ENERGYPATHWAYS PLC

REGISTERED NUMBER: 13201653

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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COMPANY INFORMATION

Directors	Mark Steeves Benedict Clube Max Williams Graeme Marks Horacio Carvalho
Company Secretary	Max Williams
Registered Number	13201653
Registered Office	Highdown House Yeoman Way Worthing West Sussex BN99 3HH
Independent Auditors	**RPG Crouch Chapman LLP** Chartered Accountants & Statutory Auditors 40 Gracechurch Street London EC3V 0BT
Nominated Adviser	**Cairn Financial Advisers LLP** 9th floor, 107 Cheapside London EC2V 6DN
Solicitors	**Reynolds Porter Chamberlain** Tower Bridge House St Katherine's Way London E1W 1AA
Joint Brokers	**SP Angel Corporate Finance LLP** 35-39 Maddox Street London W1S 2PP **Global Investment Strategy UK Limited** 2nd floor, Solar House 915 High Road, London EC3R 6DP
Registrar	**Share Registrars** 3 The Millenium Centre Crosby Way Farnham GU9 7XX

Chairman's Statement

I am very pleased to be writing now, to EnergyPathways plc shareholders, following the Company's first full year of trading as a publicly quoted company for the period ending 31 December 2024.

2024 was an eventful year, both for EnergyPathways and our market in general, during which we have made material strategic progress.

Financial Results

The Group incurred a loss for the year of £1,203,671 (compared to a loss of £1,860,916 for the year to 31 December 2023). Losses mainly arose from expenses in connection with staff remuneration and technical and other consultancy fees, the costs of being an AIM quoted company, and general administration expenses.

Cash used in operations totalled £619,732 (2023: £372,913).

Backdrop

The Company raised £2 million (before expenses) at the end of 2023, and was admitted to AIM by way of a reverse takeover of Dial Square Investments PLC.

We went into 2024 determined to effect a fast-track development of the Marram gas field in the East Irish Sea. It is important to note that, as the name of the Company illustrates, we have always intended to pursue opportunities arising from Energy Transition. An initial fast-track gas field development would have contributed early cashflow to fund the further development of the wider project. However, the change of Government in July 2024 prompted a review of our strategy, resulting in our decision to pursue our vision for a fully-integrated energy storage operation.

The Pivot

In August 2024, the new Labour Government's commitment to Net Zero led us to announce MESH – the Marram Energy Storage Hub – a vision which now encompasses the development of the Marram gas field to become a gas storage facility, plus the creation of up to twenty salt caverns with potential for the storage of compressed air and hydrogen. The whole MESH project will benefit from decarbonisation, electrification, use of curtailed wind power and collaboration with other initiatives in the region. Our vision and resulting strategy now align closely with Labour's commitment to Net Zero.

We have engaged with several Tier-one companies, culminating in the selection of Wood Group UK Limited, a subsidiary of Wood plc, as lead engineering partner for MESH in December 2024 and, since the year-end the appointment of PDi to provide engineering study support, and of Zenith Energy Ltd for its expertise in well engineering and operation.

The Company has explored multiple sources of project finance. In October 2024, we announced a Convertible Loan Agreement with Global Green Asset Financing Limited, an innovative new fund specifically designed to support new businesses in the Energy Transition space. We continue to explore other sources of project financing that would be available alongside this facility, once we have been granted the requisite licences.

The Company has submitted a gas storage licence application to the NSTA and keenly await its outcome. This licence will enable the gas storage and hydrogen storage project to move ahead. In addition, following in-house concept engineering studies for a hybrid compressed air energy storage component, we intend to submit a licence application to the Marine Management Organisation. Alongside these applications, EnergyPathways is participating in the Government's Hydrogen Storage Design Group and has joined Hydrogen UK, the UK's leading trade association supporting organisations to develop, scale up and deploy hydrogen solutions in the belief that EnergyPathways has the potential to become a key player in the UK's transition to Net Zero.

As the Company's vision and strategy evolved through the period, so did the composition of our Board with Steve West, Non-Executive Director, and Ben Hodges, Chief Financial Officer, resigning from the Board on 28 February 2025 and on 31 March 2025 respectively.

Since the year end, the board welcomed Max Williams to the board as CFO, who has extensive experience as a Chief Financial Officer and Company Secretary, gained at London listed oil and gas company, Aminex plc from 1994 to 2019. He is also Finance Director of AIM quoted Great Western Mining Corporation PLC.

The Board will appoint an additional non-executive director in due course as we seek to ensure the Board is appropriately sized for the Company's growth journey.

Investor understanding of the Company's acceleration of the MESH project has led to significant liquidity of the Company's shares. Certain investors, in particular those that were shareholders of

Dial Square Investments Plc, have sold their shares, having made significant gains. Meanwhile, we have welcomed many new shareholders who recognise the scale of MESH and the excellent growth opportunities now available to our Company.

Looking forward

In April 2025, we raised £743,692 from identified investors and 'cornerstone' shareholders who were given the opportunity to 'follow their money' in anticipation of the award of the three licences we have applied for gas and hydrogen storage, gas production and compressed air storage Board members Ben Clube, Graeme Marks, Horacio Carvalho and I, all subscribed for new shares in the fundraise, demonstrating our collective belief in the investment proposition and our alignment with our shareholders' interests.

Investing in the foundations for growth

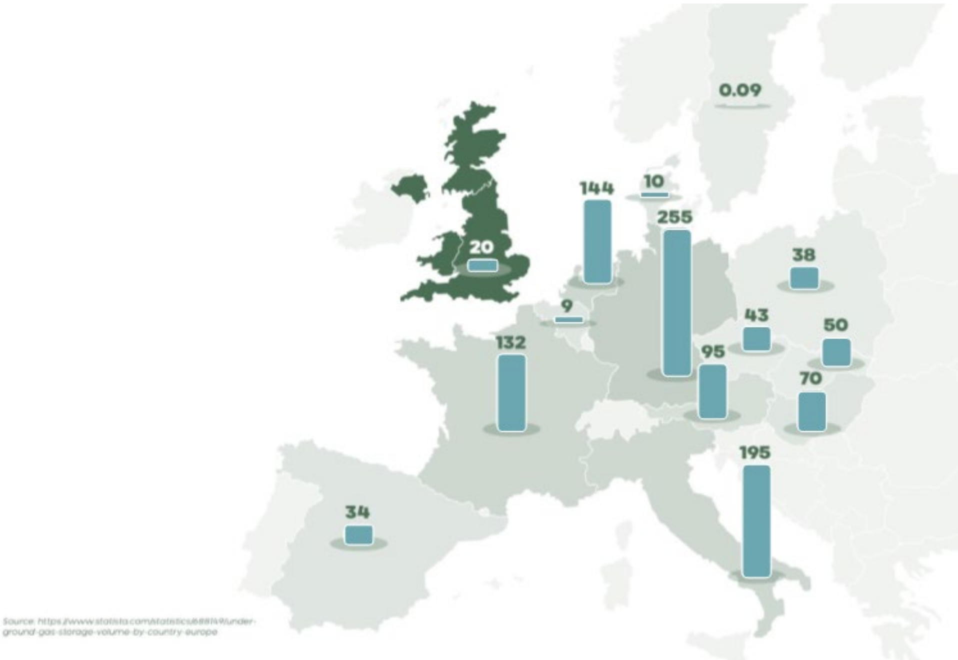
We have invested in the skills, experience and vision of our technical and operational team, whom I commend; Peter Nicholls, Derek Grimmer, Kim Hosgood, James Poole and Simon Nicol. This team, led by our CEO, Ben Clube, with the support of fellow executive director, Graeme Marks, has worked tirelessly together and alongside our appointed technical contractors over the last year to progress MESH through pre-FEED and bring EnergyPathways to a point where we are now actively engaging with the Government and regulators to gain approval for our investment proposition.

We are now focused on fine-tuning our business model, maximising the underlying technologies, identifying other technologies and other locations where we will be able to develop additional growth projects similar to MESH whilst forging new partnerships and joint ventures to facilitate growth.

Business Outlook

The Government remains wedded to Net Zero by 2030, committed to continued rollout of renewable energy whilst recognising the important role that Long Duration Energy Storage (LDES) plays in providing energy security for UK.

The Company believes the significance of gas storage is a fundamental component of any LDES initiative by the Government. In times gone by, no sensible homeowner went into winter without a store of chopped, seasoned wood. No more should we today be without gas storage.



In this context we believe that in MESH we are delivering a much needed project that aligns with the many moving strands of UK energy policy, including the key areas of focus being:

- decarbonisation;
- reutilisation of existing infrastructure;
- the protection of the environment; and
- electrification

These ambitions are consistent with our strategy. We are committed to them while we also seek to be pragmatic, commercial and technically innovative in pursuit of a just and commercially achievable Energy Transition.

Finally, I commend our team, our contractors and advisers, my fellow Directors and, especially our CEO, Ben Clube. We are fortunate to have such a talented team with an exceptional reserve of technical capability and strategic vision. This talent has been leveraged throughout the year to progress a complex and unique project to a "first mover" position and we look forward to obtaining the requisite approvals in the near-term so that we can progress the concept of MESH to a financial and operating reality for the benefit of our shareholders and the UK as a whole.

Mark Steeves
Chairman

27 June 2025

CEO's Report

EnergyPathways' proposed MESH energy storage project is designed to align to the various strands of Government policy to deliver, by 2030, an integrated energy solution of national significance. It balances Net Zero ambitions with shoring up energy security, while reducing the burden of Net Zero costs on consumer energy bills. MESH is being designed as a fully integrated energy hub, linking hydrogen, compressed air and natural gas storage with regional wind power, using repurposed existing gas infrastructure.

Building a leading position in the energy storage sector

Energy storage is crucial to the UK's national security and to its Net Zero ambitions.

This past year has seen energy storage materialise as a Government priority, consolidating the Company's view that storage will be a multi-billion pound growth sector within the UK's energy transition.

Centrica has cautioned that the UKs largest gas storage facility, Rough, could shut down soon, leaving the UK with only 6 days of stored gas supply. Rough's closure threatens not just the UK's energy security, but also the Government's Net Zero plans, which rely heavily on a secure and reliable source of gas for backup power when wind is not available.

The recent blackouts that hit Spain, Portugal and France in April are a stark reminder of the fragility of renewable-dominated grids which lack adequate backup power and storage to stabilise power supply.

The Prime Minister, who has said that "energy security is national security", will expect solutions and fast. The UK's gas storage capacity is already a mere fraction of that of most European countries.

Centrica has proposed a £2 billion redevelopment of Rough, which requires Government financial support to proceed. With the costs of the Government's Net Zero policies mounting on consumer bills, it appears the Government is reluctant to prioritise taxpayer money for Rough, however, it has recognised that more energy storage is critical to meet its Clean Energy 2030 ambitions and is searching for convincing solutions.

EnergyPathways believes the country's significant untapped geo-storage potential offers a cost-effective solution. It is an overlooked piece of the UK's Net Zero puzzle to ensure Britain has a secure supply of low carbon energy at consistently affordable prices.

The Company has developed with its MESH project an excellent "first mover" position with significant value potential for its shareholders.

Despite the Government's best intentions to diversify the nation's energy offering with a shift to renewables, Britain will still depend on gas. Gas generates almost a third of our electricity and heats more than four out of five of our homes.

Gas-fired power generation is critical to providing the necessary backup power when wind is not available. Regardless of the technologies the Government plans to use to decarbonise this back up power, such as carbon capture and storage (CCS) linked gas power or blue hydrogen, its Net Zero ambitions still depend on a reliable source of gas.

With Britain expecting to import 80% of its gas demand by 2030, a resilient gas supply chain will be crucial to prop up our energy security. Sourcing gas from our own storage can safeguard Britain's energy independence and help neutralise Britain's direct exposure to the "rollercoaster of volatile international markets".

With the UK already having low levels of gas storage, Rough's closure would further erode our energy security.

More energy storage is needed for reliable power

Chris Stark, head of the Government's "mission control" for clean power, said a "clear priority" that had emerged from the report of November 2024 by the National Energy System Operator (NESO) was "the need for more energy storage". It is not hard to see why. The report lays bare the huge overall scale of the challenge to reach clean power by 2030 and its colossal cost. The Government's plan requires a spending programme averaging an eye watering £40 billion or more annually. Without the right policy mix in place, much of this investment is at risk of being passed onto consumers' bills.

The backbone of the Government's plan for achieving clean power by 2030 is a massive expansion of wind power targeting a capacity that is three times Britain's total current average demand for electricity. Additionally, it requires the ageing UK grid infrastructure to be upgraded to accommodate the variable supply and remote locations of wind farms. Further, the Government plans to install new decarbonised backup power capacity for when the wind does not blow.

The UK is already, on a regular basis, wasting its abundant wind energy under the subsidised Contracts for Difference arrangements with wind developers. NESO expects the cost to consumers of this wasted wind, or "curtailments", to surge to around £6 billion by 2030.

Our MESH project offers a real and practical solution. It can help cut the subsidy costs being passed onto consumer power bills by:

- reducing costs of excess wind and curtailments;
- reducing the need for expensive network upgrades;
- decreasing our reliance on costly standby gas-fired capacity; and
- limiting the buildout of high-cost separate decarbonised backup power.

A pragmatic 'ready to go' solution

EnergyPathways has made substantial progress advancing the MESH project. It has completed pre-feasibility and concept engineering for gas storage, hydrogen storage and LDES using compressed air technology. Since the year-end, it has appointed Wood Group UK Limited, a subsidiary of Wood plc, as its lead engineering partner and Zenith Energy Limited which will fulfil the role of the Company's well engineering department and provide other services. A number of Tier 1 strategic partners are also engaged on the project. The Company is now poised to progress the development, subject to the Government giving its green light to the project with the award of hydrogen and gas storage licences.

MESH, to be located off the Lancashire coast, offers a fit-for-purpose, swift and cost-effective way of increasing the UK's gas storage to safeguard future energy security. The Company is in the process of obtaining the required gas storage licence and gas production licence and is preparing to submit an application for the compressed air facility in the second half of 2025. When completed, MESH will potentially become the UK's largest gas storage facility with up to 60 billion cubic feet of gas, comparable in size to the existing Rough facility. With a target development cost projected to be under £200 million, it will be significantly more economical compared to the proposed Rough redevelopment.

MESH, when developed, will also be Europe's largest LDES facility. It will use large scale salt caverns along with proven compressed air storage and hydrogen technologies to harness the UK's excess and increasingly wasted wind power at scale. In doing so, it will help contribute to saving the Government, and therefore consumers, billions in costly subsidies. Its design is future-proofed so that it can be expanded to also store hydrogen when Britain's hydrogen economy becomes commercially viable.

The integrated nature of MESH's energy storage facilities allows it to supply low-carbon, dispatchable power over multi-day periods, with a target capacity of up to 400 MW. The cost of this low-carbon flexible power solution will be highly competitive in comparison to CCS linked gas power, battery energy storage systems, and hydrogen to power solutions.

Private investors and leading British companies alike are recognising the potential of MESH and its ability to bolster the nation's energy security, tackle the rising costs of Net Zero and reignite employment in the UK's offshore sector. If the Government's Clean Energy 2030 ambitions are to stand a chance of success, pragmatic, common-sense solutions such as MESH – projects that do not require government subsidy – are poised to deliver on the nation's clean energy ambitions.

We look forward to the coming year to build out the significant value of MESH for our shareholders and grow the Company to become a true leader in energy transition.

Ben Clube
Chief Executive Officer

27 June 2025

Board of Directors

Mr. Mark Steeves – Chairman and Non-Executive Director

Mr. Steeves has 40 years' experience in energy service sectors, shipping, procurement, turnkey engineering, insurance and investment banking. He is an experienced non-executive director and is presently Chair of VSA Capital Group PLC. Mr. Steeves is a Co-founder of The Geological Society Business Forum.

Mr. Benedict "Ben" Clube - Chief Executive Officer and Director

Mr. Clube is the founder of EnergyPathways. He has 30+ years' commercial, finance and operations upstream experience. Previously, as a director at FAR Ltd he was responsible for building the Africa business, breakthrough M&A and commercial deals, leading to world class oil discoveries offshore Senegal. He was previously a Vice President Finance at BHP Petroleum with leadership roles in numerous international development and gas commercialisation projects in UKCS, Australia, USA, Africa, and Asia.

Mr. Max Williams – Finance Director and Director

Mr. Williams is a Chartered Accountant with over 30 years' experience at listed companies operating in the natural resources industry, where his responsibilities have included financial and management reporting, corporate governance and corporate finance. Mr. Williams was previously the Finance Director of Aminex PLC, the main board London listed oil and gas exploration, development and production company, where for over 25 years he was responsible for controlling the finances and reporting of group and joint venture interests in various jurisdictions including Tanzania, USA, Russia, Tunisia, Kenya and Madagascar. He also served as the Company Secretary for Aminex PLC from 1999 to 2017. Since 2019 he has served as the Finance Director and Company Secretary of Great Western Mining Corporation PLC.

Mr. Graeme Marks – Asset Manager and Director

Mr. Marks has 30+ years of broad upstream experience gained mainly with Shell. A geologist by background, he led a number of technical and NBD/M&A gas commercialisation projects across multiple jurisdictions and more recently on global unconventional gas resource plays. During his time at Shell, Mr.Marks developed an in depth understanding of the undeveloped gas potential of the East Irish Sea. He is a Chartered Geologist, a Fellow of the Geological Society of London and a member of the Association of International Petroleum Negotiators (AIPN).

Mr. Horacio Carvalho – Non-Executive Director

Mr. Carvalho has more than 40 years' experience developing projects in energy, cleantech, renewables and other sustainable sectors. He holds a number of board positions, including being CEO of Climate Change Ventures Limited, which provides financial services to climate change related businesses, Hydrogen Ventures Limited, a UK based green hydrogen project developer and Resero Gas Ltd, a UK based developer and operator of LNG gas terminals. Previously, Mr. Carvalho founded and ran General des Eaux, a Portugal-based water processing and supply company serving 25,000 households as well as having experience in waste recycling, carbon credit and biodiesel trading.

Directors’ Strategic Report for the Period Ended 31 December 2024

The Directors present their Strategic Report of EnergyPathways plc (the “Company” or “EnergyPathways”, and collectively with its Subsidiary Companies, the “Group”) for the year ended 31 December 2024.

Objectives

EnergyPathways is developing low emissions energy solutions to satisfy the growing demand for home-grown clean energy for the UK as it transitions to Net Zero.

Our initial focus is to develop the 100% owned and operated Marram Energy Storage Hub (“MESH”) Project. MESH is a new large scale energy storage facility that is expected to provide a secure and dependable supply of natural gas and green hydrogen for the UK market for over 20 years. MESH is expected to be the UK's largest natural gas, hydrogen and compressed air energy storage facility and will be able to store in excess of 700 million therms of energy. Production operations are expected to start from the end of 2027 to ensure a reliable and secure supply of energy for the UK. MESH has been designed as a fully decarbonised and electrified zero emission facility that is to be powered by the renewable wind farms of the UK Irish Sea region. EnergyPathways aims to play a leading role in supporting the UK's energy transition and development of a hydrogen economy.

Our medium-term focus is to innovate and integrate emerging technologies and existing energy systems with the undeveloped gas resources of the East Irish Sea to support the UK’s clean-energy transitions by providing the UK with energy security. Potential energy solutions include gas to power, flexible power generation, gas storage, hydrogen production, compressed air storage and integration with CCS (carbon capture & storage) of the region.

Strategy and Business Model

EnergyPathways recognises that the transition to Net Zero is changing the energy landscape for good. A more sustainable energy future will require non-traditional energy approaches and solutions. The Company is targeting lower emission energy solutions that provide affordable reliable energy to the UK market while offering security of energy supply and commercial returns to attract investment, and demands that its projects also have potential to integrate new technologies and energy systems (such as gas to power, renewables, CCS, compressed air and hydrogen) in support of the pathway to develop a lower carbon economy. EnergyPathways recognises the UK Government demand for fast tracking domestic gas supply that can contribute to reduced emissions and offer security of supply in the near term.

Operational Review and Outlook

A full review of the operations, financial position and outlook are set out in the Chairman’s Statement.

Key Performance Indicators

Success for EnergyPathways will be the successful development of its maiden project, the MESH Storage Project. That achievement will be the foundation for further development of the opportunities to deliver value on its operational objective of bringing into production, in the near-term, low emission energy solutions to assist with the UK's transition to Net Zero while also providing critical supply to ensure domestic energy security, while delivering value for shareholders.

ESG Reporting

EnergyPathways plc is committed to operating responsibly and sustainably and recognises the critical role it plays in the environment, society, and governance in the energy sector.

Our ESG strategy is integral to our mission and values and reflects our commitment to contributing responsibly and positively to the environment and to communities we serve while delivering long-term value to our stakeholders.

EnergyPathways plc qualified as a low energy user in the year ending 31 December 2024, and accordingly is not required to disclose energy consumption and Greenhouse Gas GHG emission information.

The Company is dedicated to implementing best practices in relation to ESG and is actively seeking innovative solutions and partnerships to enhance its ESG performance in particular in our focus area of the UK energy sector. We are committed to being a responsible energy provider, and our mission is to make a significant contribution to a sustainable future for the UK.

We recognise that sustainability is a continuous journey, and we are progressing with an ongoing programme of improvements in our ESG practices. We continue to seek innovative solutions and partnerships to enhance our ESG performance.

As we move towards an operational regime, EnergyPathways plc will be rolling out and implementing a Company ESG policy, procedures and reporting as the Company progresses towards production that will meet the following criteria.

Environmental Commitment

1. Climate Change and Emissions Reduction:

- Reduce greenhouse gas emissions across our operations and run, where possible, all operations with renewable power or net zero solutions.
- Implement advanced technologies and operational practices to enhance energy efficiency and minimise our carbon footprint.

2. Sustainable Resource Management:

- Committed to sustainable sourcing and utilisation of natural resources.
- Investing in research and development of alternative energy sources and renewable energy integration.

3. Environmental Protection:

- Conducting regular environmental impact assessments and adhering to stringent environmental regulations.
- Promoting biodiversity and protecting natural habitats in areas where we operate.

Social Responsibility

1. Health and Safety:

- Ensuring the highest standards of health and safety for our employees, contractors, and communities.
- Providing continuous training and resources to maintain a safe working environment.

2. Community Engagement:

- Engaging with local communities to understand their needs and contribute to their development.
- Supporting community projects, educational initiatives, and local businesses.

3. Employee Wellbeing and Development:

- Fostering a diverse, inclusive, and equitable workplace where all employees are valued and supported.
- Offering professional development programs and career advancement opportunities.

Governance Practices

1. Ethical Business Conduct:

- Upholding the highest standards of integrity, transparency, and accountability in all our operations.
- Ensuring compliance with all relevant laws, regulations, and ethical standards.

2. Stakeholder Engagement:

- Maintaining open and honest communication with our stakeholders, including investors, employees, customers, and regulatory bodies.
- Regularly reporting on our ESG performance and progress.

3. Risk Management:

- Implementing robust risk management frameworks to identify, assess, and mitigate potential risks.
- Continuously monitoring and improving our governance practices to adapt to evolving challenges.

Principal Risks and Uncertainties

Risk area	Description	Mitigation
Government policy	The laws and regulations governing the UK energy sector are subject to the interpretation and implementation by relevant Government regulatory bodies and the continuity of UK Government energy and emissions policy, strategy, laws and regulations, and their interpretation and implementation by relevant Government regulators cannot be assured.	The Group maintains close contact and an open dialogue with UK regulatory government bodies to ensure that it is up to date with, and has a firm understanding of any changes to the regulatory environments in which it operates. The Group consults industry experts on these matters when required. The Group will apply for licences in accordance with regulatory and legal guidelines and will ensure legal title and licence fee obligations are all maintained in good standing.
Funding risk (MESH Storage Project)	The business plan requires substantial capital expenditure to complete Phase 2 of its development plan and the future expansion and development of the Group's business may also require additional capital. This funding is not yet contractually committed and there can be no guarantee that this funding will be available to the Group when it is needed.	The Group maintains tight controls over cash and monitors expenditure to budget closely. The Group has commenced discussions for the provision of debt to finance an element of the project's development, although binding terms for debt finance have not yet been reached. The Group is investigating alternative financing options for the development of its MESH Storage Project including equity, debt finance and industry participation.

Risk area	Description	Mitigation
Personnel	Gas development and storage activities are dependent on the availability of skilled personnel, drilling and related equipment in the particular areas where such activities will be conducted. Demand for such personnel or equipment, or access restrictions may affect the availability to the Group. The loss of key directors and key management personnel may have a negative impact on the Group's ability to execute its business strategy.	The Group's ability to execute its business plan is dependent on the quality of its directors and key personnel. The Group ensures that its directors and key personnel collectively possess a diverse and extensively experienced skill set and seeks to retain its key staff by offering remuneration packages at competitive marketplace rates.
Commodity price volatility	Gas prices are highly volatile, and lower gas prices will negatively affect the Group's financial position, capital expenditures and results of operations.	The Group has yet to enter into production so near-term price volatility has little effect on ongoing activities. The Group believes that the recent low level of investment in new exploration and development projects in the UK will lead to an undersupply of available domestic gas, and gas storage capacity, with the alternative being gas from higher priced, more carbon intensive LNG gas imports, making domestically produced gas that is lower cost and lower in carbon emissions a more attractive option to both the UK Government and consumers alike.
Operational risk	Gas development and storage is a capital intensive activity and involves numerous risks and substantial and uncertain costs that could adversely affect the Group.	The Group has ongoing discussions with host infrastructure operators in the East Irish Sea regarding tie-back options for the development of the MESH Storage Project.

Risk area	Description	Mitigation
Environmental risk	Project development can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities.	The Group has not yet entered into production however it hopes to in the foreseeable future. The Group will ensure that robust crisis management and emergency response processes are in place and tested against. The Group actively monitors the political, economic and social situation in areas where we do business, including business continuity plans tailored to pre-defined levels of alert.

Duty to Promote the Success of the Group

The Directors believe they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- consider the likely consequences of any decision in the long term;
- act fairly between the members of the Group;
- maintain a reputation for high standards of business conduct;
- consider the interests of the Group's employees;
- foster the Group's relationships with suppliers, and others; and
- consider the impact of the Group's operations on the community and the environment.

The Group's operation is the management of energy assets. The Board has identified its key stakeholders as its customers, shareholders, employees and suppliers. The Board keeps itself appraised of its key stakeholders' interests through a combination of both direct and indirect engagement, and the Board has regard to these interests when discharging its duties.

Careful consideration is given to the long-term consequences of decision making. The Board has determined that the key to the Group's success, and a prime strategic objective, is to reach Final Investment Decision to develop its maiden project, known as the MESH Storage Project. The Group will also seek to secure additional projects to its portfolio.

The Board considers the Group's major stakeholders to include employees, suppliers, partners, regulatory bodies and shareholders. When making decisions, consideration is given to the interest of each stakeholder group individually and collectively. Certain decisions require more weight attached to some stakeholders than others and while generally seeing the long-term interest of the shareholders as of primary importance, the Directors consider those interests are best served by having regard to the interests of the other key stakeholder groups and, in fact, to all of the s172 considerations.

Given the size of the Group and the nature of its business, there are only a few employees, however, the Board considers the Group's employees essential to the success of the Group. The Board has identified personnel risk as being a key risk area facing the Group and has the following risk mitigation in place: the Group's ability to execute its business plan is dependent on the quality of its directors and key personnel. The Group ensures that its directors and key personnel collectively possess a diverse and extensively experienced skill set and seeks to retain its key staff by offering remuneration packages at competitive marketplace rates.

The Board ensures that the Group endeavours to maintain good relationships with its suppliers through contracting on standard business terms and paying promptly, within reasonable commercial terms. In addition to communicating through news announcements made available on the Company's website, and through regulated market announcements, the Group also engages in supplier face-to-face meetings, email and telephone conversations with key contacts.

As is stated in the QCA Code Principle 3, "The Directors are very aware of the Group's corporate, environmental and social responsibilities. In pursuing its business objectives EnergyPathways is committed to delivering lasting benefit to the local communities and environments where it works as well as to its shareholders, employees and contractors." The Group strives to ensure that it operates in adherence to all applicable environmental and social standards and regulations, and seeks to ensure that suppliers engaged by the Group conduct their business activities with the same diligence.

As is stated in the QCA Code Principle 8, "The Directors strive to promote a corporate culture based on sound ethical values and behaviours". To that end, the Group has adopted a strict anti-corruption and whistle-blowing policy, but the Directors are not aware of any event to date that might be considered to breach this policy. The Executive Directors will ensure that external contractors are aware of, and comply with, this policy. The Board recognises its responsibility for setting and maintaining a high standard of behaviour and business conduct. There is no special treatment for any group of shareholders and all material information is disseminated through appropriate channels and available to all through the Group's corporate presentations, news releases and website as is described in more detail in QCA Code Principle 2.

The application of the s172 requirements can be demonstrated in relation to some of the key decisions made during the year to 31 December 2024:

- Allocation of the Group's capital in a way which the Directors believe offers significant long term returns to shareholders, while also ensuring that the Group retains flexibility to continue to deploy capital towards growth.

During the year to 31 December 2024, the Board assessed its current activities between the Board and its stakeholders, which demonstrated that the Board actively engages with its stakeholders and takes their various objectives into consideration when making decisions. Specifically, actions the Board has taken to engage with its stakeholders over the year to 31 December 2024 include:

- arranging meetings with certain stakeholders to provide them with updates on the Group's operational activities and other general corporate updates;
- developing an investor relations programme of meetings with existing and potential shareholders;

- attending the 2024 Annual General Meeting of Shareholders; and
- establishing a company culture and with the intention of enabling continuously improvement of company culture and morale as the Group continues to develop.

The Board believes that appropriate steps and considerations have been taken during the year so that each Director has an understanding of the various key stakeholders of the Group. The Board recognises its responsibility to contemplate all such stakeholder needs and concerns as part of its discussions, decision-making, and in the course of taking actions, and will continue to make stakeholder engagement a top priority in the coming years.

Approved on behalf of the Board on 27 June 2025 by:

Ben Clube
Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

The Directors recognise the importance of, and are committed to, high standards of corporate governance. Of the two widely recognised formal codes, the Directors have decided to adhere to the Quoted Companies Alliance's Corporate ("QCA") Governance code. The Group's compliance with this code is summarised below and can be found in full on the Group's website at: https://energypathways.uk/corporategovernance.

Governance Report

Introduction

The Group recognises the importance of, and is committed to, high standards of Corporate Governance. The Company adopted the Quoted Company Alliance Corporate Governance Code (2018) ("the Code"). It is believed that the QCA Code provides the Group with the framework to help ensure that a strong level of governance is maintained, enabling the Group to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders.

There follows a short explanation of how the Group will apply key principles. The other principles are stated on the Company's website:

Principle 1 – Strategy

Establish a strategy and business model which promotes long-term value for shareholders
The Group's strategy is to pursue energy solutions that offer cost effective, low emission and secure energy for the United Kingdom. It will:

- develop discovered gas assets utilising existing infrastructure to meet short term energy demand at significantly lower cost and carbon footprint than LNG imports;
- support the transition to net zero by supplying integrated energy hubs using hydrogen and renewable low emission technologies; and
- identify and develop reservoirs for CO2 sequestration to further support the drive to Net Zero emissions.

To this effect the Group has designed its foundation asset, the MESH Project, which is new large scale energy storage facility that is expected to provide a secure and dependable supply of natural gas and green hydrogen for the UK market for over 20 years. The Group is currently progressing work to reach Final Investment Decision, targeting Q4 2025.

Principle 2 – Shareholder's needs and expectation

Seek to understand and meet shareholders' needs and expectations
The Group supports an open and transparent dialogue with shareholders with the aim of ensuring shareholders' views on the performance of the Group are heard and shareholders' needs and objectives are understood.

The annual general meeting is a key part of the Group's investor relations strategy and shareholders are encouraged to participate, particularly private investors who have the opportunity to ask questions and raise issues, either formally during the meeting or informally with the Directors following conclusion of business.

Direct communication with shareholders is achieved primarily through the timely release of regulatory news, via a regulatory information service, which can be accessed through various channels, including the London Stock Exchange website and the Group's website.

https://www.londonstockexchange.com
energypathways.uk

The Group maintains an ongoing investor relations programme which includes individual meetings with institutional shareholders and analysts following the preliminary and half-year results, including presentations to institutions as well as face to face, or virtual, briefings for groups of shareholders. Ongoing shareholder communication is conducted regularly throughout the year on an ad hoc basis. The Directors aim to answer as many questions as possible in these sessions.

Principle 3 – Social responsibility

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Directors are very aware of the Group's corporate, environmental and social responsibilities. In pursuing its business objectives EnergyPathways is committed to delivering lasting benefit to the local communities and environments where it works as well as to its shareholders, employees and contractors.

Principle 4 – Risk Management

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Directors are responsible for setting the risk framework within which the Group operates and ensuring that suitable risk-management controls and reporting structures are in place throughout the Group.

The management of the business and the execution of the Group's strategy are subject to a number of risks. The Directors ensure that risks are mitigated as far as reasonably practicable by performing a detailed review of the issues pertaining to each significant decision. Significant decisions are reviewed by the Board having consulted the Group's professional third-party advisers, be they legal, financial or technical. The Board will convene on a regular basis, either by telephone or in person on a formal basis to discuss risk management.

The nature of the Group's operations has particular risk management challenges, including, in particular, maintaining the health and safety of all staff and contractors working on site and ensuring that all drilling and related operations are carried out in an environmentally sound and safe manner. All health and safety measures are formalised, described in detailed manuals and are explained in person to all people associated with the Group's operational activities. In addition, the Group ensures that it has appropriate insurances in place before commencing any of its planned technical work.

Principle 5 – Board Functioning

Maintain the Board as a well functioning, balanced team led by the Chairman

The Board meets formally in person and by telephone multiple times throughout the year and at least six times per year.

The Directors encourage a collaborative board culture to ensure that each decision reached is always in the Group's and its shareholders' best interests and that any one individual opinion never dominates the decision-making process. The Directors seek, so far as possible, to achieve decisions by consensus and all Directors are encouraged to use their independent judgement and to challenge all matters whether strategic or operational.

The Board maintains a balance of Executive and Non-Executive directors. Among the Directors currently there are two Non-executive Directors, being the Non-Executive Chairman Mark Steeves and Horácio Carvalho with Mark Steeves and Horácio Carvalho being considered to be independent for the purposes of the QCA Code. The Board is seeking to appoint a replacement Non-Executive Director to replace Steve West who resigned post reporting date, on 28 February 2025. The Directors are to be available for Group business in line with the terms of their executed engagements, and the Non-Executive Directors will be available for any Company business when it may arise.

The Board delegates certain decisions to an Audit Committee and a Remuneration Committee. Details of these committees are included in Principles 7 and 9.

Principle 6 – Board Capabilities

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors currently consist of three Executive and two Non-Executive Directors. The Board has an appropriate balance of skills and expertise across the areas of resources, operations, finance and public markets. The Board membership is reviewed periodically as the needs of the Group evolve.

Each Director takes their continued professional and technical development seriously.

The Board ensures that it is well advised and supported by utilising a range of external experts in various fields, and employs accountants, legal counsel and a nominated adviser in accordance with the AIM Rules.

Principle 7 – Code and Committees

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. The Company has established properly constituted Audit and Remuneration Committees of the Board with formally delegated duties and responsibilities.

Refer to pages 22 – 24 for further information on the Audit and Remuneration committees.

Principle 8 – Culture

Promote a corporate culture that is based on ethical values and behaviours
The Directors strive to promote a corporate culture based on sound ethical values and behaviours. To that end, the Group has adopted a strict anti-corruption and whistle-blowing policy, but the Directors are not aware of any event to date that might be considered to breach this policy. The Executive Directors will ensure that external contractors are aware of, and comply with, this policy.

The Group has also adopted a code for Directors' and employees' dealings in securities, which is appropriate for a company whose securities are traded on AIM. The code is in accordance with the requirements of MAR.

The Board is also aware that the tone and culture that it sets will greatly impact all aspects of the Group and the way that employees behave, as well as the achievement of corporate objectives. A significant part of the Group's activities is centred upon an open dialogue with shareholders, employees and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives.

Principle 9 – Governance structure

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board
AIM quoted companies are required to state which recognised corporate governance code they follow, how they comply with such code, and to explain reasons for any non-compliance. The Directors recognise the value and importance of high standards of corporate governance and intend, given the Group's size and the constitution of the Board, to comply with the recommendations set out in the QCA Code.

The Board

The Board is responsible for the overall management of the Group's long-term objectives and strategy, the approval of budgets, the oversight of the Group's operations, the maintenance of sound internal control and risk management systems and the implementation of the Group's strategy, policies and plans. While the Board may delegate specific responsibilities, there is a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board meets regularly to review performance.

The QCA Code recommends at least two members of the Board comprise Non-Executive Directors determined by the Board to be independent. The Board is comprised of three Executive Directors and two independent Non-Executive Directors and, as such, the Company complies with the requirements of the QCA Code in this regard.

The QCA Code recommends that the Board should appoint one of its independent Non-Executive Directors to be the Senior Independent Director. However, given the size and maturity of the Group it has been decided to defer the appointment of a Senior Independent Director. If shareholders have concerns over an issue that the normal channels of communication (through the Chairman, the Chief Executive Officer or the Chief Financial Officer) have failed to resolve or for which such channels of communication are inappropriate, they are invited to contact one of the Independent Non-Executive Directors.

The Board has created an Audit Committee and a Remuneration Committee, each with written terms of reference and formally delegated duties, which are outlined above.

Principle 10 – Communication

<u>Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</u>
The Company ensures that a printed Annual Report is delivered to shareholders when requested, and also made available on the Company's website. All RNS announcements are released in a timely manner, while also ensuring all announcements are drafted in a clear and concise fashion. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and virtual or in person briefing as and when they are arranged. The outcome of all shareholder votes is disclosed in a clear and transparent manner via RNS.

The Company has included historical Annual Reports, Notices of General Meetings and RNS announcements since its admission to trading on AIM on its website. The Company also lists contact details on its website, should shareholders wish to communicate with the Board.

The Company includes, where relevant, in its Annual Report, any matters of note arising from the Audit or Remuneration Committees.

Given the size of the Group, the Board is of the opinion that no formal communication structures are required at this time. The Company will, however, ensure continued disclosure of all items in conjunction with AIM Rule 26 on its website.

Set out below are the Company's corporate governance practices for the year ended 31 December 2024.

Committees

The Company has established audit and remuneration committees.

<u>Audit Committee</u>
The Audit Committee has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on and ensuring compliance with the AIM Rules for Companies. It receives and reviews reports from the Group's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets no less than three times each year and has unrestricted access to the Group's auditors. During the year, the Audit Committee comprised a minimum of three Directors, the majority of whom were independent Non-Executive Directors, and a minimum of one member had recent and relevant financial experience. Since the year-end, Stephen West has resigned from the Company and the vacant position on the Audit Committee will be filled on the appointment of a new Non-Executive Director. The members of the Audit Committee are Horácio Carvalho (as Chairman of the Audit Committee), and Mark Steeves.

The Group's external auditor is RPG Crouch Chapman LLP who have served as external auditor to the Company and have audited the financial statements of the Group for the year ended 31 December 2024. As the Company was incorporated in February 2021 the audit has not as yet gone out to tender. The Audit Committee closely monitors the level of audit and non-audit services that they provide to the Company and Group.

Having assessed the performance, objectivity and independence of the auditors, the Committee will be recommending the reappointment of RPG Crouch Chapman LLP as auditors to the Company at the 2025 Annual General Meeting.

For the year to 31 December 2024 the committee considered the following key issues in relation to the Financial Statements:

Issue	Action
• Accounting policies	The Committee reviewed and discussed the significant accounting policies with management and the external auditor and reached the conclusion that each policy was appropriate to the Group.
• Carrying value of investment in EnergyPathways UK Holdings Ltd and the carrying value of its intangible assets.	The Committee reviewed the impairment assessment report prepared by management and agreed that given the reasonable expectation that the Group will achieve its business objectives, that no impairment to the value of the investment in EnergyPathways UK Holdings Ltd, nor the value of the intangible assets in EnergyPathways Irish Sea Limited was required as at 31 December 2024.
• Going Concern review	The Committee considered the ability of the Group to operate as a Going Concern considering the cash flow forecast for the next 12 months and the Group's ability to raise additional funds in the market. It was determined by the Committee that, as the Group is reliant on further funds to be raised during the going concern period (i.e. 12 months from the approval of these financial statements) to enable the group to meet its obligations as they fall due, so the directors acknowledge that a material uncertainty exists in relation to going concern.
• Review of audit and non-audit services and fees	The external auditor is not engaged by the Group to carry out any non-audit work in respect of which it might, in the future, be required to express an audit opinion. The Committee reviewed the fees charged for the provision of audit and non-audit services and determined that they were in line with fees charged to companies of similar size and stage of development. The Committee considered and was satisfied the external auditor's assessment of its own independence.

Remuneration Committee

The Remuneration Committee reviews the performance of Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The Remuneration Committee meets at least twice each year. The Remuneration Committee comprises a minimum of two Directors, both of whom are independent Non-Executive Directors. The members of the Remuneration Committee are Horácio Carvalho (as Chairman of the Remuneration Committee), and Mark Steeves.

Leadership

The Group is headed by an effective Board which is collectively responsible for the long-term success of the Company.

The role of the Board - The Board sets the Group's strategy, ensuring that the necessary resources are in place to achieve the agreed strategic priorities, and reviews management and financial performance. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value.

To achieve this, the Board directs and monitors the Group's affairs within a framework of controls which enable risk to be assessed and managed effectively. The Board also has responsibility for setting the Group's core values and standards of business conduct and for ensuring that these, together with the Group's obligations to its stakeholders, are widely understood throughout the Group. The Board has a formal schedule of matters reserved which is provided later in this report.

Board Meetings - The core activities of the Board are carried out in scheduled meetings of the Board. These meetings are timed to link to key events in the Group's corporate calendar and regular reviews of the business are conducted. Additional meetings and conference calls are arranged to consider matters which require decisions outside the scheduled meetings. During the period, the Board met on eleven occasions.

Outside the scheduled meetings of the Board, the Directors maintain frequent contact with each other to discuss any issues of concern they may have relating to the Group or their areas of responsibility, and to keep them fully briefed on the Company's operations.

Matters reserved specifically for the Board - The Board has a formal schedule of matters reserved that can only be decided by the Board. The key matters reserved are the consideration and approval of;

- the Group's overall strategy;
- financial statements and dividend policy;
- management structure including succession planning, appointments and remuneration; material acquisitions and disposal, material contracts, major capital expenditure projects and budgets;

- decisions on the acquisition or disposal of subsidiaries and material assets;
- capital structure, debt and equity financing and other matters;
- risk management and internal controls;
- the Group's corporate governance and compliance arrangements; and
- corporate policies.

Summary of the Board's work in year to 31 December 2024 – During the year, the Board considered all relevant matters within its remit, but focused in particular on the development of the Group and the identification of a suitable investment opportunity for the Company to pursue.

Attendance at meetings during the year ended 31 December 2024 was:

	Board		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Mark Steeves	11	11	2	2	1	1
Ben Clube	11	11	-	-	-	-
Ben Hodges	11	11	-	-	-	-
Graeme Marks	11	11	-	-	-	-
Stephen West	11	10	2	2	-	-
Horacio Carvalho	11	11	2	2	1	1

The Chairman sets the Board Agenda and ensures adequate time for discussion.

Non-Executive Directors - The Non-Executive Directors bring a broad range of business and commercial experience to the Group and have a particular responsibility to challenge independently and constructively the performance of the Executive management (where appointed) and to monitor the performance of the management team in the delivery of the agreed objectives and targets.

Non-Executive Directors have a notice period of three months. The CEO has a notice period of six months and the Finance Director and Asset Manager have a notice period of three months. All Directors' appointments may, subject to satisfactory performance and re-election by shareholders, be extended by mutual agreement.

Other governance matters - All of the Directors are aware that independent professional advice is available to each Director in order to properly discharge their duties as a Director. In addition, each Director and Board committee has access to the advice of the Company Secretary. The Company Secretary is Max Williams. He is responsible for the Board complying with UK procedures.

<u>Effectiveness</u>

For the period under review the Board comprised of a Chief Executive Officer, a Non-Executive Chairman, a Finance Director, an Asset Manager, and two independent Non-Executive Directors. Biographical details of the Board members are set out on page 9 of this report.

The Directors are of the view that the Board and its committees consist of Directors with an appropriate balance of skills, experience, independence and diverse backgrounds to enable them to discharge their duties and responsibilities effectively.

Independence - The Non-Executive Directors bring a broad range of business and commercial experience to the Group. The Board considers the two Non-Executive Directors to be independent in character and judgement.

Appointments – the Board is responsible for reviewing and the structure, size and composition of the Board and making recommendations to the Board with regards to any required changes.

Commitments – All Directors have disclosed any significant commitments to the Board and confirmed that they have sufficient time to discharge their duties.

Induction - All new Directors received an induction as soon as practical on joining the Board.

Conflict of interest - A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Group. The Board has satisfied itself that there is no compromise to the independence of those Directors who have appointments on the Boards of, or relationships with, companies outside the Group. The Board requires Directors to declare all appointments and other situations which could result in a possible conflict of interest.

Accountability

The Board is committed to providing shareholders with a clear assessment of the Group's position and prospects. This is achieved through this report and as required other periodic financial and trading statements.

Internal controls

The Board of Directors reviews the effectiveness of the Group's system of internal controls in line with the requirement of the Code. The internal control system is designed to manage the risk of failure to achieve its business objectives. This covers internal financial and operational controls, compliances and risk management. The Group has necessary procedures in place for the year under review and up to the date of approval of the Annual Report and financial statements. The Directors acknowledge their responsibility for the Group's system of internal controls and for reviewing its effectiveness. The Board confirms the need for an ongoing process for identification, evaluation and management of significant risks faced by the Group. The Directors carry out a risk assessment before signing up to any commitments.

Mark Steeves
Chairman and Non-Executive Director

27 June 2025

DIRECTORS' REMUNERATION REPORT

The Company has an established remuneration committee. The Committee reviews the scale and structure of the Directors' remuneration, taking into account the interests of shareholders and the performance of the Company and Directors.

The items included in this report are audited unless otherwise stated.

Statement of EnergyPathways plc's Policy on Directors' Remuneration by the Chairman of the Remuneration Committee.

As Chairman of the Remuneration Committee, I am pleased to introduce our Directors' Remuneration Report. One of the Remuneration Committee's aims is to provide clear, transparent remuneration reporting for our shareholders which adheres to the best practice corporate governance principles that are required for publicly traded organisations.

A key focus of the Directors' Remuneration Policy is to align the interests of the Directors to the long-term interests of the shareholders and aims to support a high-performance culture with appropriate reward for superior performance, without creating incentives that will encourage excessive risk taking or unsustainable company performance. This is underpinned through the implementation and operation of incentive plans.

Key Activities of the Remuneration Committee

The key activities of the Remuneration Committee are:

- to determine and agree with the Board the framework or broad policy for the remuneration of the Group 's chairman, chief executive, the executive directors, the company secretary and such other members of the executive management as it is designated to consider;
- in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the QCA Code (the "Code") and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;
- recommend and monitor the level and structure of remuneration for senior management;
- when setting remuneration policy for directors, review and have regard to the remuneration trends across the Group, and review the on-going appropriateness and relevance of the remuneration policy;
- obtain reliable, up-to-date information about remuneration in other companies. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;

- approve the design of, and determine targets for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes;
- review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other designated senior executives and the performance targets to be used;
- ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised; and
- oversee any major changes in employee benefits structures throughout the Group.

Members

The Remuneration Committee comprises the following independent Non-Executive Directors:

Name	Position	Date of appointment
Horacio Carvalho	Chairman	20 December 2023
Mark Steeves	Member	20 December 2023

Remuneration Components

The Company remunerates Directors in line with best market practice in the industry in which it operates. The components of Director remuneration that are considered by the Board for the remuneration of directors in future years are likely to consist of:

- base salaries
- pension and other benefits
- annual bonus
- share incentive arrangements

The Executive Directors have entered into service and consultancy agreements with the Company and the Non-Executive Directors have entered into letters of appointment with the Company.

All such contracts impose certain restrictions as regards the use of confidential information and intellectual property and the Executive Directors' service contracts imposes restrictive covenants which apply following the termination of the agreement.

Other Matters

The Group has a share option scheme interests in place for Directors and senior management.

The Group has established a workplace pension scheme but it does not presently have any employees qualifying under the auto-enrolment pension rules who have not opted out of the scheme. It does pay statutory pension amounts in relation to Directors' remuneration into nominated pension accounts. The Group has not paid out any excess retirement benefits to any Directors or past Directors. The Group has not paid any compensation to past Directors post termination.

Recruitment Policy

Base salary levels will take into account market data for the relevant role, internal relativities, their individual experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Board may agree that the Group will meet certain relocation and/or incidental expenses as appropriate.

Payment for Loss of Office

The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Executive Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Service Agreements and Letters of Appointment

The Executive Directors entered into service or consultancy agreements which may subsequently be terminated by the Company or the Executive Directors as stated in the table below:

Name	Date of service agreement	Notice period by Company (months)	Notice period by Director (months)
Ben Clube	20 December 2023	6	6
Ben Hodges[1]	20 December 2023	3	3
Graeme Marks	20 December 2023	3	3

1 Ben Hodges resigned as CFO and Director of the Company post period end on 31 March 2025

The Non-Executive Directors of the Company do not have service contracts but are appointed by letters of appointment. Each Non-Executive Director's term of office runs for an initial period of three years unless terminated earlier upon written notice or upon their resignations.

The terms of the Non-Executive Directors' appointments are subject to their re-election by the Company's shareholders at any Annual General Meeting at which the Non-Executive Directors stand for re-election.

The details of each Non-Executive Director's current term are set out below:

Name	Date letter of appointment	Current term (years)	Notice period by Company (months)	Notice period by Director (months)	Date of resignation
Mark Steeves	20 December 2023	3	3	3	-
Stephen West[1]	20 December 2023	3	3	3	-
Horacio Carvalho	20 December 2023	3	3	3	-

1 Stephen West resigned as Director of the Company post period end on 28 February 2025

Executive Directors' Remuneration

The table below sets out the remuneration received by each Executive Director for the year ended 31 December 2024. Mr. Clube was the highest paid Director:

Executive Directors	Short term benefits – salary and fees paid	Short term benefits – salary and fees accrued	Short term benefits – consultancy fees accrued	Total
	2024	2024	2024	2024
	£	£	£	£
Ben Clube	62,834	37,349	160,151	260,334
Ben Hodges[1]	41,286	40,100	-	81,386
Graeme Marks	14,827	126,712	-	141,539
Total	118,947	204,161	160,151	483,259

1 Ben Hodges resigned as CFO and Director of the Company post period end on 31 March 2025

The table below sets out the remuneration received by each Executive Director for the 10-month period ended 31 December 2023. Mr. Marks was the highest paid Director:

Executive Directors	Short term benefits – salary and fees paid	Short term benefits – salary and fees accrued	Short term benefits – consultancy fees accrued	Total
	2023	2023	2023	2023
	£	£	£	£
Ben Clube*	-	3,886	-	3,886
Ben Hodges*	-	2,372	-	2,372
Graeme Marks*	-	4,145	-	4,145
Total	-	10,403	-	10,403

*Director appointed on 20 December 2023 following completion of RTO transaction. Remuneration reported is for the period from appointment to 31 December 2023.

Non-Executive Directors' Remuneration

The table below sets out the remuneration received by each Non-Executive Director during the Year to 31 December 2024 and the 10-month period to 31 December 2023:

Year to 31 December 2024	Short term benefits – salary and fees paid	Short term benefits – salary and fees accrued	Total
	£	£	£
Mark Steeves	20,591	20,000	40,591
Stephen West[1]	14,826	14,400	29,226
Horacio Carvalho	14,826	14,400	29,226
Total	50,243	48,800	99,043

1 Stephen West resigned as Director of the Company post period end on 28 February 2025

10-month period to 31 December 2023	Short term benefits – salary and fees paid	Short term benefits – salary and fees accrued	Total
	£	£	£
Mark Steeves[1]	-	1,183	1,183
Stephen West[1]	-	852	852
Horacio Carvalho[1]	-	852	852
Neil Cousins[2]	38,000	-	38,000
Lincoln Moore[2]	38,000	-	38,000
Daniel Wilson[3]	-	-	-
Total	76,000	2,887	78,887

1 Director appointed on 20 December 2023 following completion of RTO transaction. Remuneration reported is for the period from appointment to 31 December 2023.

2 From 1 March 2023 until resignation on 20 December 2023

3 From 1 March 2023 until resignation on 4 April 2023

Horacio Carvalho
Director & Remuneration Committee Chairman

27 June 2025

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors present their report and the financial statements for EnergyPathways plc (the "Company" or "EnergyPathways", and collectively with its Subsidiary Companies, the "Group") for the year ended 31 December 2024.

Principal activities

EnergyPathways recognises that the transition to Net Zero is changing the energy landscape for good. A more sustainable energy future will require non-traditional energy approaches and solutions. The Group is targeting lower emission energy solutions that provide affordable reliable energy to the UK market while offering security of energy supply and commercial returns to attract investment, and demands that its projects also have potential to integrate new technologies and energy systems (such as gas to power, renewables, CCS, compressed air and hydrogen) in support of the pathway to develop a lower carbon economy. EnergyPathways recognises the UK Government demand for fast tracking domestic gas supply that can contribute to reduced emissions and offer security of supply in the near term.

Review of business and financial performance

A full review of the operations, financial position and outlook are set out in the Chairman's Statement.

Corporate Governance

Refer to the Corporate Governance statement which is presented in pages 18 – 26 of this report.

Subsequent Events

Refer to note 25 for details on events subsequent to balance date.

Results and dividend

The Group's loss for the year ended 31 December 2024 was £1,203,671 (2023: £1,860,916).

The Directors do not recommend the payment of a dividend (2023: £nil).

Balance Sheet

At 31 December 2024 the Group had a cash balance of £857,650 (2023: £494,658) and total assets of £2,369,830 (2023: £3,053,868).

Financial Risk Management

The Group maintains bank accounts with Metro Bank Plc and Alpha FX Limited. Financial risk management policies are set out in note 22.

Policy and practice on payment of creditors

It is the Group's policy to settle all amounts owing to creditors on a timely basis and in accordance with the terms of credit agreed with each supplier.

Directors
The Directors who have held office as at the date of the approval of these financial statements were:

	Date appointed
Mark Steeves	20 December 2023
Ben Clube	20 December 2023
Graeme Marks	20 December 2023
Horacio Carvalho	20 December 2023

Other changes in Directors are as follows:

	Date appointed	Date resigned
Stephen West	-	28 February 2025
Ben Hodges	-	31 March 2025
Max Williams	1 April 2025	-

Directors' share interests

The number of ordinary shares of the Company in which the Directors were beneficially interested at 31 December 2024 was:

	31 December 2024		31 December 2023	
Mark Steeves	937,500	0.56%	937,500	0.59%
Ben Clube[1]	9,879,012	5.86%	9,879,012	6.26%
Ben Hodges[2]	1,474,275	0.87%	1,474,275	0.93%
Graeme Marks	6,643,073	3.94%	6,643,073	4.21%
Stephen West[3]	3,815,399	2.26%	3,815,399	2.42%
Horacio Carvalho	-	-	-	-

[1]Ben Clube holds his shares indirectly through Painkalac Holdings Pty Ltd ATF Lighthouse Trust.

[2]Ben Hodges holds his shares indirectly through Cayo Holdings Limited

[3]Stephen West holds his shares indirectly through Cresthaven Investments Pty Ltd ATF Bellini Trust

Directors' option and warrant interests

	31 December 2024			31 December 2023		
	Warrants	Vested options	Unvested options	Warrants	Vested options	Unvested options
Mark Steeves	-	947,500	-	-	-	947,500
Ben Clube[1]	-	-	2,842,499	-	-	2,842,499
Ben Hodges	-	-	1,894,999	-	-	1,894,999
Graeme Marks	-	-	2,842,499	-	-	2,842,499
Stephen West[2]	3,500,000	947,500	-	3,500,000	-	947,500
Horacio Carvalho	-	947,500	-	-	-	947,500

[1]Ben Clube holds his options indirectly through Painkalac Holdings Pty Ltd ATF Lighthouse Trust.

[2]Stephen West holds his warrants indirectly through Cresthaven Investments Pty Ltd ATF Bellini Trust

Political donations
The Group made no political donations during the year (2023: £nil).

Charitable donations
There were no charitable donations made by the Group in the year under review (2023: £nil).

Going concern

The Group meets its working capital requirements from its cash and cash equivalents. The Group is pre-revenue, and to date has raised finance for its activities through the issue of equity. The Directors have prepared a detailed forecast for the 12 months following the date of signing this report based on forecasted expenditure, including all required spend to meet short term licence requirements. This forecast has been stress tested by Management. However the Group's ability to meet future operational objectives through to first production of gas from the Marram Gas Project will be reliant on raising further finance.

The Directors are confident that further funds can be raised and it is appropriate to prepare the financial statements on a going concern basis, however there can be no certainty that any financing will complete. These conditions indicate existence of a material uncertainty related to events or conditions that may cast significant doubt about the Group's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The auditors have made reference to this material uncertainty within their audit report. These financial statements do not include the adjustments that would be required if the Group could not continue as a going concern.

Auditor
RPG Crouch Chapman LLP has signified their willingness to continue in office as auditor.

This report was approved and authorised for issue by the Board on 27 June 2025 and signed on its behalf by

Ben Clube
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and UK-adopted International Accounting Standards (UK-IAS). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK-IAS have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;

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

The Directors are responsible for ensuring that they meet their responsibilities under the AIM Rules.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of EnergyPathways plc

Opinion

We have audited the financial statements of EnergyPathways plc (the 'Company') and its subsidiaries (together the 'Group') for the period ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Loss, Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international reporting standards (IFRS).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2.3 in the accounting policies, concerning the Group's ability to continue as a going concern. The matters explained in Note 2.3 indicate that the Group needs to raise further finance to fund its development plans. As at the date of approval of these financial statements there are no legally binding agreements relating to securing the required funds. These events or conditions along with the matters set forth in Note 2.3 indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We have highlighted going concern as a key audit matter. In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Analysing Management's and the Directors' cash flow forecast which forms the basis of their assessment that the going concern basis of preparation remains appropriate for the preparation of the Group and Company financial statements for a period of at least twelve months from the date of approval of these financial statements;
- Testing the integrity of the cash flow model;

- Comparing the costs and results included in the model to actuals achieved in the year and post-year end performance;
- Reviewing management's budgets and forecasts for the Group – including future forecast cashflows and budgets
- Discussing with management the assumptions used in the above-mentioned forecasts and budgets and obtaining details to support these key assumptions
- Sensitising the cash flows for changes in key assumptions and considering impact on headroom;
- Reviewing minutes of board meetings held during the year and any since the year end; and
- Reviewing any additional financial and non-financial subsequent events which may be identified since the year end in relation to going concern.

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

Our approach to the audit

In planning our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to issue an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement we identified (whether or not due to fraud), including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The use of the Going Concern basis of accounting was assessed as a key audit matter and has already been covered in an earlier section of this report. The other key audit matter identified is described below:

Key audit matter	How our work addressed this matter
Carrying value of E&E assets A significant asset of the group as at December 2024 were intangible assets of £1.40m relating to exploration & evaluation expenditure.	Our work included: • Reviewing a sample of costs recognised within intangible assets and considering whether they meet the recognition criteria under IFRS 6; • Reviewing Management's assessment of the circumstances specified in IFRS 6 which may indicate impairment; and

Key audit matter	How our work addressed this matter
The Group applies the successful efforts method of accounting for gas assets, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. IFRS 6 requires entities to perform an impairment test on those assets when specific facts and circumstances outlined in the standard indicate an impairment test is required. Given the subjectivity and number of estimates involved in any such assessment, we consider the carrying value of intangible assets to be a key audit matter.	• Obtaining and reviewing the latest documentation to support the portfolio of licences for which the Group has applied in relation to the implementation of its business plan.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We have based materiality on 1.75% of gross assets for the Group. This benchmark is considered to be the most significant determinant of the Group's financial performance used by the users of the financial statements. Overall materiality for the Group as a whole was set at £41k (2023: £52k). For each component, the materiality was set at a lower level. For the Company materiality was set at £37k (2023: £47k), based on 1.75% of gross assets capped at 90% of the Group materiality as that is deemed the considered the most appropriate measure for a holding company.

We agreed with the Audit Committee that we would report on all differences in excess of 5% of materiality relating to the group financial statements. We also report to the Audit Committee on financial statement disclosure matters identified when assessing the overall consistency and presentation of the consolidated financial statements.

Other Information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 36, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the legal and regulatory frameworks within which the Group operates focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and relevant taxation legislation.
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

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

Mark Wilson MA FCA (Senior Statutory Auditor)

For and on behalf of

RPG Crouch Chapman LLP

Chartered Accountants and Statutory Auditors

40 Gracechurch Street

London

EC3V 0BT

Date: 27 June 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR TO 31 DECEMBER 2024

	Note	2024 £	2023 £
Administrative expenses	5	(1,072,289)	(596,376)
Pre-acquisition license expenses		(123,562)	(35,048)
Operating Loss		(1,195,851)	(631,424)
Net finance costs	6	(860)	(737)
Listing costs		(6,960)	(213,485)
Reverse acquisition expense	4	-	(1,015,270)
Loss before tax		(1,203,671)	(1,860,916)
Taxation	9	-	-
Loss for the period		(1,203,671)	(1,860,916)
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Other comprehensive income		-	-
Total comprehensive income		(1,203,671)	(1,860,916)
Earnings per share (pence) basic and diluted	10	(0.75)	(2.55)

All operations are continuing.

The notes on pages 50 to 77 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	Group As at 31 December 2024 £	Group As at 31 December 2023 £	Company As at 31 December 2024 £	Company As at 31 December 2023 £
Non-current assets					
Intangible assets	11	1,397,020	729,931	-	-
Property, plant & equipment	12	8,251	-	1,109	-
Loan to subsidiaries	15	-	-	1,908,201	555,801
Investment in subsidiary	16	-	-	2,734,205	2,734,160
		1,405,271	729,931	4,643,515	3,289,961
Current assets					
Trade and other receivables	13	106,909	1,829,279	40,587	1,819,818
Cash and cash equivalents	14	857,650	494,658	461,836	485,780
		964,559	2,323,937	502,423	2,305,598
Total assets		2,369,830	3,053,868	5,145,938	5,595,559
Current liabilities					
Trade and other payables	17	(1,103,321)	(1,187,788)	(515,767)	(515,666)
		(1,103,321)	(1,187,788)	(515,767)	(515,666)
Total liabilities		(1,103,321)	(1,187,788)	(515,767)	(515,666)
Net assets		1,266,509	1,866,080	4,630,171	5,079,893
Equity					
Ordinary share capital	18	1,684,954	1,579,166	1,684,954	1,579,166
Share premium	18	4,772,264	4,451,952	4,772,264	4,451,952
Share based payments reserve	19	288,000	176,000	288,000	176,000
Retained earnings		(5,478,709)	(4,341,038)	(2,115,047)	(1,127,225)
Total equity		1,266,509	1,866,080	4,630,171	5,079,893

EnergyPathways plc has used the exemption grated under s408 of the Companies Act 2006 that allows for the non-disclosure of the Income Statement of the parent company. The after-tax loss attributable to EnergyPathways plc for the year ended 31 December 2024 was £1,053,822 (10-month period to 31 December 2023: £730,971).

The notes on pages 50 to 77 form part of these financial statements.

The Consolidated Financial Statements of EnergyPathways plc were approved by the Board of Directors and authorised for issue on 27 June 2025.

Signed on behalf of the Board of Directors by:

Max Williams
Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Ordinary Share capital £	Share premium £	Performance share capital £	Share based payments reserve £	Retained earnings £	Total £
Balance as at 31 December 2022		14,333	1,092,667	1,510	43,200	(1,257,194)	(105,484)
Loss for the period and total comprehensive income		-	-	-	-	(1,860,916)	(1,860,916)
Transfer to retained earnings	4	(14,333)	(1,092,667)	(1,510)	-	1,108,510	-
Recognition of EnergyPathways plc equity at reverse acquisition	18	265,500	628,281	-	-	319,522	1,213,303
Issue of shares for acquisition of subsidiary	18	680,139	2,040,417	-	-	(2,734,160)	(13,604)
Issue of shares for services	18	133,527	400,580	-	-		534,107
Issue of shares – share subscription	18	500,000	1,500,000	-	-	-	2,000,000
Share issue costs	18	-	(117,326)	-	14,000	-	(103,326)
Issue of warrants	19	-	-	-	202,000	-	202,000
Transfer between reserves	19				(83,200)	83,200	-
Balance as at 31 December 2023		1,579,166	4,451,952	-	176,000	(4,341,038)	1,866,080
Loss for the period and total comprehensive income		-	-	-	-	(1,203,671)	(1,203,671)
Issue of shares for services	18	28,388	46,112	-	-		74,500
Issue of shares – exercise of warrants	18	77,400	274,200	-	-	-	351,600
Issue of options	19	-	-	-	178,000	-	178,000
Transfer between reserves	19	-	-	-	(66,000)	66,000	-
Balance as at 31 December 2024		1,684,954	4,772,264	-	288,000	(5,478,709)	1,266,509

The notes on pages 50 to 77 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Ordinary Share capital £	Share premium £	Share based payments reserve £	Retained earnings £	Total £
Balance as at 28 February 2023		265,500	628,281	-	(396,254)	497,527
Loss for the period and total comprehensive income		-	-	-	(730,971)	(730,971)
Issue of shares for acquisition of subsidiary		680,139	2,040,417	-	-	2,720,556
Issue of shares for services	18	133,527	400,580	-	-	534,107
Issue of shares – share subscription	18	500,000	1,500,000	-	-	2,000,000
Share issue costs	18	-	(117,326)	-	-	(117,326)
Issue of warrants	19	-	-	176,000	-	176,000
Balance as at 31 December 2023		1,579,166	4,451,952	176,000	(1,127,225)	5,079,893
Loss for the period and total comprehensive income		-	-	-	(1,053,822)	(1,053,822)
Issue of shares for services	18	28,388	46,112	-	-	74,500
Issue of shares – share subscription	18	77,400	274,200	-	-	351,600
Issue of warrants	19	-	-	178,000	-	178,000
Transfer between reserves	19	-	-	(66,000)	66,000	-
Balance as at 31 December 2024		1,684,954	4,772,264	288,000	(2,115,047)	4,630,171

The notes on pages 50 to 77 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Loss before tax for the year		(1,203,671)	(1,860,916)
Adjustments for:			
Depreciation	12	2,062	-
Share based payments	19	178,000	202,000
Compensation settled in shares		25,000	494,600
Interest income	6	(365)	(72)
Interest expense	6	1,225	809
Reverse acquisition expense		-	1,015,270
		(997,749)	(148,309)
Changes in non-cash working capital accounts			
Decrease/(increase) in trade and other receivables	13	514,152	(424,964)
(Decrease)/increase in trade and other payables	17	(136,135)	200,360
Cash used in operating activities		(619,732)	(372,913)
Income taxes paid		-	-
Net cash flows used in operating activities		(619,732)	(372,913)
Investing activities			
Purchases of exploration and evaluation assets	11	(571,348)	(284,643)
Purchases of property, plant & equipment	12	(10,313)	-
Acquisition of subsidiary	16	-	(13,605)
Cash acquired on acquisition	4	-	238,320
Interest income	6	365	72
Net cash used in investing activities		(581,296)	(59,856)
Financing activities			
Proceeds from issue of ordinary share capital	18	1,565,245	760,500
Share issue costs	18	-	(103,325)
Interest paid	6	(1,225)	(809)
Proceeds from loans and borrowings	15	-	200,000
Net cash provided by financing activities		1,564,020	856,366
Net increase in cash and cash equivalents		362,992	423,597
Cash and cash equivalents at beginning of year	14	494,658	71,061
Cash and cash equivalents and end of year	14	857,650	494,658

There were no significant non-cash transactions in the year to 31 December 2024.
The notes on pages 50 to 77 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year to 31 December 2024 £	Year to 31 December 2023 £
Cash flows from operating activities			
Loss before tax for the period		(1,053,822)	(730,971)
Adjustments for:			
Depreciation	12	389	-
Share based payments	19	178,000	184,000
Compensation settled in shares		25,000	162,000
Interest income		(138)	-
Interest expense		1,225	-
		(849,346)	(384,971)
Changes in non-cash working capital accounts			
Decrease/(increase) in trade and other receivables	13	565,585	(560,120)
Increase in trade and other payables	17	101	283,858
Cash used in operating activities		(283,660)	(661,233)
Income taxes paid		-	-
Net cash flows used in operating activities		(283,660)	(661,233)
Investing activities			
Loan to subsidiary	15	(1,289,249)	(205,695)
Purchases of exploration and evaluation assets	16	(13,695)	(13,605)
Purchases of property, plant & equipment	12	(1,498)	-
Interest received		138	-
Net cash used in investing activities		(1,304,304)	(219,300)
Financing activities			
Proceeds from issue of ordinary share capital	18	1,565,245	760,500
Share issue costs	18	-	(103,325)
Interest paid		(1,225)	-
Net cash provided by financing activities		1,564,020	657,175
Net (decrease) in cash and cash equivalents		(23,944)	(223,358)
Cash and cash equivalents at beginning of period	14	485,780	709,138
Cash and cash equivalents and end of period	14	461,836	485,780

There were no significant non-cash transactions in the year to 31 December 2024.
The notes on pages 50 to 77 form part of these financial statements.

1. General Information

EnergyPathways plc (the "Company" or "EnergyPathways") is a company incorporated in England and Wales under the Companies Act 2006 with the registered number 13201653. The Company's registered office is Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH.

The principal activity of the Group is targeting lower emission energy solutions that provide affordable reliable energy to the UK market. The initial focus is to develop the 100% owned and operated Marram Energy Storage Hub ("MESH") project. MESH which has potential to integrate new technologies and energy systems (such as gas to power, renewables, CCS, compressed air and hydrogen) in support of the pathway to develop a lower carbon economy. MESH is a new large scale energy storage facility that is expected to provide a secure and dependable supply of natural gas, green hydrogen and compressed air energy for the UK market for over 20 years. MESH has been designed as a fully decarbonised and electrified zero emission facility that is to be powered by the renewable wind farms of the UK Irish Sea region. EnergyPathways aims to play a leading role in supporting the UK's energy transition and development of a hydrogen economy.

The financial statements presented for Group are for the year ended 31 December 2024.

2. Summary of significant accounting policies

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

2.1. Basis of preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards (IAS).

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

2.2. Basis of Consolidation

The financial statements consolidate the financial information of the Company and its subsidiaries EnergyPathways UK Holdings Ltd and EnergyPathways Irish Sea Limited (together "the Subsidiaries") at the reporting date. Subsidiaries are consolidated into the Group when control is achieved, defined as where the Company has the power to govern the financial and operating policies of an investee entity, has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The results of the Subsidiaries included in the financial information are from the effective date of acquisition. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The financial statements of all Group companies are adjusted, where necessary, to ensure the use of consistent accounting policies.

The Company has two subsidiaries as follows:

Company	Country of Incorporation	Incorporated	Interest
EnergyPathways UK Holdings Ltd	United Kingdom	16 July 2021	100%
EnergyPathways Irish Sea Limited	United Kingdom	11 August 2021	100%

EnergyPathways plc has used the exemption granted under s408 of the Companies Act 2006 that allows for the non-disclosure of the Income Statement of the parent company. The after-tax loss attributable to EnergyPathways plc for the year ended 31 December 2024 was £1,053,822 (10-month period ended 31 December 2023: £730,971).

2.3. Going concern

The Group meets its working capital requirements from its cash and cash equivalents. The Group is pre-revenue, and to date has raised finance for its activities through the issue of equity. The Directors have prepared a detailed forecast for the 12 months following the date of signing this report based on forecasted expenditure, including all required spend to meet short term licence requirements. This forecast has been stress tested by Management. However the Group's ability to meet future operational objectives through to first production of gas from the Marram Gas Project will be reliant on raising further finance.

The Directors are confident that further funds can be raised and it is appropriate to prepare the financial statements on a going concern basis, however there can be no certainty that any financing will complete. These conditions indicate existence of a material uncertainty related to events or conditions that may cast significant doubt about the Group's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The auditors have made reference to this material uncertainty within their audit report. These financial statements do not include the adjustments that would be required if the Group could not continue as a going concern.

2.4. Changes in accounting policies

2.4.1. New standards, amendments to standards and interpretations

i) New and amended standards adopted by the Group

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. A number of amendments and revisions were applicable for the year ended 31 December 2024 but did not result in any material changes to the financial statements of the Group.

Of the other IFRS and IFRIC amendments, none are expected to have a material effect on the future Group Financial Statements.

ii) New and amended standards not yet adopted by the Group

The Directors do not believe that the implementation of new standards, amended standards and interpretations issued but not yet effective and have not been early adopted early will have a material impact once implemented in future periods.

2.5. Foreign currency

2.5.1. Functional and presentation currency

Items in the Company's financial statements are measured in the currency of the primary economic environment in which the entity operates (functional currency). The functional currency of the Company is Pounds sterling (£), which is also the presentation currency for these financial statements.

Monetary amounts in these financial statements are rounded to the nearest £.

2.5.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs.' All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains.'

2.6. Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. Deferred tax assets are not brought to account in the Consolidated Statement of Financial Position until there is a reasonable expectation that these assets will be realised.

2.7. Intangible assets

Exploration and evaluation expenditures (E&E)

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'. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Statement of Comprehensive Income.

All licence acquisitions, exploration and evaluation costs are capitalised, a share of administration costs is capitalised insofar as they relate to exploration, evaluation and development activities. These costs are written off unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment. If a project is deemed commercial, all of the attributable costs are transferred into Property, Plant and Equipment. These costs are then depreciated from the commencement of production on a unit of production basis.

2.8. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.9. Financial Instruments

2.9.1 Initial recognition

A financial asset or financial liability is recognised in the statement of financial position of the Group when it arises or when the Group becomes a party to the contractual terms of the financial instrument.

2.9.2 Classification

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

(1) the asset is held within a business model whose objective is to collect contractual cash flows; and

(2) the contractual terms of the financial asset generating cash flows at specified dates only pertain to capital and interest payments on the balance of the initial capital.

Financial assets which are measured at amortised cost, are measured using the Effective Interest Rate Method (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial liabilities at amortised cost

Financial liabilities measured at amortised cost using the effective interest rate method include current trade and other payables that are short term in nature. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortisation is included as finance costs in profit or loss. Trade payables other payables are non-interest bearing and are stated at amortised cost using the effective interest method.

2.9.3. Derecognition

A financial asset is derecognised when:

(1) the rights to receive cash flows from the asset have expired, or

(2) the Group has transferred its rights to receive cash flows from the asset or has undertaken the commitment to fully pay the cash flows received without significant delay to a third party under an arrangement and has either (a) transferred substantially all the risks and the assets of the asset or (b) has neither transferred nor held substantially all the risks and estimates of the asset but has transferred the control of the asset.

2.9.4 Impairment

The Group recognises a provision for impairment for expected credit losses regarding all financial assets. Expected credit losses are based on the balance between all the payable contractual cash flows and all discounted cash flows that the Group expects to receive. Regarding trade receivables, the Group applies the IFRS 9 simplified approach in order to calculate expected credit losses. Therefore, at every reporting date, provision for losses regarding a financial instrument is measured at an amount equal to the expected credit losses over its lifetime without monitoring changes in credit risk. To measure expected credit losses, trade receivables and contract assets have been grouped based on shared risk characteristics.

2.10. Property, plant & equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, on the following bases:

Computer equipment	- 33% on cost
Motor vehicles	- 33% on cost

2.11. Trade and other receivables

Trade and other receivables are initially recognised at fair value when related amounts are invoiced then carried at this amount less any allowances for doubtful debts or provision made for impairment of these receivables.

2.12. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

2.13. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14. Share premium

Share premium account represents the excess of the issue price over the par value on shares issued. Incremental costs incurred directly, or warrants issued in connection with the issue of new ordinary shares or are shown in equity as a deduction, net of tax, from the proceeds.

2.15. Trade payables

These financial liabilities are all non-interest bearing and are initially recognised at the fair value of the consideration payable.

2.16. Finance income and finance costs

Finance income comprises interest income on bank funds. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17. Earnings per share

Basic Earnings per share is calculated as profit attributable to equity holders of the parent for the period divided by the weighted average number of ordinary shares, adjusted for any bonus element.

2.18. Operating segments

The Chief Operating Decision Maker (CO DM) is considered to be the Board of Directors. They consider that the Group operates in a single segment, that of energy infrastructure and energy production, in a single geographical location, the East Irish Sea of the United Kingdom. As a result, the financial information of the single segment is the same as set out in the Consolidated Statement of Comprehensive Loss, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cashflows.

2.19. Share Based Payments

Where options or warrants are awarded for services, the fair value, at the grant date, of equity-settled share awards is charged to income or loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the share based payments reserve. The amount recognised as an expense is adjusted to reflect the number of share options or warrants expected to vest. The fair value of options and warrants awards is calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected life of the award
- Expected volatility
- Current market price of the underlying shares
- Risk-free interest rate

When equity instruments are modified, if the modification increases the fair value of the award, the additional cost must be recognised over the period from the modification date until the vesting date of the modified award.

3. Significant accounting estimates and judgements, estimates and assumptions

The preparation of financial statements using accounting policies consistent with IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of income and expenses. The preparation of financial statements also requires the Directors to exercise judgement in the process of applying the accounting policies. Changes in estimates, assumptions and judgements can have a significant impact on the financial statements.

<u>Recoverable value of intangible assets (refer to note 11)</u>

As at 31 December 2024, the Group held gas development intangible assets of £1,397,020 (2023: £729,931). The carrying values of intangible assets are assessed for indications of impairment, as set out in IFRS 6, on an annual basis. As part of this impairment assessment, the recoverable value of the intangible assets is required to be estimated.

When estimating the recoverable value of the intangibles Management consider the proved, probable and potential resources per the latest CPR, likely production costs and the forecasted gas prices.

As a result of the budget development costs, the licence being valid and the assessed recoverable value of the intangibles being in excess of the carrying value, Management do not consider that any intangible assets are impaired as at 31 December 2024.

These estimates and assumptions are subject to risk and uncertainty and therefore a possibility that changes in circumstances will impact the assessment of impairment indicators.

There was only one critical judgement identified, being the determination on impairment of intangible assets, apart from those involving estimations (which are dealt with separately above) that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

<u>Fair value of share-based-payments</u>

The Company has made awards of Director and Management options and warrants over its unissued share capital.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. The key judgement involved the determination of an appropriate of volatility, which has been estimated based on the average historic volatility of the share prices of a selection of three peer companies for a period equal to the expected term from the grant date. Further detail on the assumptions has been described in more detail in note 19 to these Group Financial Statements.

4. Reverse acquisition and admission to AIM

On 20 December 2023, the Company acquired the entire issued share capital of EnergyPathways UK Holdings Ltd, a private company incorporated in the United Kingdom, by way of a share for share exchange.

Although the transaction resulted in EnergyPathways UK Holdings Ltd becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse acquisition in as much as the shareholders of EnergyPathways UK Holdings Ltd own a substantial majority of the outstanding ordinary shares of the Company and all 6 members of the Board of Directors of the Company are EnergyPathways UK Holdings Ltd shareholders and management.

In substance, the shareholders of EnergyPathways UK Holdings Ltd acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition ("RTO"). As the Company previously discontinued its investment activities and was engaged in acquiring EnergyPathways UK Holdings Ltd and raising equity financing to provide the required funding for the operations of the acquisition and admission of the Company's shares to trading on the AIM market of the London Stock Exchange ("AIM"), it did not meet the definition of a business according to the definition in IFRS 3. Accordingly, this reverse acquisition does not constitute a business combination and was accounted for in accordance with IFRS 2 Share-based payment and IFRIC guidance, with the difference between the equity value given up by the EnergyPathways UK Holdings Ltd shareholders and the share of the fair value of net assets gained by the EnergyPathways UK Holdings Ltd shareholders charged to the statement of comprehensive income as the cost of admission to AIM.

Following the completion of the transaction the Company changed its name to EnergyPathways plc.

In accordance with reverse acquisition accounting principles, these consolidated financial statements represent a continuation of the consolidated financial statements of EnergyPathways UK Holdings Ltd and include:

a. The assets and liabilities of EnergyPathways UK Holdings Ltd at their pre-acquisition carrying amounts and the results for both periods; and

b. The assets and liabilities of the Company as at 31 December 2023 and its results from 20 December 2023 to 31 December 2023,

On 20 December 2023, the Company issued 68,013,885 shares for all 143,333,324 ordinary shares, 15,100,000 performance shares and 20,000,000 warrants of EnergyPathways UK Holdings Ltd.

As of 20 December 2023, the last quoted share price of Dial Square Investments Plc (renamed EnergyPathways PLC upon completion of the transaction) was £0.0325 and therefore this valued the investment in EnergyPathways UK Holdings Ltd at £862,875.

Because the legal subsidiary, EnergyPathways UK Holdings Ltd, was treated as the accounting acquirer and the legal Parent Company, Dial Square Investments Plc, was treated as the accounting subsidiary, the fair value of the shares deemed to have been issued by EnergyPathways UK Holdings Ltd was calculated at £1,213,303 based on an assessment of the purchase consideration for an 100% holding in EnergyPathways plc.

4. Reverse acquisition and admission to AIM (continued)

The fair value of net assets of Dial Square Investments plc was as follows:

	£
Cash and cash equivalents	238,320
Other assets	205,545
Liabilities	(245,832)
Net assets	198,033

The difference between the deemed cost and the fair value of the net assets acquired of £1,015,270 has been expensed in accordance with IFRS 2, Share based payments, reflecting the economic cost to the EnergyPathways UK Holdings Ltd shareholders of acquiring a quoted entity.

The transfers to retained earnings that arose pursuant to the RTO are as follows:

	Year Ended 31 December 2023 £
As at start of year	-
Pre-acquisition losses of EnergyPathways plc [1]	(695,748)
EnergyPathways UK Holdings Ltd issued capital at acquisition [2]	1,108,510
Investment in EnergyPathways UK Holdings Ltd [3]	(2,734,160)
Reverse acquisition expense [4]	1,015,270
Total	**(1,306,128)**

The movements within retained earnings relating to the RTO are as follows:

1) These consolidated financial statements present the legal capital structure of the Company. However, under reverse acquisition accounting rules, the Company was not acquired until 20 December 2023 and therefore the entry above is required to eliminate the initial retained losses of the Company.
2) EnergyPathways UK Holdings Ltd had issued share capital of equivalent to £1,108,510 as at 20 December 2023. As these financial statements present the capital structure of the parent entity, the issue of equity by EnergyPathways UK Holdings Ltd has been transferred to this reserve.
3) The Company issued 68,013,885 shares at 4 pence each, totalling £2,720,555 for the entire issued capital of EnergyPathways UK Holdings Ltd, as well as stamp duty of £13,605. The above entry is required to eliminate the balance sheet impact of this transaction.
4) The reverse acquisition accounting is described in detail in note 4. The entry above represents the difference between the value of the equity issued by the Company, and the deemed consideration given by EnergyPathways UK Holdings Ltd to acquire the Company.

5. Administrative expenses

	Note	Group 2024 £	Group 2023 £
Audit fees	7	30,000	30,000
Consultants and advisors		230,640	198,393
Corporate & regulatory costs		139,007	-
Insurance		21,043	15,832
Other		16,527	10,812
Professional fees		10,626	35,833
Share based payments	19	178,000	202,000
Travel		6,780	(3,121)
Wages & salaries		437,654	105,363
Depreciation	12	2,062	-
Foreign Exchange		(50)	1,264
		1,072,289	596,376

6. Finance income & finance costs

	Group 2024 £	Group 2023 £
Finance income		
Interest received	365	72
Finance costs		
Interest expense	(1,225)	(809)
Net finance costs	(860)	(737)

7. Auditor's Remuneration

	Group 2024 £	Group 2023 £
Audit of the financial statements	30,000	30,000
	30,000	30,000

8. Staff numbers and costs

	Group 2024	Group 2023
Staff costs (including directors)	£	£
Consultancy fees	154,694	219,431
Wages and salaries	437,564	105,363
Pensions & Social security	7,966	-
Share based payments	163,000	40,000
	763,224	364,794

The average number of persons (including directors) employed by the Company during the year to 31 December 2024 was:

Group and Company	Year to 31 December 2024	10-month period to 31 December 2023
Directors	6	2
	6	2

Director emoluments	Note	Group 2024 £	Group 2023 £
Consultancy fees		154,694	-
Wages and salaries		437,564	89,289
Pensions & Social security		7,966	-
Share based payments	18	109,000	29,000
		709,224	118,289

The number of Directors that are members of a pension scheme is 2 (2023: 1). Pension contributions paid to a pension scheme in respect of the highest paid Director amounted to £nil (2023: £nil).

9. Taxation

Analysis of charge for the period:

	Group 2024 £	Group 2023 £
Current income tax charge	–	–
Deferred tax charge	–	–
Total taxation credit/(charge)	–	–

9.1 Taxation reconciliation

The below table reconciles the tax charge for the period to the theoretical charge based on the result for the year and the corporation tax rate.

	2024 £	2023 £
Loss before income tax	(1,203,671)	(1,860,916)
Tax at the applicable rate of 19% (2023: 19%)	(228,697)	(353,574)
Effects of:		
Expenses not deducted for tax purposes	35,142	113,959
Tax losses not recognised	193,555	239,615
Total income tax credit / (expense)	-	-

As at 31 December 2024, the Group had unused tax losses of £2,342,127 (2023: £1,323,416) for which no deferred tax asset has been recognised. This is due to uncertainty over the availability of future taxable profits to offset these losses against.

10. Earnings per share

The calculation of the Basic and fully diluted earnings per share is calculated by dividing the loss for the year from continuing operations of £1,203,671 (2023: £1,860,916) for the Group by the weighted average number of ordinary shares in issue during the year of 160,198,727 (2023: 72,773,014).

For the comparative period the weighted average number of shares is adjusted for the impact of the reverse acquisition as follows:

- Prior to the reverse takeover, the number of shares is based on EnergyPathways UK Holdings Ltd, adjusted using the share exchange ratio arising on the reverse takeover; and
- From the date of the reverse takeover, the number of share is based on the Company.

There is no difference between the basic and diluted earnings per share as there were no securities in issue as at 31 December 2024 that would have a dilutive effect on earnings per share. Refer to note 19 for details on details of warrants on issue as at 31 December 2024, that can be converted into ordinary shares and thus would have a dilutive effect on earnings per share.

	2024 £	2023 £
Loss for the purposes of basic earnings per share being net loss attributable to the owners	(1,203,671)	(1,860,916)
Weighted average number of Ordinary Shares	160,198,727	72,773,014
Loss per share - pence	(0.75)	(2.55)

11. Intangible assets

	Gas development assets £
As at 31 December 2022	318,001
Additions	411,930
As at 31 December 2023	729,931
Additions	667,089
As at 31 December 2024	1,397,020

The carrying value of the prospecting and exploration rights is supported by the estimated resource and current market values as contained in the Competent Person's Report date 20 November 2023 which was prepared by Risk Advisory Pty Ltd and included in the Company's AIM admission document which is available on the Company's website. In addition, the carrying value is supported by management's net present value calculation and an independent technical feasibility study conducted during the year.

12. Property, plant & equipment

Property, plant & equipment – Group

	Group			**Company**	
	Computer equipment £	**Motor vehicles** £	**Total** £	**Computer equipment** £	**Total** £
Cost					
At 1 January 2024	-	-	-	-	-
Additions	1,498	8,815	10,313	1,498	1,498
At 31 December 2024	1,498	8,815	10,313	1,498	1,498
Depreciation					
At 1 January 2024	-	-	-	-	-
Charge for the year	389	1,673	2,062	389	389
At 31 December 2024	389	1,673	2,062	389	389
Net book amount at 31 December 2024	1,109	7,142	8,251	1,109	1,109
Net book amount at 31 December 2023	-	-	-	-	-

13. Trade and other receivables

	Group As at 31 December 2024 £	Group As at 31 December 2023 £	Company As at 31 December 2024 £	Company As at 31 December 2023 £
Other receivables	-	1,714,645	-	1,714,645
Prepayments	33,317	56,050	27,815	56,050
VAT receivable	73,592	58,584	12,772	49,123
	106,909	1,829,279	40,587	1,819,818

The fair value of other receivables is the same as their carrying values as stated above.

14. Cash and cash equivalents

	Group As at 31 December 2024	Group As at 31 December 2023	Company As at 31 December 2024	Company As at 31 December 2023
	£	£	£	£
Cash at bank and in hand	857,650	494,658	461,836	485,780
	857,650	494,658	461,836	485,780

There is no material difference between the fair value of cash and cash equivalents and their book value.

15. Loan to subsidiaries

Company:

	EPL	EPISL	Total
	£	£	£
As at 31 December 2023	200,000	355,801	555,801
Loan drawdowns	331	1,561,845	1,562,176
Repayments	-	(209,776)	(209,776)
As at 31 December 2024	200,331	1,707,870	1,908,201

EnergyPathways plc has made net cumulative loans to EnergyPathways UK Holdings Limited ("EPL") of £200,331 as at 31 December 2024. The loan is interest free and will be repaid when EPL's operational cash flow allows. Management has undertaken an impairment assessment of the loan as at 31 December 2024, and has determined that there was no impairment required. The interest rate and impairment assessment are reviewed on an annual basis.

EnergyPathways plc has made net cumulative loans to EnergyPathways Irish Sea Limited ("EPISL") of £1,707,870 as at 31 December 2024. The loan is interest free and will be repaid when EPISL's operational cash flow allows. Management has undertaken an impairment assessment of the loan as at 31 December 2024, and has determined that there was no impairment required. The interest rate and impairment assessment are reviewed on an annual basis.

16. Investment in subsidiaries

Company	Country of Incorporation	Incorporated	Registered address	Interest
EnergyPathways UK Holdings Ltd	United Kingdom	16 July 2021	Highdown House, Yeoman House, Worthing, West Sussex, BN99 3HH	100%
EnergyPathways Irish Sea Limited	United Kingdom	11 August 2021	Highdown House, Yeoman House, Worthing, West Sussex, BN99 3HH	100%

The acquisition of EnergyPathways UK Holdings Ltd took place on 20 December 2023. Refer to note 4 for further details.

	£
As at 31 December 2023	2,734,160
Additions	45
As at 31 December 2024	2,734,205

The additions during the year was an adjustment to stamp duty paid on acquisition upon assessment by HMRC.

17. Trade and other payables – due within one year

	Group As at 31 December 2024	Group As at 31 December 2023	Company As at 31 December 2024	Company As at 31 December 2023
	£	£	£	£
Trade payables	188,102	782,647	50,357	397,585
Accruals	915,219	405,141	465,410	118,081
	1,103,321	1,187,788	515,767	515,666

The carrying values of trade and other payables are considered to be a reasonable approximation of the fair value and are considered by the Directors as payable within one year.

18. Ordinary share capital and share premium

Group

Issued	Number of shares	Ordinary share capital £	Share premium £	Performance shares £
As at 31 December 2022	158,433,324	14,333	1,092,667	1,510
Transfer of EPL paid up capital to Reverse acquisition reserve 20 Dec 2023	(158,433,324)	(14,333)	(1,092,667)	(1,510)
Issued capital of plc at acquisition 20 Dec 2023	26,550,000	265,500	628,281	-
Issue of shares for acquisition of subsidiary	68,013,885	680,139	2,040,417	-
Issue of shares for services	13,352,674	133,527	400,580	-
Issue of shares – share subscription	50,000,000	500,000	1,500,000	-
Share issue costs	-	-	(117,326)	-
As at 31 December 2023	157,916,559	1,579,166	4,451,952	-
Issue of shares for services	2,838,786	28,388	46,112	-
Issue of shares – warrants	7,740,000	77,400	274,200	-
As at 31 December 2024	168,495,345	1,684,954	4,772,264	-

For the period for the period 31 December 2022 to 20 December 2023 the issued capital of the Group was that of EnergyPathways UK Holdings Ltd. ("EPL"). Upon completion of the acquisition the share capital of EPL was transferred to the Reverse acquisition reserve (see note 4) and the share capital of EnergyPathways plc was brought to account.

Company

Issued	Number of shares	Ordinary share capital £	Share premium £
As at 28 February 2023	26,550,000	265,500	628,281
Issue of shares for acquisition of subsidiary	68,013,885	680,139	2,040,417
Issue of shares for services	13,352,674	133,527	400,580
Issue of shares – share subscription	50,000,000	500,000	1,500,000
Share issue costs	-	-	(117,326)
As at 31 December 2023	157,916,559	1,579,166	4,451,952
Issue of shares for services	2,838,786	28,388	46,112
Issue of shares – warrants	7,740,000	77,400	274,200
As at 31 December 2024	168,495,345	1,684,954	4,772,264

The ordinary shares have a nominal value of 0.01 pence per share and confer the right to vote at general meetings of the Company, to a repayment of capital in the event of liquidation or winding up and certain other rights as set out in the Company's articles of association.

During the year to 31 December 2024 a total of 2,838,786 ordinary shares were issued to consultants and advisors in lieu of cash for services rendered at an average price of 2.6 pence each.

18. Ordinary share capital and share premium (continued)

During the year to 31 December 2024 a total of 7,740,000 ordinary shares were issued upon exercise of warrants with exercise prices of 4 and 5 pence each.

On 20 December 2023, 68,013,885 ordinary shares were issued at 4.0 pence each for the entire issued share capital of EPL.

On 20 December 2023, 13,352,674 ordinary shares were issued at 4.0 pence each to directors & management in settlement of accrued remuneration.

On 20 December 2023, 50,000,000 ordinary shares were issued to subscribers at 4.0 pence each.

The following describes the nature and purpose of each reserve within equity:

Equity and Reserve	**Description and purpose**
Ordinary share capital	Represents the nominal value of shares issued
Share premium account	Amount subscribed for share capital in excess of nominal value
Share based payments reserve	Represents the value of warrants issued
Reverse acquisition reserve	Reserve created in accordance with the acquisition of EnergyPathways UK Holdings Ltd on 20 December 2023, in accordance with IFRS 2.
Retained earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income

19. Warrants & Options

Share based payments reserve

Group & Company

Issued	Share warrants reserve £	Share options reserve £	Share based payments reserve Total £
As at 1 January 2023	-	-	-
Share warrants expense through the consolidated statement of consolidated loss	162,000	-	162,000
Share warrants expense transferred to share premium account	14,000	-	14,000
As at 31 December 2023	176,000	-	176,000
Share warrants & options through the consolidated statement of consolidated loss	14,000	164,000	178,000
Transfer between reserves – warrants exercised	(66,000)	-	(66,000)
As at 31 December 2024	124,000	164,000	288,000

19. Warrants & Options (continued)

19.1 Warrants

EnergyPathways Plc

	As at 31 December 2023	Granted	Exercised	As at 31 December 2024	Exercise price - pence	Expiry date
Founder	7,500,000	-	(4,200,000)	3,300,000	5.0	30 November 2027
Broker:	437,500	-	-	437,500	4.0	30 November 2025
	75,000	-	-	75,000	5.0	30 November 2025
	915,000	-	(915,000)	-	4.0	20 December 2026
Broker performance:	500,000	-	-	500,000	5.0	3 years after vesting
	1,250,000	-	(625,000)	625,000	4.0	3 years after vesting
Advisor	1,579,165	-	(750,000)	829,165	4.0	20 December 2028
Management	6,000,000	-	(1,250,000)	4,750,000	4.0	20 December 2030
Warrants total	18,256,665	-	(7,740,000)	10,516,665		
Weighted average exercise price - pence	4.0	-	5.0	4.0	4.0	

The number of warrants exercisable at 31 December 2024 was 9,391,665 (2023: 16,506,665), these had a weighted average exercise price of 4.0 pence (2023: 4.0 pence).

The weighted average remaining contractual life of share warrants outstanding at 31 December 2024 was 4.41 years (2023: 4.79 years).

19. Warrants & Options (continued)

19.1 Warrants (continued)

The inputs into the Black-Scholes pricing model are as follows:

Grant date	28 Nov 2022	28 Nov 2022	28 Nov 2022	20 Dec 2023	20 Dec 2023	20 Dec 2023
Type	Founder	Broker	Broker	Management	Broker	Advisor
Number	7,500,000	75,000	437,500	6,000,000	915,000	1,579,165
Exercise price	5.0 pence	5.0 pence	4.0 pence	4.0 pence	4.0 pence	4.0 pence
Expected life	5 years	3 years	3 years	7 years	3 years	5 years
Expected volatility	50%	50%	50%	50%	50%	50%
Risk free rate of interest	3.20%	3.17%	3.17%	3.39%	3.68%	3.38%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Fair value of option	4.38 pence	3.80 pence	4.30 pence	2.20 pence	1.50 pence	1.90 pence

For a newly quoted company with a limited or no trading history it is common for management to make an estimate of expected volatility. The Directors consider a volatility of 50% to be a reasonable estimate given the stage of development of the Company and the lack of trading history as at the date of issue.

The inputs into the Monte Carlo pricing model are as follows:

Grant date	28 Nov 2022	20 Dec 2023
Type	Broker performance	Broker performance
Number	500,000	1,250,000
Exercise price	5.0 pence	4.0 pence
Expected life	3 years	3 years
Expected volatility	50%	50%
Risk free rate of interest	3.17%	3.68%
Dividend yield	Nil	Nil
Fair value of option	3.80 pence	1.50 pence

The estimated value of the Broker Performance Warrants was calculated using a Monte Carlo model which considered market vesting condition requirements.

19. Warrants & Options (continued)

19.1 Warrants (continued)

The total fair value of the warrants issued during the year was calculated as £178,000, with £164,000 being recognised as an expense in the Consolidated Statement of Comprehensive Loss, and £14,000 incurred in connection with share placements which has been included in share issue costs debited to Share Premium (refer to note 17).

Other share based payments

On 20 December 2023, as a part of the reverse takeover transaction (refer to note 4) the warrants were cancelled and converted in to 2,000,000 Ordinary shares in EnergyPathways plc. The fair value of warrants is valued using the Black-Scholes pricing model. An expense of £40,000 was recognised in the year to 31 December 2023, in respect of share warrants granted. Upon cancellation the cumulative share-based payments reserve of EPL of £83,200 was transferred to retained losses.

Fair value of equity settled transactions:	2024 £	2023 £
Director fees and salaries settled in shares recognised in profit and loss	-	97,282
Consultancy and advisor services settled in shares recognised in profit and loss	25,000	397,318
Share based payments expense recognised in profit and loss	178,000	202,000
Share based payment expense recognised against share premium	-	14,000
Consultancy and advisor services settled in shares recognised capitalised to intangible assets	49,500	39,505

19. Warrants & Options (continued)

19.2 Options

EnergyPathways Plc

	As at 31 December 2023	Granted	Exercised	As at 31 December 2024	Exercise price - pence	Expiry date
Director[1]	10,422,497	-	-	10,422,497	4.0	20 December 2028
Management	7,579,997	-	-	7,579,997	4.0	20 December 2028
Options total	18,002,494	-	-	18,002,494		
Weighted average exercise price - pence	4.0	-	-	4.0	4.0	

[1]Refer to the Directors Report on page 35 for details of shares, options and warrants held by each director as at reporting date.

The number of options exercisable at 31 December 2024 was 2,842,500 (2023: nil), these had a weighted average exercise price of 4.0 pence (2023: 4.0 pence).

The weighted average remaining contractual life of share options outstanding at 31 December 2024 was 3.97 years (2023: 4.97 years).

The inputs into the Black-Scholes pricing model are as follows:

Grant date	20 Dec 2023
Number	20,371,243
Exercise price	4.0 pence
Expected life	5 years
Expected volatility	50%
Risk free rate of interest	3.68%
Dividend yield	Nil
Fair value of option	1.9 pence

For a newly quoted company with a limited or no trading history it is common for management to make an estimate of expected volatility. The Directors consider a volatility of 50% to be a reasonable estimate given the stage of development of the Company and the lack of trading history as at the date of issue.

20. Related Party Transactions

20.1 Group

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are disclosed in this part of the note.

20.2. Key management personnel

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management are the Directors of EnergyPathways plc. Information regarding their compensation is given in note 8 for each of the categories specified in IAS 24 Related Party Disclosures. Other than employer pension contributions amounting to £602 in 2024 (2023: nil) and share options granted under the Group's share option scheme, all emoluments given in note 8 relate to short-term employee benefits and there are no post-employment or other long-term benefits.

Refer to the Remuneration Report on pages 27 to 32 for details of remuneration paid, or owing to each Director. As at 31 December 2024 £636,625 in remuneration was payable to the Directors (2023: £237,111).

The Group has also entered into a related-party transaction with Terra South Energy Pty Ltd., a company controlled by Ben Clube, for the provision of services by Ben Clube. Share options are held on behalf of Ben Clube by Painkalac Holdings Pty Ltd ATF Lighthouse Trust. Shares in which Mark Steeves has a beneficial interest include shares held in his wife's name.

20.3. Company

Transactions between the Parent Company and its subsidiaries during the year were as follows:

The amounts due from subsidiaries at the balance sheet date were as follows:

	As at 31 December 2024	As at 31 December 2023
	£	£
Amount due from subsidiaries	1,908,201	555,801

21. Financial instruments

The Company holds the following financial instruments:
Financial assets

Financial assets at amortised cost:	Group As at 31 December 2024	Group As at 31 December 2023	Company As at 31 December 2024	Company As at 31 December 2023
	£	£	£	£
Cash at bank and in hand	857,650	494,658	461,836	485,780
Other receivables	-	1,714,645	-	1,714,645
	857,650	2,209,303	461,836	2,200,425

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Financial liabilities

Financial liabilities at amortised cost:	Group As at 31 December 2024	Group As at 31 December 2023	Company As at 31 December 2024	Company As at 31 December 2023
	£	£	£	£
Trade payables	188,102	782,647	50,357	397,585
	188,102	782,647	50,357	397,585

22. Financial risk management

22.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the executive management team.

a) Market risk

The Group is exposed to market risk, primarily relating to interest rate, foreign exchange and commodity prices. The Group does not hedge against market risks as the exposure is not deemed sufficient to enter into forward contracts. The Group has not sensitised the figures for fluctuations in interest rates, foreign exchange or commodity prices as the Directors are of the opinion that these fluctuations would not have a significant impact on the Financial Statements at the present time. The Directors will continue to assess the effect of movements in market risks on the Group's financial operations and initiate suitable risk management measures where necessary.

22 . Financial risk management (continued)

b) Credit risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. To manage this risk, the Group periodically assesses the financial reliability of customers and counterparties.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Company seeks to keep its holdings of cash with institutions which have a minimum credit rating of 'A'.

c) Liquidity risk

The Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt. The Directors are reasonably confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

The following table summarises the Group's significant remaining contractual maturities for financial liabilities at 31 December 2024 and 31 December 2023.

Contractual maturity analysis as at 31 December 2024

	Less than 12 Months £	1 – 5 Year £	Total £
Accounts payable	188,102	-	188,102
Accrued liabilities	915,219	-	915,219
	1,103,321	**-**	**1,103,321**

Contractual maturity analysis as at 31 December 2023

	Less than 12 Months £	1 – 5 Year £	Total £
Accounts payable	782,647	-	782,647
Accrued liabilities	405,141	-	405,141
	1,187,788	**-**	**1,187,778**

22 . Financial risk management (continued)

22.2. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to enable the Group to continue its exploration and development of oil and gas resources. In order to maintain or adjust the capital structure, the Group may adjust the issue of shares or sell assets to reduce debts.

The Group defines capital based on the total equity and reserves of the Group. The Group monitors its level of cash resources available against future planned operational activities and may issue new shares in order to raise further funds from time to time.

23. Capital Commitments & Contingent Liabilities

The Group has no other capital commitments or contingent liabilities as at 31 December 2024.

24. Ultimate controlling party

The Directors have determined that there is no controlling party as no individual shareholder holds a controlling interest in the Company.

25. Events after the reporting period

On 24 February 2025 the Company announced that the P2490 exploration licence had lapsed. The P2490 licence was an old traditional exploration licence that was not ideally structured to allow delivery of the MESH project and was financially less beneficial for the Company. In August 2024, the Group had applied for a gas storage licence and since the year-end has also applied for a gas production licence in order to develop ethe MESH project and it is expected that an application will be made for a compressed air storage licence as well. As at the reporting date the directors did not have sufficient reason to believe that the exploration licence would expire and applied judgement that the most appropriate date to make the impairment was the date of expiry. Further, the Board believes that the determination of the P2490 exploration licence does not have a material impact on the Group's plans and does not give rise for the need for an impairment charge in 2025. The Board will monitor the indicators of impairment during the licence application process.

On 28 February 2025 the Company announced that Stephen West had resigned as Company Director.

On 5 March 2025 the Company announced the issue of 496,164 ordinary shares in settlement of consultancy fees at 9.39 pence each in lieu of cash to members of the MESH project management team.

On 25 March 2025 the Company announced the issue of 500,000 ordinary shares pursuant to the exercise of 500,000 warrants at 5 pence each raising £25,000 for the Company.

On 1 April 2025 the Company announced the appointment of Max Williams to the Board as Finance Director and the resignation of Ben Hodges as Chief Financial Officer and Company Director.

On 7 April 2025 the Company announced the issue of 947,500 ordinary shares pursuant to the exercise of 947,500 options at 4 pence each raising £37,900 for the Company.

On 7 April 2025 the Company announced the issue of 1,448,017 in settlement of accrued remuneration totalling £52,475.81 to a former Director of the Company.

On 16 April 2025 the Company announced the issue of 13,424,040 ordinary shares to Directors and existing shareholders at 5.54 pence each raising £743,692 for the Company.

26. Copies of the Annual Report

Copies of the annual report will be available on the Company's website at https://energypathways.uk/results-reports-and-circulars