors' emoluments	<b>1,039</b>	1,632

The emoluments of the individual Directors were as follows:

	<b>Total emoluments 2025 \$000</b>	Total emoluments 2024 \$000
<b>Executive Directors:</b>		
Bruce Burrows	<b>528</b>	470
Oleksiy Zayets	<b>128</b>	261
Sergii Glazunov	-	348
<hr/>		
<b>Non-executive Directors:</b>		
Chuck Valceschini	<b>204</b>	189
Dr Gehrig Schultz	<b>61</b>	114
Alexey Pertin	<b>59</b>	72
Oleksandr Blyzniuk	<b>54</b>	-
Igor Basai	<b>5</b>	47
Yuliia Kirianova	-	76
Chris Hopkinson	-	55
	<b>1,039</b>	1,632

The emoluments include base salary, bonuses and fees. According to the Register of Directors' Interests, no rights to subscribe for shares in or debentures of any Group companies were granted to any of the Directors or their immediate families during the financial year, and there were no outstanding options to Directors.

## 9. Staff Numbers and Costs

The average monthly number of employees during the year (including Executive Directors) and the aggregate staff costs of such employees were as follows:

	<b>Number of employees</b>	
	<b>2025</b>	2024
<b>Group</b>		
Management / operational	<b>159</b>	167
Administrative support	<b>107</b>	112
	<b>266</b>	279
	<b>2025</b>	2024
	<b>\$000</b>	\$000
<b>Group</b>		
Wages and salaries	<b>4,605</b>	4,570
Security costs	<b>1,160</b>	1,229
	<b>5,765</b>	5,799

**10. Other Operating Gains/(Losses), (net)**

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Interest income on cash and cash equivalents	<b>9,215</b>	7,914
Write-off of accounts payable	<b>194</b>	63
Foreign exchange gain/(losses)	<b>146</b>	(121)
Staff costs (Note 9)	<b>(2,267)</b>	(239)
Depreciation and amortisation (Note 18)	<b>(1,168)</b>	(191)
Fines and penalties	<b>(2)</b>	(68)
Other operating losses, (net)	<b>(1,287)</b>	(297)
	<b>4,831</b>	7,061

**11. Finance Income**

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Financial instrument: unwinding of discount	<b>177</b>	7
	<b>177</b>	7

**12. Finance Costs**

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Unwinding of discount on provision for decommissioning (Note 25)	<b>390</b>	323
Unwinding of discount on financial liabilities and other financial costs	<b>319</b>	260
Interest expense on lease liabilities (Note 19)	<b>59</b>	80
	<b>768</b>	663

**13. Other Gains/(Losses), (net)**

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Foreign exchange losses	<b>(30)</b>	-
Charitable donations	<b>(2)</b>	(18)
Other (losses)/gains, (net)	<b>(32)</b>	22
	<b>(64)</b>	4

Charitable donations for the year ended 31 December 2025 and 2024 comprise humanitarian aid for the population and armed forces of Ukraine.

#### 14. Income Tax Expense

a) Income tax expense and (benefit):

	2025 \$000	2024 \$000
<i>Current tax</i>		
UK - current year	-	-
UK - prior year	-	-
Overseas - current year	562	5,459
Overseas - prior year	-	-
<i>Deferred tax (Note 26)</i>		
UK - current year	-	-
UK - prior year	-	-
Overseas - current year	1,418	1,237
Income tax expense	1,980	6,696

b) Factors affecting tax charge for the year:

The corporation tax rate in the UK was 25.00% in 2025 (2024: 25.00%). The expense for the year can be reconciled to the profit as per the Income Statement as follows:

	2025 \$000	2024 \$000
(Loss)/profit before taxation	(2,505)	30,419
Tax charge at UK tax rate of 25.00% (2024: 25.00%)	(626)	7,605
<b>Tax effects of:</b>		
Lower foreign corporate tax rates in Ukraine (18.00%) (2024: 18.00%)	(55)	(2,326)
Disallowed expenses and non-taxable income	266	(1,677)
Previously unrecognised tax losses used to reduce income tax expense	2,395	3,094
Total tax expense for the year	1,980	6,696

The tax effect of disallowed expenses and non-taxable income are mainly represented by foreign exchange differences of LLC Regal Petroleum Corporation (Ukraine) Limited and the net change in credit loss allowance for loans issued to subsidiaries and shares in subsidiary undertakings.

The tax effect of losses not recognised as deferred tax assets are mainly represented by accumulated losses of LLC Regal Petroleum Corporation (Ukraine) Limited.

#### 15. Profit/(Loss) for the Year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The Parent Company loss after tax was \$28,141,000 for the year ended 31 December 2025 (2024: loss after tax of \$12,940,000).

#### 16. Earnings per Share

The calculation of basic earnings per ordinary share has been based on the profit for the year and 320,637,836 (2024: 320,637,836) ordinary shares, being the weighted average number of shares in issue for the year. There are no dilutive instruments.

## 17. Property, Plant and Equipment

Group	2025				2024			
	Oil and Gas Development and Production assets Ukraine \$000	Oil and Gas Exploration and Evaluation Assets \$000	Other fixed assets \$000	Total \$000	Oil and Gas Development and Production assets Ukraine \$000	Oil and Gas Exploration and Evaluation Assets \$000	Other fixed assets \$000	Total \$000
<b>Cost</b>								
At the beginning of the year	132,674	12,939	1,992	147,605	141,902	13,944	2,181	158,027
Additions	699	569	85	1,353	3,232	336	92	3,660
Change in decommissioning provision	(3,925)	5	-	(3,920)	1,392	40	-	1,432
Disposals	(229)	-	(110)	(339)	(114)	-	(120)	(234)
Reclassification	(53)	1	52	-	(33)	-	33	-
Exchange differences	(1,035)	(97)	(31)	(1,163)	(13,705)	(1,381)	(194)	(15,280)
At the end of the year	128,131	13,417	1,988	143,536	132,674	12,939	1,992	147,605
<b>Accumulated depreciation and impairment</b>								
At the beginning of the year	72,544	1,478	1,500	75,522	75,619	1,635	1,496	78,750
Charge for year	1,321	-	126	1,447	4,535	-	218	4,753
Reclassification	(14)	-	14	-	-	-	-	-
Disposals	(159)	-	(64)	(223)	(113)	-	(63)	(176)
Exchange differences	(614)	(13)	(14)	(641)	(7,497)	(157)	(151)	(7,805)
At the end of the year	73,078	1,465	1,562	76,105	72,544	1,478	1,500	75,522
<b>Net book value at the beginning of the year</b>	<b>60,130</b>	<b>11,461</b>	<b>492</b>	<b>72,083</b>	<b>66,283</b>	<b>12,309</b>	<b>685</b>	<b>79,277</b>
<b>Net book value at the end of the year</b>	<b>55,053</b>	<b>11,952</b>	<b>426</b>	<b>67,431</b>	<b>60,130</b>	<b>11,461</b>	<b>492</b>	<b>72,083</b>

### *MEX-GOL, SV, SC and VAS gas and condensate fields*

In accordance with the Group's accounting policies, oil and gas development and producing assets are tested for an impairment loss at each balance sheet date. As at 31 December 2025, an impairment indicator was identified by the Group, and impairment tests were performed for the MEX-GOL, SV, SC and VAS fields. These reviews concluded that no impairment to carrying value had occurred on any Group asset (Note 4).

## 18. Intangible Assets

Group	2025				2024			
	Mineral reserve rights \$000	Exploration and evaluation intangible assets \$000	Other intangible assets \$000	Total \$000	Mineral reserve rights \$000	Exploration and evaluation intangible assets \$000	Other intangible assets \$000	Total \$000
<b>Cost</b>								
At the beginning of the year	4,419	5,585	1,025	11,029	4,891	6,190	914	11,995
Additions	-	-	488	488	-	-	277	277
Disposals	-	-	(82)	(82)	-	-	(74)	(74)
Exchange differences	(36)	(47)	(15)	(98)	(472)	(605)	(92)	(1,169)
At the end of the year	4,383	5,538	1,416	11,337	4,419	5,585	1,025	11,029
<b>Accumulated amortisation</b>								
At the beginning of the year	3,169	-	543	3,712	3,162	-	461	3,623
Charge for year	310	-	344	654	327	-	195	522
Disposals	-	-	(80)	(80)	-	-	(74)	(74)
Exchange differences	(26)	-	(9)	(35)	(320)	-	(39)	(359)
At the end of the year	3,453	-	798	4,251	3,169	-	543	3,712
<b>Net book value at the beginning of the year</b>	<b>1,250</b>	<b>5,585</b>	<b>482</b>	<b>7,317</b>	<b>1,729</b>	<b>6,190</b>	<b>453</b>	<b>8,372</b>
<b>Net book value at the end of the year</b>	<b>930</b>	<b>5,538</b>	<b>618</b>	<b>7,086</b>	<b>1,250</b>	<b>5,585</b>	<b>482</b>	<b>7,317</b>

Intangible assets consist mainly of the hydrocarbon production licence relating to the VAS field which is held by one of the Group's subsidiaries, LLC Prom-Enerho Produkt, and the SC hydrocarbon exploration licence, which is held by LLC Arkona Gas-Energy. The Group amortises the hydrocarbon production licence relating to the VAS field using the straight-line method over the term of the economic life of the VAS field until 2028. The SC hydrocarbon exploration licence is not amortised due to it being at an exploration and evaluation stage.

In accordance with the Group's accounting policies, intangible assets are tested for impairment at each balance sheet date as part of the impairment testing of the Group's oil and gas development and production assets. As at 31 December 2025, an impairment indicator was identified by the Group, and impairment tests were performed for the intangible assets. These reviews concluded that no impairment to carrying value had occurred on any such assets.

## 19. Right-of-use Assets

This note provides information for right-of-use assets and leases obligations where the Group is a lessee.

Amount recognised in the balance sheet:

	<b>2025</b>	2024
	<b>\$000</b>	\$000
<b>Right-of-use assets</b>		
Properties	<b>222</b>	469
Land	<b>124</b>	132
Wells	<b>28</b>	32
	<b>374</b>	633
	<b>2025</b>	2024
	<b>\$000</b>	\$000
<b>Lease liabilities</b>		
Current	<b>315</b>	343
Non-current	<b>224</b>	492
	<b>539</b>	835

Additions to the right-of-use assets during the 2025 year were \$3,000 (2024: \$790,000).

Amounts recognised in the statement of profit or loss:

	<b>2025</b>	2024
	<b>\$000</b>	\$000
<b>Depreciation charge</b>		
Properties	<b>(246)</b>	(384)
Land	<b>(10)</b>	(10)
Wells	<b>(4)</b>	(4)
	<b>(260)</b>	(398)
Interest expense (included in finance cost) (Note 12)	<b>(59)</b>	(80)
Expense relating to short-term leases (included in cost of sales and administrative expenses)	<b>(131)</b>	(118)
Expense relating to variable lease payments not included in lease liabilities (included in cost of sales) (Note 6)	<b>(1)</b>	(1,282)
Expense relating to lease payments for land under wells not included in lease liabilities (included in cost of sales) (Note 6)	<b>(45)</b>	(48)

The total cash outflow for leases in 2025 was \$599,000 (2024: \$2,131,000).

## 20. Investments and Loans to Subsidiary Undertakings

Company	Shares in subsidiary undertakings \$000	Loans to subsidiary undertakings \$000	Total \$000
<b>As at 1 January 2024</b>	30,704	39,206	69,910
Additions including accrued interest	-	2,795	2,795
Repayment of interest and loans	-	-	-
Impairment	(1,072)	(8,962)	(10,034)
Exchange differences	-	(2,869)	(2,869)
<b>As at 31 December 2024</b>	<b>29,632</b>	<b>30,170</b>	<b>59,802</b>
Additions including accrued interest	-	2,878	2,878
Repayment of interest and loans	-	-	-
Impairment	(4,266)	(29,639)	(33,905)
Exchange differences	-	6,127	6,126
<b>As at 31 December 2025</b>	<b>25,366</b>	<b>9,535</b>	<b>34,901</b>

The Company has recorded a loss of \$33,905,000, being the cumulative change in expected credit losses for loans issued to subsidiaries and impairment in the cost of investments in subsidiaries in the Company's statement of profit or loss for the year ended 31 December 2025 (Note 4) (2024: \$10,034,000).

The Company's discounted cash flow model used for the assessment of the investments recoverability, flexed for sensitivities, produced the following results:

	31 December 2025 \$000	31 December 2024 \$000
Discount rate (increase)/decrease by 1%	(38)/34	(552)/601
Change in gas price increase/(decrease) by 10%	6,570/(6,570)	5,047/(5,063)

The table presented below discloses the changes in the gross carrying amount and credit loss allowance between the beginning and the end of the reporting period for loans to subsidiary undertakings carried at amortised cost and classified within a three-stage model for impairment assessment as at 31 December 2025:

	Credit loss allowance			Total	Gross carrying amount			Total
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)		Stage 1 (12- months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>As at 1 January 2025</b>	<b>(7,272)</b>	<b>-</b>	<b>(31,662)</b>	<b>(38,934)</b>	<b>19,154</b>	<b>-</b>	<b>49,950</b>	<b>69,104</b>
<i>Movements with impact on credit loss allowance charge for the year:</i>								
Modification of loans	-	-	5,183	5,183	-	-	(5,183)	(5,183)
Additions including accrued interest	-	-	-	-	960	-	1,918	2,878
Payment of interest	-	-	-	-	-	-	-	-
Repayment of loans	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-	6,126	6,126
Changes to ECL measurement model assumptions	(6,031)	-	(23,608)	(29,639)	-	-	-	-
<b>Total movements with impact on credit loss allowance charge for the year</b>	<b>(6,031)</b>	<b>-</b>	<b>(18,425)</b>	<b>(24,456)</b>	<b>960</b>	<b>-</b>	<b>2,861</b>	<b>3,821</b>
<b>As at 31 December 2025</b>	<b>(13,303)</b>	<b>-</b>	<b>(50,087)</b>	<b>(63,390)</b>	<b>20,114</b>	<b>-</b>	<b>52,811</b>	<b>72,925</b>

ECL - Expected credit losses

SICR - Significant increase in credit risk

The table presented below discloses the changes in the gross carrying amount and credit loss allowance between the beginning and the end of the reporting period for loans to subsidiary undertakings carried at amortised cost and classified within a three-stage model for impairment assessment as at 31 December 2024:

	Credit loss allowance			Total	Gross carrying amount			Total
	Stage 1 (12- months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)		Stage 1 (12- months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
As at 1 January 2024	(5,260)	-	(27,750)	(33,010)	18,194	-	54,022	72,216
<i>Movements with impact on credit loss allowance charge for the year:</i>								
Modification of loans	-	-	3,038	3,038	-	-	(3,038)	(3,038)
Additions including accrued interest	-	-	-	-	960	-	1,835	2,795
Payment of interest	-	-	-	-	-	-	-	-
Repayment of loans	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-	(2,869)	(2,869)
Changes to ECL measurement model assumptions	(2,011)	-	(6,950)	(8,962)	-	-	-	-
Total movements with impact on credit loss allowance charge for the year	(2,011)	-	(3,912)	(5,923)	960	-	(4,072)	(3,112)
As at 31 December 2024	(7,272)	-	(31,662)	(38,934)	19,154	-	49,950	69,104

ECL – Expected credit losses

SICR – Significant increase in credit risk

## Subsidiary undertakings

As at 31 December 2025 and 2024, the Company's subsidiary undertakings, all of which are included in the consolidated financial statements, were:

	Registered address	Country of incorporation	Country of operation	Principal activity	% of shares held	
					31 December 2025	31 December 2024
Regal Petroleum Corporation Limited	3 <sup>rd</sup> Floor, Charter Place, 23-27 Seaton Place, St Helier, Jersey, JE4 0WH	Jersey	Ukraine	Oil & Natural Gas Extraction	100%	100%
Regal Petroleum Corporation Limited (Branch Office)	162 Shevchenko Str., Yakhnyky Village, Lokhvytsya District, Poltava Region, 37212		Ukraine	Oil & Natural Gas Extraction		
LLC Arkona Gas-Energy	162 Shevchenko Str., Yakhnyky Village, Lokhvytsya District, Poltava Region, 37212	Ukraine	Ukraine	Exploration and Evaluation for Oil and Natural Gas	100%	100%
LLC Regal Petroleum Corporation (Ukraine) Limited	162 Shevchenko Str., Yakhnyky Village, Lokhvytsya District, Poltava Region, 37212	Ukraine	Ukraine	Holding Company	100%	100%
LLC Prom-Enerho Produkt	3 Klemanska Str., Kiev, 02081	Ukraine	Ukraine	Oil & Natural Gas Extraction	100%	100%
Well Investum LLC	58 Yaroslavskya str., Kyiv, 04071	Ukraine	Ukraine	Dormant Company	100%	100%

The Parent Company, Enwell Energy plc, holds direct interests in 100% of the share capital of Regal Petroleum Corporation Limited, LLC Regal Petroleum Corporation (Ukraine) Limited, LLC Arkona Gas-Energy and Well Investum LLC, and a 100% indirect interest in LLC Prom-Enerho Produkt through its 100% shareholding in LLC Regal Petroleum Corporation (Ukraine) Limited, which owns all of the share capital of LLC Prom-Enerho Produkt.

## 21. Inventories

	Group	
	2025 \$000	2024 \$000
<b>Current</b>		
Materials and spare parts	2,457	2,465
Finished goods	549	687
	<b>3,006</b>	<b>3,152</b>

Inventories consist of materials, spare parts and finished goods. Materials and spare parts are represented by spare parts that were not assigned to any new wells, production raw materials and fuel at the storage facility. Finished goods consist of produced gas held in underground gas storage facilities and condensate and LPG held at the processing facility prior to sale.

As at 31 December 2025, allowances for impairment of materials and spare parts amounted to \$532,000 (31 December 2024: \$606,000).

All inventories are measured at the lower of cost or net realisable value. There was no write off of inventory as at 31 December 2025 or 2024.

## 22. Trade and Other Receivables

	Group		Company	
	2025 \$000	2024 \$000	2025 \$000	2024 \$000
Trade receivables	-	2,951	-	-
Accounts receivable from accrued income	444	355	-	-
Other financial receivables	1,472	1,308	766	600
Less credit loss allowance	-	(134)	-	-
<b>Total financial receivables</b>	<b>1,916</b>	<b>4,480</b>	<b>766</b>	<b>600</b>
Prepayments	649	665	412	253
Other receivables	3,680	3,057	955	946
Less credit loss allowance	(765)	(554)	(727)	(551)
<b>Total trade and other receivables</b>	<b>5,480</b>	<b>7,648</b>	<b>1,406</b>	<b>1,248</b>

Due to the short-term nature of the trade and other receivables, their carrying amount is assumed to be the same as their fair value. All trade and other financial receivables, except those provided for, are considered to be of high credit quality.

As at 31 December 2024, 100% of the Group's trade receivables were denominated in Ukrainian Hryvnia. A further description of financial receivables is disclosed in Note 30.

Analysis by credit quality of financial trade and other receivables and expected credit loss allowance as at 31 December 2025 is as follows:

	Loss rate	Gross carrying amount \$000	Life-time ECL \$000	Carrying amount \$000	Basis
Prepayments - credit impaired	100%	189	(189)	-	number of days the asset is past due
Prepayments - other	66.14%	460	-	460	historical credit losses experienced
Other receivables - credit impaired	100%	576	(576)	-	number of days the asset is past due
Other receivables - other	66.14%	3,104	-	3,104	historical credit losses experienced
<b>Total trade and other receivables for which individual approach for ECL is used</b>		<b>4,329</b>	<b>(765)</b>	<b>3,564</b>	

Analysis by credit quality of financial trade and other receivables and expected credit loss allowance as at 31 December 2024 is as follows:

	Loss rate	Gross carrying amount \$000	Life-time ECL \$000	Carrying amount \$000	Basis
Trade receivables - credit impaired	100%	60	(60)	-	number of days the asset is past due
Trade receivables - other	37.96%	2,891	(74)	2,817	historical credit losses experienced
Prepayments - credit impaired	100%	3	(3)	-	number of days the asset is past due
Prepayments - other	37.96%	663	-	663	historical credit losses experienced
Other receivables - credit impaired	100%	551	(551)	-	number of days the asset is past due
Other receivables - other	37.96%	2,504	-	2,504	historical credit losses experienced
<b>Total trade and other receivables for which individual approach for ECL is used</b>		<b>6,672</b>	<b>(688)</b>	<b>5,984</b>	

ECL - Expected credit losses

The following table explains the changes in the credit loss allowance for trade and other receivables under the simplified ECL model between the beginning and the end of the year:

	2025 \$000	2024 \$000
<b>Trade and other receivables</b>		
Balance as at 1 January	688	323
New originated or purchased	492	483
Financial assets derecognised during the year	(194)	(249)
Changes in estimates and assumptions	(223)	162
Foreign exchange movements	2	(31)
<b>Balance as at 31 December</b>	<b>765</b>	<b>688</b>

### 23. Cash and Cash Equivalents

	Group		Company	
	2025 \$000	2024 \$000	2025 \$000	2024 \$000
<b>Cash and Cash Equivalents</b>				
Cash at bank	49,029	66,095	15,427	16,369
Demand deposits and term deposits with maturity of less than 3 months	48,064	33,303	-	-
	<b>97,093</b>	<b>99,398</b>	<b>15,427</b>	<b>16,369</b>

Cash at bank earns interest at fluctuating rates based on daily bank deposit rates. Demand deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The terms and conditions upon which the Group's demand deposits are intended to allow immediate access to all cash deposits, with no significant loss of interest.

	Group		Company	
	2025 \$000	2024 \$000	2025 \$000	2024 \$000
<b>Cash and Cash Equivalents</b>				
Ukrainian Hryvnia	81,666	83,026	-	-
US Dollars	13,136	15,954	13,136	15,951
British Pounds	2,010	171	2,010	171
Euros	281	247	281	247
	<b>97,093</b>	<b>99,398</b>	<b>15,427</b>	<b>16,369</b>

The credit quality of cash and cash equivalents balances may be summarised based on Moody's ratings as follows as at 31 December:

	Cash at bank and on hand 2025 \$000	Short-term deposits	Demand deposits and term deposits with maturity less than 3 months 2025 \$000	Total cash and cash equivalents and other short- term investments 2025 \$000
A- to A+ rated	22,836	47,844	-	70,680
B- to B+ rated	26,169	-	-	26,169
C- to C+ rated	13	220	-	233
Unrated	11	-	-	11
	<b>49,029</b>	<b>48,064</b>	<b>-</b>	<b>97,093</b>
	Cash at bank and on hand 2024 \$000	Short-term deposits	Demand deposits and term deposits with maturity less than 3 months 2024 \$000	Total cash and cash equivalents and other short- term investments 2024 \$000
A- to A+ rated	16,372	-	-	16,372
B- to B+ rated	-	-	-	-
C- to C+ rated	23,114	-	-	23,114
Unrated	26,609	33,303	-	59,912
	<b>66,095</b>	<b>33,303</b>	<b>-</b>	<b>99,398</b>

For cash and cash equivalents, the Group assessed ECL based on the Moody's rating for rated banks and based on the local national rating agencies as at 31 December 2025 for non-rated banks. Based on this assessment, the Group concluded that the identified impairment loss was immaterial.

## 24. Trade and Other Payables

	Group		Company	
	2025 \$000	2024 \$000	2025 \$000	2024 \$000
Trade payables	334	315	174	46
Taxation and social security	35	1,035	27	25
Other payables	1,642	1,887	881	479
Advances received	1	49	-	-
	<b>2,012</b>	<b>3,286</b>	<b>1,083</b>	<b>550</b>

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature. Financial payables are disclosed in Note 30.

## 25. Provision for Decommissioning

	2025 \$000	2024 \$000
<b>Group</b>		
At the beginning of the year	8,276	7,305
Unwinding of discount	390	323
Change in estimate	(3,920)	1,432
Effect of exchange difference	(11)	(784)
At the end of the year	<b>4,735</b>	<b>8,276</b>

The provision for decommissioning is based on the net present value of the Group's estimated liability for the removal of the Ukrainian production facilities and well site restoration at the end of production life.

The non-current provision of \$4,735,000 (31 December 2024: \$8,276,000) represents a provision for the decommissioning of the Group's MEX-GOL, SV, VAS and SC production and exploration facilities, including site restoration.

The change in estimates applied to calculate the provision as at 31 December 2025 is explained in Note 4.

The principal assumptions used are as follows:

	31 December 2025	31 December 2024
Discount rate	4.69%	4.67%
Average cost of restoration per well (\$000)	346	307

The sensitivity of the restoration provision to changes in the principal assumptions to the provision balance and related asset is presented below:

	31 December 2025 \$000	31 December 2024 \$000
Discount rate (increase)/decrease by 1%	(890)/1,115	(961)/1,123
Change in average cost of well restoration increase/(decrease) by 10%	474/(474)	828/(828)

## 26. Deferred Tax

	2025 \$000	2024 \$000
<b>Deferred tax (liability)/asset recognised relating to oil and gas development and production assets at the MEX-GOL-SV fields and provision for decommissioning</b>		
At the beginning of the year	(5,796)	(4,976)
Charged to Income Statement - UK current year	(1,487)	(1,284)
Charged to Income Statement - UK prior year	-	-
Effect of exchange difference	45	464
<b>At the end of the year</b>	<b>(7,238)</b>	<b>(5,796)</b>
	2025 \$000	2024 \$000
<b>Deferred tax asset/(liability) recognised relating to development and production assets at the VAS field and provision for decommissioning</b>		
At the beginning of the year	363	352
Credited to Income Statement - overseas current year	69	47
Effect of exchange difference	(5)	(36)
<b>At the end of the year</b>	<b>427</b>	<b>363</b>

There was a further \$67,020,914 (31 December 2024: \$68,480,000) of unrecognised UK tax losses carried forward for which no deferred tax asset in the amount of \$16,755,229 has been recognised. These losses can be carried forward indefinitely, subject to certain rules regarding capital transactions and changes in the trade of the Company. However, as at the balance sheet date, there is no evidence that taxable profit will be available against which the unused tax losses can be realised.

The deferred tax asset relating to the Group's provision for decommissioning as at 31 December 2025 of \$715,000 (31 December 2024: \$615,000) was recognised on the tax effect of the temporary differences of the Group's provision for decommissioning at the MEX-GOL and SV fields, and its tax base. The deferred tax liability relating to the Group's development and production assets at the MEX-GOL and SV fields as at 31 December 2025 of \$7,953,000 (31 December 2024: \$6,411,000) was recognised on the tax effect of the temporary differences between the carrying value of the Group's development and production asset at the MEX-GOL and SV fields, and its tax base. The deferred tax liability will be settled more than twelve months after the reporting period.

The deferred tax asset relating to the Group's provision for decommissioning as at 31 December 2025 of \$216,000 (31 December 2024: \$355,000) was recognised on the tax effect of the temporary differences on the Group's provision on decommissioning at the VAS field, and its tax base. The deferred tax asset relating to the Group's development and production assets at the VAS field as at 31 December 2025 of \$211,000 (31 December 2024: \$8,000) was recognised on the tax effect of the temporary differences between the carrying value of the Group's development and production asset at the VAS field, and its tax base. The deferred tax asset is expected to be recovered more than twelve months after the reporting period.

Losses accumulated in a Ukrainian subsidiary service company of UAH1,857,716,846 (\$43,826,687) as at 31 December 2025 and UAH1,574,676,772 (\$37,457,522) as at 31 December 2024 mainly originated as foreign exchange differences on inter-company loans and for which no deferred tax asset was recognised as this subsidiary is not expected to have taxable profits to utilise these losses in the future.

As at 31 December 2025 and 2024, the Group has not recorded a deferred tax liability in respect of taxable temporary differences associated with investments in subsidiaries as the Group is able to control the timing of the reversal of those temporary differences and does not intend to reverse them in the foreseeable future.

## Double tax treaty

In accordance with the Double Tax Treaties between Ukraine and the United Kingdom, the Group accrues and pays withholding tax on current amounts of interest at the moment when such interest accrues and is paid.

## 27. Called Up Share Capital

	Number	2025 \$000	Number	2024 \$000
<b>Allotted, called up and fully paid</b>				
Opening balance as at 1 January	<b>320,637,836</b>	<b>28,115</b>	320,637,836	28,115
Issued during the year	-	-	-	-
Closing balance as at 31 December	<b>320,637,836</b>	<b>28,115</b>	320,637,836	28,115

There are no restrictions over any ordinary shares issued. The Company is a public company limited by shares.

## 28. Other Reserves

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at any general meeting of shareholders.

Other reserves, the movements in which are shown in the statements of changes in equity, comprise the following:

### Capital contributions reserve

The capital contributions reserve is non-distributable and represents the value of equity invested in subsidiary entities prior to the Company listing.

### Merger reserve

The merger reserve represents the difference between the nominal value of shares acquired by the Company and those issued to acquire subsidiary undertakings. This balance relates wholly to the acquisition of Regal Petroleum (Jersey) Limited and that company's acquisition of Regal Petroleum Corporation Limited during 2002.

### Foreign exchange reserve

Exchange reserve movement for the year attributable to currency fluctuations. This balance predominantly represents the result of exchange differences on non-monetary assets and liabilities where the subsidiaries' functional currency is not the US Dollar.

## 29. Reconciliation of Operating Profit to Operating Cash Flow

	2025 \$000	2024 \$000
<b>Group</b>		
Operating (loss)/profit	(1,482)	29,386
Depreciation and amortisation	2,051	5,674
Less interest income recorded within operating profit	(9,215)	(7,914)
Fines and penalties	2	68
Net (gain)/loss on sale of non-current assets	(20)	(35)
<i>Change in working capital:</i>		
(Increase)/decrease in provisions	(18)	522
Decrease/(increase) in inventory	100	(501)
Decrease in receivables	2,041	8,500
(Decrease) in payables	(1,121)	(2,661)
<b>Cash (used)/generated from operations</b>	<b>(7,662)</b>	<b>33,039</b>
	2025 \$000	2024 \$000
<b>Company</b>		
Operating loss	(37,136)	(12,829)
Interest received	(613)	(920)
Depreciation	6	6
<i>Change in working capital:</i>		
Movement in provisions (including impairment of subsidiary loans)	34,108	10,021
(Increase)/decrease in receivables	(360)	101
Increase/(decrease) in payables	538	(1,307)
<b>Cash used in operations</b>	<b>(3,458)</b>	<b>(4,928)</b>

## 30. Financial Instruments

### Capital Risk Management

The Group defines its capital as equity. As at 31 December 2025, net assets were \$165,703,000 (31 December 2024: \$171,440,000). The primary source of the Group's liquidity has been cash generated from operations. The Group's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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.

The capital structure of the Group consists of equity attributable to the equity holders of the parent, comprising issued share capital, share premium, reserves and retained earnings.

There are no capital requirements imposed on the Group.

### Financial Risk Management

The Group's financial instruments comprise cash and cash equivalents and various items such as debtors and creditors that arise directly from its operations. The Group has bank accounts denominated in British Pounds, US Dollars, Euros and Ukrainian Hryvnia. The Group does not have any external borrowings. The main future risks arising from the Group's financial instruments are currently currency risk, interest rate risk, liquidity risk and credit risk.

The Group's financial assets and financial liabilities comprise the following:

<b>Financial Assets</b>	<b>2025</b>	<b>2024</b>
	<b>\$000</b>	<b>\$000</b>
<b>Group</b>		
Cash and cash equivalents	<b>97,093</b>	99,398
Trade and other financial receivables	<b>1,916</b>	4,125
Non-current receivables	<b>29</b>	51
	<b>99,038</b>	103,574
	<b>2025</b>	<b>2024</b>
	<b>\$000</b>	<b>\$000</b>
<b>Company</b>		
Cash and cash equivalents	<b>15,427</b>	16,369
Loans to subsidiary undertakings	<b>9,535</b>	30,170
	<b>24,962</b>	46,539
 <b>Financial Liabilities</b>		
	<b>2025</b>	<b>2024</b>
	<b>\$000</b>	<b>\$000</b>
<b>Group</b>		
Loans	<b>393</b>	-
Lease liabilities	<b>539</b>	835
Trade payables	<b>334</b>	315
Other financial liabilities	<b>392</b>	655
	<b>1,658</b>	1,805
	<b>2025</b>	<b>2024</b>
	<b>\$000</b>	<b>\$000</b>
<b>Company</b>		
Trade and other payables	<b>491</b>	245
	<b>491</b>	245

Financial assets and financial liabilities are measured at amortised cost, which approximates their fair value as the instruments are mostly short-term. Assets and liabilities of the Group where fair value is disclosed are level 2 in the fair value hierarchy and valued using the current cost accounting technique.

Financial instruments that potentially subject the Group to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable, and financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and loans to subsidiary undertakings.

### **Currency Risk**

The functional currencies of the Group's entities are US Dollars and Ukrainian Hryvnia. The following analysis of net monetary assets and liabilities shows the Group's currency exposures. Exposures comprise the monetary assets and liabilities of the Group that are not denominated in the functional currency of the relevant entity.

<b>Currency</b>	<b>2025</b>	<b>2024</b>
	<b>\$000</b>	<b>\$000</b>
British Pounds	<b>89</b>	383
US Dollars	<b>-</b>	1,363
Euros	<b>279</b>	242
<b>Net monetary assets less liabilities</b>	<b>368</b>	1,988

The sensitivity of the exchange rate of US Dollars is presented below:

	<b>31 December 2025</b>	31 December 2024
	<b>\$000</b>	\$000
Increase/(decrease) by 10%	<b>37/(37)</b>	63/(63)

The prior year comparative figures were amended to conform to the current year presentation.

### **Interest Rate Risk Management**

The Group is not exposed to interest rate risk on financial liabilities as none of the entities in the Group have any external borrowings. The Group does not use interest rate forward contracts and/or interest rate swap contracts as part of its strategy.

The Group is exposed to interest rate risk on financial assets as entities in the Group hold money market deposits at floating interest rates. The risk is managed by fixing interest rates for a period of time when indications exist that in the Group's opinion interest rates may move adversely.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section below.

### **Interest Rate Sensitivity Analysis**

The sensitivity analysis below has been determined based on exposure to interest rates for non-derivative instruments at the balance sheet date. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

If interest rates earned on money market deposits had been 0.5% higher / lower and all other variables were held constant, the Group's:

- profit for the year ended 31 December 2025 would increase by \$504,341 in the event of 0.5% higher interest rates and decrease by \$504,341 in the event of 0.5% lower interest rates (profit for the year ended 31 December 2024 would increase by \$372,385 in the event of 0.5% higher interest rates and decrease by \$372,385 in the event of 0.5% lower interest rates). This is mainly attributable to the Group's exposure to interest rates on its money market deposits; and
- other equity reserves would not be affected (2024: not affected).

Interest payable on the Group's liabilities would have an immaterial effect on the profit or loss for the year.

### **Liquidity Risk**

The Group's objective throughout the year has been to ensure continuity of funding. Operations have primarily been financed through revenue from its Ukrainian operations.

The table below shows liabilities by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows including future interest. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows and does not include the interest that will be accrued in future periods.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period. The maturity analysis of financial liabilities as at 31 December 2025 is as follows:

As at 31 December 2025	On demand and less than 1 month \$000	From 1 to 3 months \$000	From 3 to 12 months \$000	From 12 months to 5 years \$000	More than 5 years \$000	Total \$000
<b>Liabilities</b>						
Loan	-	-	-	1,919	-	1,919
Trade and other payables	334	-	-	-	-	334
Lease liabilities	30	61	243	147	309	790
Other non-current liabilities	-	18	-	73	110	201
<b>Total future payments, including future principal and interest payments</b>	<b>364</b>	<b>79</b>	<b>243</b>	<b>2,139</b>	<b>419</b>	<b>3,244</b>

The maturity analysis of financial liabilities as at 31 December 2024 is as follows:

As at 31 December 2024	On demand and less than 1 month \$000	From 1 to 3 months \$000	From 3 to 12 months \$000	From 12 months to 5 years \$000	More than 5 years \$000	Total \$000
<b>Liabilities</b>						
Trade and other payables	315	-	-	-	-	315
Lease liabilities	4	9	37	58	156	264
Other non-current liabilities	-	18	-	92	112	222
<b>Total future payments, including future principal and interest payments</b>	<b>319</b>	<b>27</b>	<b>37</b>	<b>150</b>	<b>268</b>	<b>801</b>

Details of the Group's cash management policy are explained in Note 23.

Liquidity risk for the Group is further detailed under the Principal Risks section above.

### Credit Risk

Credit risk principally arises in respect of the Group's cash balance. For balances held outside Ukraine, where \$15,427,116 of the overall cash and cash equivalents is held (31 December 2024: \$16,368,991), the Group only deposits cash surpluses with major banks of high quality credit standing (Note 23). As at 31 December 2025, the remaining balance of \$81,666,128 of cash and cash equivalents was held in Ukraine (31 December 2024: \$83,028,813 of cash and cash equivalents was held in Ukraine). As at 31 December 2025, Standard & Poor's affirmed Ukraine's sovereign credit rating of 'CCC', Outlook Positive. There is no international credit rating information available for the specific banks in Ukraine where the Group currently holds its cash and cash equivalents.

The Group has taken steps to diversify its banking arrangements between a number of banks in Ukraine and increased the quality of cash placed with UK and European banking institutions. These measures are designed to spread the risks associated with each bank's creditworthiness. Management considers the credit risk to be immaterial.

## Interest Rate Risk Profile of Financial Assets

The Group had the following cash and cash equivalent balances which are included in financial assets as at 31 December with an exposure to interest rate risk:

Currency	Total 2025 \$000	Floating rate financial assets 2025 \$000	Fixed rate financial assets 2025 \$000	Total 2024 \$000	Floating rate financial assets 2024 \$000	Fixed rate financial assets 2024 \$000
Euros	281	281	-	247	247	-
British Pounds	2,010	2,010	-	171	171	-
Ukrainian Hryvnia	81,666	-	81,666	83,026	-	83,026
US Dollars	13,136	13,136	-	15,954	15,954	-
	<b>97,093</b>	<b>15,427</b>	<b>81,666</b>	<b>99,398</b>	<b>16,372</b>	<b>83,026</b>

Cash deposits included in the above balances comprise term deposits with maturity less than 3 months of \$48,064,000 (2024: term deposits with maturity less than 3 months of \$33,303,000).

As at 31 December 2025, cash and cash equivalents of the Company of \$13,417,000 were held in US Dollars and Euros at a floating rate (2024: \$16,199,000).

## Interest Rate Risk Profile of Financial Liabilities

As at 31 December 2025 and 2024, the Group had no interest bearing financial liabilities.

## Borrowing Facilities

As at 31 December 2025 and 2024, the Group did not have any borrowing facilities available to it.

## Fair Value of Financial Assets and Liabilities

The fair value of all financial instruments is not materially different from their book value.

## 31. Contingencies and Commitments

Amounts contracted in relation to the Group's 2025 investment programme in the MEX-GOL, SV, VAS and SC fields in Ukraine, but not provided for in the financial statements at 31 December 2025, were \$7,326 related to Oil and Gas Exploration and Evaluation assets and \$314,955 related to Oil and Gas Development and Production assets (2024: \$0 related to Oil and Gas Exploration and Evaluation assets and \$461,000 related to Oil and Gas Development and Production assets).

## 32. Related Party Disclosures

Key management personnel of the Group are considered to comprise only the Directors. Details of Directors' remuneration are disclosed in Note 8.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Total	LLC Smart Energy	Other	Total	LLC Smart Energy	Other
	2025 \$000	2025 \$000	2025 \$000	2024 \$000	2024 \$000	2024 \$000
Sale of goods/services	176	-	176	20	13	7
Purchase of goods/services	(873)	(40)	(833)	824	258	566
Loans received from related parties	(1,864)	-	(1,864)	-	-	-
Loans made to related parties	1,525	-	1,525	-	-	-
Interest	(55)	-	(55)	-	-	-
Amounts owed by related parties	12	4	8	13	9	4
Amounts owed to related parties	(148)	(5)	(143)	73	3	70

All related party transactions were with subsidiaries of the ultimate Parent Company, and primarily relate to inter-group loans, as well as the sale of gas, the rental of office facilities and a vehicle and the sale of equipment. The amounts outstanding have been or will be settled in cash.

In the year, the Group made loans to and received loans from subsidiaries of the ultimate Parent Company. These loans are nominated in Great British Pounds with the maturity date of March 2028. The full value of the loans in the year are as stated above and remained outstanding in accordance with their terms at year end.

As at the date of this report, none of the Company's controlling parties prepares consolidated financial statements available for public use.

### 33. Post Balance Sheet Events

The ongoing war in Ukraine means that the fiscal, economic and humanitarian situation in Ukraine is unstable and extremely challenging and the final resolution and consequences of the ongoing war are hard to predict, but they may have a further serious impact on the Ukrainian economy and business of the Group. Management continues to identify and mitigate, where possible, the impact on the Group, but the majority of these factors are beyond their control, including the duration and severity of war, as well as the further actions of various governments and diplomacy.

### 34. Auditor's Limitation Liability Agreement

It is proposed that an Auditor's Limitation of Liability Agreement in respect of the financial year ended 31 December 2025 between the Company and Zenith Audit Ltd will be entered into following shareholders approval being obtained at the next Annual General Meeting of the Company. The principal terms and conditions of such Agreement are set out below:

- The Agreement limits the amount of any liability owed to the Company by the Auditor in respect of any negligence, default, breach of duty or breach of trust, occurring in the course of the audit of the Company's financial statements for the year ended 31 December 2025, for which the Auditor may otherwise be liable to the Company.
- The Agreement also stipulates the maximum aggregated amount payable in event of any of the circumstances stated above.