The Independent Auditor's Report and Harbour Energy plc's Group financial statements below include various references to sections and page numbers that relate to the Harbour Energy plc 2024 Annual Report & Accounts which was approved by the directors of the company on 5 March 2025.
The 2024 Annual Report & Accounts, including the auditor's report, is expected to be published on 27 March 2025 and will be accessible on the company's website at www.harbourenergy.com.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARBOUR ENERGY PLC

Opinion

In our opinion:

- Harbour Energy plc's Group financial statements and parent company financial statements (the financial statements) give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Harbour Energy plc (the parent company) and its subsidiaries (the Group) for the year ended 31 December 2024 which comprise:

Group	Parent company
Consolidated balance sheet as at 31 December 2024	Company balance sheet as at 31 December 2024
Consolidated income statement for the year then ended	Company statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes 1 to 10 to the financial statements including material accounting policy information
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 33 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We are independent of the Group and parent 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 public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of management's going concern assessment process in conjunction with our walkthrough of the Group's financial close process and engaging with management to confirm all relevant assumptions were considered;
- evaluating the appropriateness of the period used for management's going concern assessment, which is defined as the period up to 31 December 2026;
- obtaining the cash flow forecasts prepared by management for the Group, including the base case and downside scenarios, and testing the integrity of management's going concern model including its arithmetical accuracy;
- checking the consistency of information used in management's going concern model with the budget approved by the Board and with other areas of the audit such as impairment assessments;

- challenging the key assumptions included in the model, including management's oil and gas price assumptions. Our assessment of these price assumptions included a comparison of management's price assumptions with recent broker and consultant estimates together with estimates used by other market participants, including those estimates that reflect the potential impact of the climate change transition risks;
- evaluating the reasonableness of all other key assumptions, such as production profiles and operating and capital expenditure forecasts, through assessing their consistency with other areas of the audit, including management's impairment assessments. We also ensured these assumptions were consistent with the Group's 2025 budget and the long range plan approved by the Board;
- inspecting the Group's loan agreements, ensuring that the cash outflows relating to interest and repayments are consistent with the agreements, concluding that no covenants have been breached and evaluating whether there is any forecast covenant breach in either the base case or severe but plausible downside case scenarios during the going concern period;
- verifying that the cash flow forecasts include estimated outflows in respect of the Energy Profits Levy (EPL) and ensuring such outflows were consistent with our work on management's impairment assessments;
- reviewing management's reverse stress tests in order to identify what factors would lead to the Group not meeting the financial covenants during the going concern period, including the extinguishment of liquidity, and assessing the likelihood of occurrence of such a scenario; and
- evaluating the appropriateness of the going concern disclosures in the financial statements to determine whether they are accurate and in line with IAS 1 – Presentation of Financial Statements and our expectations given the procedures we have performed.

Based on the procedures performed, we observed that the oil and gas prices are within the range of recent brokers' and consultants' estimates, and production profiles are consistent with those used in management's impairment assessments and in our work on oil and gas reserves. In the severe but plausible downside cases modelled by management, we observed that there was no liquidity extinguishment and that under these cases the Group operates within the requirements of its financial covenants without any mitigating actions being required. We concluded that the modelled plausible downside scenarios were reasonable for concluding on the going concern assumption. In addition, we have concluded that the reverse stress scenarios, under which available liquidity is extinguished, have a remote likelihood of occurrence.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period up to 31 December 2026.

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of eight components, and audit procedures on specific balances for a further 17 components • We performed centralised procedures on the following areas: accounting for the purchase price allocation associated with the Wintershall Dea acquisition, estimation of oil and gas reserves, impairment of tangible oil and gas properties and associated goodwill, derivatives and borrowings, assets held for sale, equity and consolidation journals
Key audit matters	• Accounting for the purchase price allocation associated with the Wintershall Dea acquisition • Oil and gas reserves estimation including reserves used in the calculation of depreciation, depletion and amortisation, impairment testing and the assessment of recoverability of deferred tax assets • Impairment of tangible oil and gas properties and associated goodwill
Materiality	• Overall Group materiality of $170 million which represents 0.6% of Total assets • Specific Group materiality of $86 million which represents 2.2% of Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA)

An overview of the scope of the parent company and Group audits

Tailoring the scope

In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the Group's system of internal control at the entity level, the existence of centralised processes and applications and any relevant internal audit results.

We determined that centralised audit procedures could be performed in the following audit areas: accounting for the purchase price allocation associated with the Wintershall Dea acquisition, estimation of oil and gas reserves, impairment of tangible oil and gas properties and associated goodwill, derivatives and borrowings, assets held for sale, equity and consolidation journals.

We then identified: 15 components as individually relevant to the Group due to relevant events and conditions underlying the identified risks of material misstatement of the Group financial statements being associated with the reporting components, pervasive risks of material misstatement of the Group financial statements or a significant risk or an area of higher assessed risk of material misstatement of the Group financial statements being associated with the components; and 13 of the components of the Group as relevant due to materiality or financial size of the component relative to the Group.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the Group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the Group significant financial statement account balance.

We then considered whether the remaining Group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the Group financial statements. No additional components of the Group were included in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Of the 28 components selected, we designed and performed audit procedures on the entire financial information of eight components (full scope components). For 17 components, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component (specific scope components). For the remaining three components, we performed specified audit procedures to obtain evidence for one or more relevant assertions.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

The 28 components where we performed audit procedures accounted for 89% (2023: 86%) of the Group's Total Assets and 92% (2023: 94%) of the Group's Adjusted EBITDA.

Changes from the prior year

Components in Indonesia and Vietnam were no longer designated as full or specific scope for the 2024 audit due to their size compared to the enlarged Group post-acquisition of Wintershall Dea and their assessed risks, whereas new components in Norway, Argentina, Germany and Mexico were scoped in to reflect the enlarged Group operations driven by the acquisition of Wintershall Dea. Although the UK operations continued to be in scope, there were a number of changes related to the designation of the UK components as either full scope or specific scope.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the UK integrated primary audit team, or by component auditors from other EY global network firms operating under our instruction.

As a result of the Wintershall Dea acquisition, the Group audit team planned and executed a series of site visits which involved the Senior Statutory Auditor and/or delegates visiting the key new locations. During the current year's audit cycle, physical visits were undertaken by the UK integrated Group primary audit team to the component teams in Norway, Argentina, Germany and Mexico. These visits involved direction, supervision, oversight of our overseas EY audit teams, review of their respective audit working papers on risk areas and meetings with local management in each country. The UK integrated Group primary audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers, were responsible for the scope and direction of the audit process and participated in the audit closing meetings which were held locally. Where relevant, the section on key audit matters details the level of involvement we had with component auditors to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact Harbour Energy plc. The Group has determined that the most significant future impacts from climate change on their operations will be from an accelerated shift in consumer demand for oil and gas products, increasing focus on climate change by investors, building a distinctive and credible position in CCS in light of increasing demand for new clean technologies in oil and gas, and chronic and acute physical risks. These are explained on pages 48 and 49 in the required Task Force On Climate Related Financial Disclosures and on page 69 in the principal risks and uncertainties. The Group has also explained it's climate commitments on page 45. All of these disclosures form part of the 'Other information', rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on 'Other information'.

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in note 2 – Accounting Policies, how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to achieve net zero across gross operated Scope 1 and 2 emissions by 2050 and their interim target of a 50% reduction in 2030 against their 2018 baseline. Significant judgements and estimates relating to climate change are included in note 2 to the financial statements. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of the International Financial Reporting Standards (IFRS). In note 2, management has provided supplementary sensitivity disclosures showing the impact of oil, gas and carbon costs under IEA scenarios on the carrying value of tangible oil and gas assets.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 45, 48 and 49 and 69 and the significant judgements and estimates disclosed in note 2 and whether these have been appropriately reflected in (i) oil and gas reserves estimation, (ii) the impairment assessments for tangible oil and gas assets and associated goodwill and associated sensitivity disclosures, (iii) the valuation of net deferred tax liabilities, and (iv) the timing and nature of decommissioning liabilities recognised following the requirements of UK-adopted international accounting standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists and senior audit team members with significant experience in climate change and energy transition. This included meetings with the Group's Net Zero strategy, Financial Planning and Group Finance teams and a review of peer disclosures and sector guidance on climate change and energy transition to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and the associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matters: oil and gas reserves estimation; and impairment of tangible oil and gas properties and associated goodwill. Details of the impact, our procedures and findings are included in our explanation of key audit matters below.

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 (whether or not due to fraud) that we identified. These matters included 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Accounting for the purchase price allocation associated with the Wintershall Dea acquisition Refer to the Audit and Risk Committee Report (page 82); Material accounting policies (pages 135 to 151); and note 14 of the Consolidated Financial Statements (pages 166 and 167). As more fully described in note 14 to the consolidated financial statements, on 3 September 2024 Harbour completed the acquisition of the Wintershall Dea portfolio for cash consideration of $1,782 million, the issuance of equity shares of $3,457 million and contingent consideration estimated at $52 million. The acquisition was accounted for under the acquisition method of accounting which resulted in a fair value of $14,420 million being attributed to tangible and intangible oil and gas assets and goodwill of $3,845 million. Additionally, liabilities of $14,241 million were recognised of which $5,500 million related to deferred tax liabilities. The accounting for business acquisitions can be highly complex in nature, with significant judgement required to determine the fair values of the assets and liabilities acquired. This transaction falls under the scope of IFRS 3: Business Combinations (IFRS 3) which requires significant management judgement in determining the fair value of the net assets acquired, including tangible and intangible oil and gas assets. Our key audit matter focuses on the valuation of assets acquired and the completeness of liabilities associated with the Wintershall Dea acquisition (the purchase price allocation).	The audit procedures in respect of the purchase price allocation were performed by the primary audit team, supported by our EY valuations specialists and by component teams for specific cash flow elements within the valuation models, working under the primary team's direction. Our work to address the identified risks included the following procedures: • we confirmed our understanding of Harbour's acquisition accounting process as well as the control environment implemented by management; • we obtained and read the executed business combination agreement to understand the terms of the agreement including the consideration for the transaction; • we engaged the EY valuations team to assist in assessing the valuation of the contingent consideration recognised as well as the valuation of the non-voting shares that were issued as part of the consideration; • we performed a risk-based assessment on the accounts included in the opening balance sheet for the acquired business to inform and direct the scope of our purchase price allocation work; • we engaged our valuation specialists to review the purchase price allocation models and related analysis prepared by management's specialist, including attending calls with the specialists to critically challenge the valuation methodology, key underlying assumptions and understand subsequent adjustments made to the model; • we evaluated the reasonableness of key underlying assumptions and estimates used in the valuation models such as quantity of the oil and gas reserves, production volumes, oil and gas prices, discount rates and capital and operating expenditures; • we assessed the reasonableness of the judgements and estimates used by management in determining the values attributed to the exploration and evaluation assets (2C resources) through validating the existence of the 2C resources with reference to the reserves and resources reports prepared by management's specialist, discussions with Harbour's internal specialists and comparing to accepted market valuation practices for such resources; • with the assistance of our component teams, we assessed the valuation and completeness of the decommissioning provisions at acquisition date, which included a 'roll-back' from the audited 31 December 2024 balances for all full scope Wintershall Dea components; • we verified that the deferred tax liabilities recognised upon acquisition were calculated at the rates prevailing in the jurisdictions to which the respective oil and gas assets relate; • we evaluated and tested the integrity and mathematical accuracy of the valuation models; • we agreed the resulting goodwill to underlying calculations; and • we inspected the disclosures set out in note 14 to the financial statements to ensure compliance with IFRS 3 requirements. To test the fair value of the acquired identifiable oil and gas assets and contingent consideration, with the assistance of our valuation specialists, our audit procedures included, amongst others, assessing the competence, capabilities and objectivity of management's specialists, evaluating the prospective financial information used in the valuation models, testing the completeness and accuracy of underlying data and evaluating management's use of valuation methodologies. Our procedures to evaluate the prospective financial information used in the valuation models included assessing the key assumptions discussed above through comparison to current industry, market and economic trends and forecasts (where available) and to historical results of the Wintershall Dea business. We also performed sensitivity analyses to evaluate the impact of changes in key assumptions to the valuation of the acquired identifiable oil and gas assets.	We reported to the Audit and Risk Committee that, based on our procedures performed: • we are satisfied that the assumptions, methodologies and judgements applied to determine the fair values of the assets and liabilities acquired are reasonable; and • the disclosures in note 14 of the consolidated financial statements are consistent with the results of the purchase price allocation exercise and comply with IFRS 3.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Oil and gas reserves estimation Refer to the Audit and Risk Committee Report (page 82); Material accounting policies (page 135 to 151); and Additional information (page 202). At 31 December 2024, Harbour reported 1,249 million barrels of oil equivalent (mmboe) of proved and probable (2P) reserves (2023: 361 mmboe). The estimation and measurement of oil and gas reserves impacts various material elements of the financial statements including depreciation, depletion and amortisation (DD&A), impairment, decommissioning provisions and deferred tax asset (DTA) recoverability. In 2024 the Group's 2P reserves increased significantly as a result of the Wintershall Dea acquisition. Auditing the estimation of oil and gas reserves is complex, as there is significant estimation uncertainty in assessing the quantities of reserves and resources in place. Estimation uncertainty is further elevated given the transition to a low-carbon economy which could impact life-of-field assumptions and increase the risk of underutilised or stranded oil and gas assets. Also, given the estimation of oil and gas reserves is complex, there is a risk that inappropriate management bias influences the estimates. Management's 2P reserves estimates are prepared by an internal specialist whilst an external specialist is engaged for the purpose of assessing the appropriateness of management's internal estimates.	The audit procedures in respect of oil and gas reserves estimation were performed by the primary audit team; our procedures covered 100% of 2P reserve volumes. Our work to address the identified risks included the following procedures: • we confirmed our understanding of Harbour's oil and gas reserve estimation process as well as the control environment implemented by management; • we assessed the appropriateness of reliance on management's internal and external reserve specialists by undertaking procedures to evaluate their competence and objectivity; • we met separately with management's internal and external specialists to understand the basis, and therefore appropriateness, for any significant variances between the two sets of estimates at a cash-generating unit (CGU) level; • where variances of a technical nature were identified, we utilised the knowledge and expertise of an EY internal specialist from our Financial Accounting Advisory Services practice with significant oil and gas reserves expertise as part of our work to assess the nature of the variances and appropriateness of management's estimates; • we investigated all material volume movements from management's prior period estimates and where there was a lack of movement where changes were expected, based on our understanding of the Group's operations and findings from other areas of our audit; • in light of Harbour's pledge to reach Net Zero for Scope 1 and 2 emissions by 2050 (gross operated basis), we considered the extent of 2P reserves recognised that are due to be produced beyond 2050 in assessing the potential impact of a risk of stranded assets; and • we ensured the 2P reserve volumes were consistently applied throughout all relevant accounting processes including DD&A, impairment, decommissioning provisions and DTA recoverability.	We reported to the Audit and Risk Committee that, based on our procedures performed, we had not identified any errors or factual inconsistencies with reference to Harbour's oil and gas reserves estimates that would materially impact the financial statements and that, as a result, we consider the 2P reserve estimates to be reasonable. We reported that all of Harbour's 2P reserves are expected to be produced by 2050. As such we are satisfied that the risk of there being a material stranded asset is low. Management has sufficient time and options to decarbonise their assets in line with their stated target, including the use of carbon capture and storage facilities – or through the purchase of carbon credits.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Impairment of tangible oil and gas properties and associated goodwill Refer to the Audit and Risk Committee Report (page 82); Material accounting policies (pages 135 to 151); and notes 10 and 12 of the Consolidated Financial Statements (pages 159 to 160 and pages 162 to 163). In the current period, management noted impairment indicators for certain of the Group's assets and recorded a pre-tax impairment of $352 million (2023: net pre-tax impairment of $176 million). Management prepares the tangible asset impairment tests under the Fair Value Less Cost to Sell methodology. The impairment models include a number of estimates including: future oil and gas prices; discount rates; inflation rates; production forecasts; operating expenditures; and capital expenditures for each CGU. Changes to any of these key inputs could lead to a material change in an impairment or a reversal of impairment, hence this is considered a key audit matter.	Our audit response was executed by the primary audit team, covering all assets at risk of material impairment. We performed the following audit procedures with respect to management's impairment assessment: • confirmed our understanding of Harbour's impairment assessment process, as well as the controls implemented by management; • considered the internal and external sources of information included in IAS 36: Impairment of Assets to identify any potential indicators of impairment loss and/or reversal, including any downgrades in oil and gas reserve estimates or sustained increase / decrease in oil and gas prices compared to the prior year; • following the identification of impairment indicators, we obtained the discounted cash flow model that reflects the expectations of an external market participant for each of these CGUs and tested the models for integrity which included the use of EY technology tools to evaluate spreadsheet integrity; • we assessed the appropriateness of management's oil and gas price assumptions through comparison with the estimates of market participants; • in conjunction with our EY valuations specialists, we assessed the appropriateness of management's impairment discount rates for each CGU based on an independent re-calculation of the Group's weighted average cost of capital; • we evaluated management's production profiles through reconciliation to the results of our audit work in respect of oil and gas reserves estimation; • we tested the appropriateness of other cashflow assumptions such as operating expenses, capital expenses and decommissioning spend by comparing against Board approved plans and actual costs incurred. We compared inflation and FX rates to recent market forecasts to assess their reasonableness; • we performed headroom analysis for the oil and gas production CGUs as part of our assessment of the recoverability of the goodwill recognised in the Group financial statements; and • we also evaluated the accuracy and completeness of the impairment disclosures included in the notes to the financial statements. In assessing the impact of climate transition risk on impairment, we performed the following procedures: • comparison of Harbour's long-term oil and gas price assumption to International Energy Association (IEA) Announced Pledges Scenario (APS) and Net Zero Emissions (NZE) Scenario; • reasonableness assessment of carbon prices and sensitivity of future carbon costs in the cash flow models, including comparison of prices to IEA APS and NZE scenarios; • understood how management intend to achieve their planned Scope 1 and 2 emissions reductions and whether these actions have been reflected in the cash flow forecasts; • analysed the emissions and production data to understand the current and future carbon intensity of assets to identify higher risk assets; • evaluated the stranded asset risk arising from useful economic lives of assets post 2050; and • verified the appropriateness of the climate change sensitivity included in note 2 of the financial statements.	We reported to the Audit and Risk Committee that the key assumptions used within the impairment models were within a reasonable range and, based on our testing performed, we considered the recognition and valuation of the current period impairment charge to be reasonable. Specifically related to our procedures on climate change, we reported that Harbour's oil and gas price assumptions are reasonable. We concur with management that carbon costs are not a sensitive assumption in the cash flow forecasts; the results of our independent sensitivity analysis indicated that applying the IEA NZE 2050 carbon prices would not lead to a material impact on the valuation of oil and gas assets. For assets with a higher risk of impact from climate change, we assessed the headroom in the most recent impairment models and checked the reasonableness of the costed plans in place to decarbonise the assets. Overall, we concluded there was no additional impairment triggers arising from the impact of climate change in the 2024 financial statements.

Principal changes to key audit matters compared to prior year

In the prior year, our auditor's report included a key audit matter for 'Tax liabilities and contingencies' related to the disclosed contingent liability for the misallocation of hedging positions across certain UK subsidiaries of the Group, which involved judgement related to non-recognition in the consolidated financial statements and an element of estimation for the potential financial effect. In the current year there have been no significant updates and we concluded it is not a key audit matter on the basis of the allocation of resources in the course of this year's audit.

In the current year, we have a new key audit matter in respect of the accounting for the purchase price allocation associated with the Wintershall Dea acquisition, due to the material impact that this transaction has had on the Group financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

The table below sets out the materiality, performance materiality and threshold for reporting audit differences applied on our audit:

	Basis	Materiality $ million	Performance materiality $ million	Reporting threshold for audit differences $ million
Overall	0.6% of total assets	170	85	9
Specific Applicable for account balances related to the consolidated income statement and consolidated statement of comprehensive income	2.2% of Adjusted EBITDA	86	43	4

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

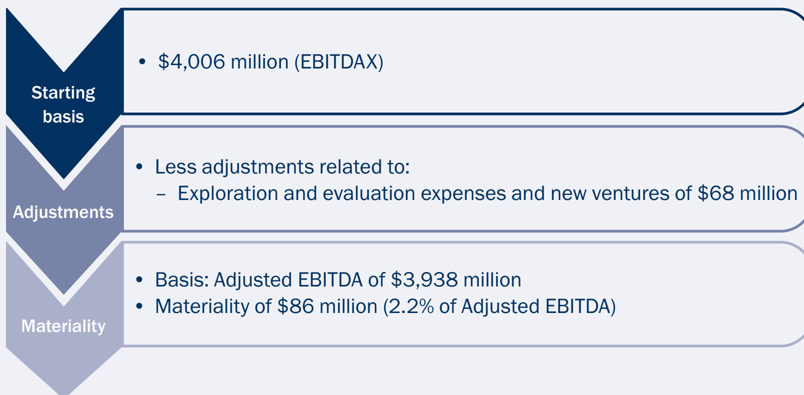
Overall materiality

Our key criterion in determining overall materiality remains our perception of the needs of Harbour's stakeholders. We consider which earnings, activity or capital-based measure aligns best with the expectations of the users of Harbour's financial statements. In doing so, we apply a 'reasonable investor perspective', which reflects our understanding of the common financial information needs of the members of Harbour as a Group. We consider Total Assets (2023: Adjusted EBITDA, which is earnings before interest, tax, depreciation, impairments and amortisation, adjusted to exclude exploration cost write-off but including exploration and evaluation expenses and new ventures) to be consistent with the type of measures that are the primary focus of Harbour's investors for the current reporting period. The Wintershall Dea acquisition was completed on 3 September 2024 and the future expected profitability of the Group is not fully reflected in the year ended 31 December 2024 as only four months of operations of the acquired Group are included in the consolidated financial statements. In addition, the current underlying oil & gas assets will enable the Group to significantly increase its production from its diversified assets portfolio in the future and hence enhance its underlying profitability. We have therefore assessed that Total Assets is the most appropriate basis for determining overall materiality for our 2024 audit. We expect to revert back to using Adjusted EBITDA as our overall materiality basis for the year ending 31 December 2025. Therefore, we have capped this year's overall materiality to an amount not exceeding the materiality expected to result from using Adjusted EBITDA as the materiality basis for the year ending 31 December 2025.

Based on the above, we determined overall materiality for the Group to be $170 million (2023: $72 million), which is 0.6% of Total Assets (2023: 2.7% of Adjusted EBITDA).

Specific materiality

We assessed that for the consolidated income statement and consolidated statement of comprehensive income, a misstatement of less than overall materiality for the financial statements could influence the economic decisions of users. We have determined that specific materiality for these areas should be based on Adjusted EBITDA. We believe that Adjusted EBITDA provides us with a measure that is also of particular focus to shareholders and is closely linked to both the metric used in the covenant included in the Group's major loan agreement and the key performance indicator for the Group, EBITDAX, which is Earnings before interest, tax, depreciation, amortisation and exploration. Measures such as EBITDAX are a primary indicator of company valuation and cash flow generation across the upstream oil and gas sector. This resulted in a specific materiality of $86 million (2023: no specific materiality was used).



We determined materiality for the parent company to be $73 million (2023: $27 million), which is 0.8% (2023: 0.7%) of Total Assets.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality and specific performance materiality (i.e. our tolerance for misstatement in the individual account or balance) was 50% (2023: 50%) of the respective materiality. We have set performance materiality at this percentage due primarily to the major acquisition of Wintershall Dea during the year ended 31 December 2024 and the resulting significant effect on the Group's operations and financial statements.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of overall performance materiality allocated to components was $14.5 million to $51 million (2023: $6.5 million to $26 million) and specific performance materiality allocated to components was $7.3 million to $25.8 million (2023: no specific materiality was used).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial. We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of $8.5 million (2023: $3.6 million) which is set at 5% of overall materiality, as well as uncorrected audit differences in excess of $4.3 million in respect of our specific testing of the consolidated income statement and consolidated statement of comprehensive income, which is also set at 5% of specific materiality (2023: no specific reporting threshold was applied). We also agreed to report differences below those thresholds that, in our view, warranted reporting on qualitative grounds. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 208, including the Strategic report, Governance and Additional information sections, 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 this 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 the 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, the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 37;
- directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 63;
- directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 63;
- directors' statement on fair, balanced and understandable set out on page 117;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 61;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 62; and
- the section describing the work of the Audit and Risk Committee set out on page 82.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 117, 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 and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK-adopted international accounting standards, Companies Act 2006, the UK Corporate Governance Code and the UK Listing Rules of the Financial Conduct Authority) and the relevant tax compliance regulations in the jurisdictions in which Harbour Energy plc operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, relating to health and safety, employee matters, environmental, and bribery and corruption practices. We understood how Harbour Energy plc is complying with those frameworks by making enquires of management, Internal Audit, Legal Counsel and the Company Secretary. We corroborated our enquiries through inspection of board minutes, papers provided to the Audit and Risk Committee and correspondence received from regulatory bodies and there was no contradictory evidence. We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the degree of incentive, opportunity and rationalisation that may exist to undertake fraud. We also considered performance targets and their potential impact on risks related to managing earnings or influencing the perceptions of analysts. We engaged our forensics specialists to assist with our assessment of the susceptibility of the Group's financial statements to fraud. We have determined there is a risk of fraud associated with management override related to manual revenue journals that do not follow the expected process. We performed audit procedures to address the identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing with a focus on manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of legal counsel, Group management, internal audit and component management at all full scope components; review of the volume and nature of whistleblowing complaints received during the year; and focused testing, including in respect of management override through manual revenue journals and specific searches derived from forensic investigations experience. Any instances of non-compliance with laws and regulations identified that might have an impact on components were communicated to the component audit teams and considered in our audit approach.

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

Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee we were appointed by the company on 21 April 2021 to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods.
- On 31 March 2021, Harbour Energy plc (formerly Premier Oil plc) acquired Chrysaor Holdings Limited as part of a reverse acquisition. EY was the auditor of Premier Oil plc from the period ended 31 December 2017 up to and including the period ended 31 December 2020. As a result, the period of total uninterrupted engagement including previous renewals and reappointments is eight years, covering the period from our appointment as auditors of Premier Oil plc for the period ended 31 December 2017 to the period ended 31 December 2024 as auditors of Harbour Energy plc.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

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.

Andrew Smyth (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
6 March 2025

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 $ million	2023 As restated $ million
Revenue	4	**6,158**	3,715
Other income	4	**68**	36
Revenue and other income		**6,226**	3,751
Cost of operations	5	**(3,613)**	(2,376)
Impairment of property, plant and equipment	5, 12	**(352)**	(176)
Impairment of right-of-use assets	13	**(20)**	–
Impairment of goodwill	5, 10	**–**	(25)
Exploration and evaluation expenses and new ventures	5	**(68)**	(36)
Exploration costs written-off	5	**(173)**	(57)
General and administrative expenses	5	**(352)**	(149)
Operating profit		**1,648**	932
Finance income	7	**173**	104
Finance expenses	7	**(602)**	(420)
Profit before taxation		**1,219**	616
Income tax expense	8	**(1,312)**	(571)
(Loss)/profit for the year		**(93)**	45
(Loss)/profit for the year attributable to:			
Equity owners of the company		**(108)**	45
Subordinated notes investors		**15**	–
		(93)	45

(Loss)/earnings per share	Note	$ cents	$ cents
Basic			
Ordinary shares voting	9	**(10)**	6
Ordinary shares non-voting	9	**(11)**	–
Diluted			
Ordinary shares voting	9	**(10)**	6
Ordinary shares non-voting	9	**(11)**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 $ million	2023 As restated $ million
(Loss)/profit for the year	**(93)**	45
Other comprehensive income/(loss)		
Items that will not be subsequently reclassified to income statement		
Actuarial losses	**(6)**	–
Tax credit on actuarial losses	**4**	–
Net other comprehensive (loss)/income that will not be subsequently reclassified to income statement	**(2)**	–
Items that may be subsequently reclassified to income statement:		
Fair value (losses)/gains on cash flow hedges	**(545)**	3,168
Tax credit/(charge) on cash flow hedges	**379**	(2,376)
Exchange differences on translation	**130**	103
Net other comprehensive (loss)/income that may be subsequently reclassified to income statement	**(36)**	895
Other comprehensive (loss)/income for the year, net of tax	**(38)**	895
Total comprehensive (loss)/income for the year	**(131)**	940
Total comprehensive income attributable to:		
Equity owners of the company	**(146)**	940
Subordinated notes investors	**15**	–
	(131)	940

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note	2024 $ million	2023 As restated $ million
Assets			
Non-current assets			
Goodwill	10	**5,147**	1,302
Other intangible assets	11	**5,714**	1,172
Property, plant and equipment	12	**14,543**	4,836
Right-of-use assets	13	**656**	632
Deferred tax assets	8	**130**	7
Other receivables	16	**176**	309
Other financial assets	23	**44**	112
Total non-current assets		**26,410**	8,370
Current assets			
Inventories	15	**368**	217
Trade and other receivables	16	**2,316**	873
Other financial assets	23	**145**	170
Cash and cash equivalents	17	**805**	286
		3,634	1,546
Assets held for sale	18	**277**	–
Total current assets		**3,911**	1,546
Total assets		**30,321**	9,916
Equity and liabilities			
Equity			
Share capital	25	**171**	171
Merger reserve	25	**3,728**	271
Other reserves		**(18)**	18
Retained earnings		**807**	1,093
Equity attributable to equity holders of the company		**4,688**	1,553
Equity attributable to subordinated notes investors	26	**1,563**	–
Total equity		**6,251**	1,553
Non-current liabilities			
Borrowings	22	**4,215**	493
Provisions	21	**7,024**	3,905
Deferred tax	8	**6,221**	1,297
Trade and other payables	20	**30**	13
Lease creditor	13	**551**	552
Other financial liabilities	23	**415**	87
Total non-current liabilities		**18,456**	6,347
Current liabilities			
Trade and other payables	20	**1,755**	915
Borrowings	22	**1,014**	16
Lease creditor	13	**241**	216
Provisions	21	**497**	230
Current tax liabilities		**1,412**	442
Other financial liabilities	23	**462**	197
		5,381	2,016
Liabilities directly associated with the assets held for sale	18	**233**	–
Total current liabilities		**5,614**	2,016
Total liabilities		**24,070**	8,363
Total equity and liabilities		**30,321**	9,916

The notes on pages 135 to 191 form part of these financial statements.

The financial statements on pages 130 to 191 were approved by the board of directors and authorised for issue on 5 March 2025 and signed on its behalf by:

Alexander Krane
Chief Financial Officer

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

	Share capital $ million	Merger reserve[1] $ million	Capital redemption reserve $ million	Cash flow hedge reserve[2] $ million	Costs of hedging reserve[2] $ million	Currency translation reserve $ million	Retained earnings $ million	Equity attributable to owners of the company $ million	Equity attributable to subordinated notes investors $ million	Total equity $ million
At 1 January 2023	171	271	8	(776)	(9)	(100)	1,456	1,021	–	1,021
Profit for the year as restated	–	–	–	–	–	–	45	45	–	45
Other comprehensive income	–	–	–	779	13	103	–	895	–	895
Total comprehensive income as restated	–	–	–	779	13	103	45	940	–	940
Purchase and cancellation of own shares	–	–	–	–	–	–	(249)	(249)	–	(249)
Share-based payments	–	–	–	–	–	–	46	46	–	46
Purchase of ESOP trust shares	–	–	–	–	–	–	(15)	(15)	–	(15)
Dividend paid	–	–	–	–	–	–	(190)	(190)	–	(190)
At 31 December 2023 as restated	171	271	8	3	4	3	1,093	1,553	–	1,553
(Loss)/profit for the year	–	–	–	–	–	–	(108)	(108)	15	(93)
Other comprehensive (loss)/ income	–	–	–	(188)	22	130	(2)	(38)	–	(38)
Total comprehensive (loss)/ income	–	–	–	(188)	22	130	(110)	(146)	15	(131)
Issue of new shares	–	3,457	–	–	–	–	–	3,457	–	3,457
Share-based payments	–	–	–	–	–	–	48	48	–	48
Purchase of ESOP trust shares	–	–	–	–	–	–	(25)	(25)	–	(25)
Acquired through business combination	–	–	–	–	–	–	–	–	1,548	1,548
Dividends paid	–	–	–	–	–	–	(199)	(199)	–	(199)
At 31 December 2024	**171**	**3,728**	**8**	**(185)**	**26**	**133**	**807**	**4,688**	**1,563**	**6,251**

1 The increase in the merger reserve represents the difference between the fair value and nominal value of the shares issues as consideration for the acquisition of the Wintershall Dea assets.
2 Disclosed net of deferred tax.

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

	Note	2024 $ million	2023 As restated $ million
Net cash inflow from operating activities	29	**1,615**	2,150
Investing activities			
Expenditure on exploration and evaluation assets		**(359)**	(202)
Expenditure on property, plant and equipment	12	**(884)**	(496)
Expenditure on non-oil and gas intangible assets		**(42)**	(20)
Expenditure on other intangible assets		**(37)**	(81)
Acquisition of subsidiaries, net of cash acquired	14	**(1,044)**	–
Finance income received		**76**	93
Other receipts		**13**	13
Net cash outflow from investing activities		**(2,277)**	(693)
Financing activities			
Repurchase of shares		**–**	(249)
Proceeds from new borrowings – revolving credit facility	29	**2,225**	–
Proceeds from new borrowings – reserve based lending facility	29	**178**	660
Proceeds from bridge facility	29	**1,500**	–
Proceeds from bond issuance net of transaction costs	29	**1,720**	–
Payments of principal portion of lease liabilities		**(265)**	(207)
Interest paid on lease liabilities		**(54)**	(52)
Repayment of revolving credit facility	29	**(1,975)**	–
Repayment of reserve based lending facility	29	**(178)**	(1,435)
Repayment of bridge facility	29	**(1,500)**	–
Repayment of exploration financing facility		**–**	(11)
Repayment of financing arrangement	29	**(17)**	(21)
Purchase of ESOP trust shares		**(25)**	(12)
Interest paid and bank charges		**(181)**	(150)
Dividends paid to shareholders	31	**(199)**	(190)
Net cash inflow/(outflow) from financing activities		**1,229**	(1,667)
Net increase/(decrease) in cash and cash equivalents		**567**	(210)
Net foreign exchange difference		**(37)**	(4)
Reclassification of Vietnam cash as asset held for sale		**(11)**	–
Cash and cash equivalents at 1 January		**286**	500
Cash and cash equivalents at 31 December		**805**	286

1. Corporate information

Harbour Energy plc is a limited liability company incorporated in Scotland and listed on the London Stock Exchange. The address of the registered office is 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN, United Kingdom.

The consolidated financial statements of Harbour Energy plc (Harbour or the company) and all its subsidiaries (the Group) for the year ended 31 December 2024 were authorised for issue by the board of directors on 5 March 2025.

On 3 September 2024, the Group completed the acquisition of substantially all of Wintershall Dea's upstream oil and gas assets, including those in Norway, Germany, Denmark, Argentina, Mexico, Egypt, Libya and Algeria as well as Wintershall Dea's CCS licences in Europe. Under IFRS 3 Business Combinations, the Group is the legal and accounting acquirer as it obtained control over the Wintershall Dea portfolio through the business combination: as it was the entity that issued equity and paid cash to effect the business combination; at completion then existing Harbour Energy shareholders held a majority of voting ordinary shares; and from completion, day-to-day management of the enlarged group has been led by existing Harbour Energy personnel, with no change to the executive directorship.

The Group has designated 1 September 2024 as the acquisition date (beginning of month) rather than the actual acquisition date of 3 September 2024 (during the month) as the events between the designated acquisition date and the actual acquisition date do not result in material changes in the amounts recognised.

The acquired Wintershall Dea portfolio results are fully consolidated in the financial statements from 1 September 2024, and all results prior to this date represent those of the legacy Harbour group only.

The Group's principal activities are the acquisition, exploration, development and production of oil and gas reserves in Norway, the UK, Germany, Mexico, Argentina, North Africa and Southeast Asia.

2. Material accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis in accordance with UK-adopted International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006. The analysis used by the directors in adopting the going concern basis considers the various plans and commitments of the Group as well as various sensitivity and reverse stress test analyses. The results from the severe but plausible downside sensitivities and reverse stress tests with regard to production and commodity price assumptions, which in management's view reflect two of the principal risks, indicate that material changes within one year that would impact the going concern basis of preparation are remote. Further details are within the Financial Review on page 32 and viability statement on page 63.

In 2023, the Vietnam Business Unit was classified as an asset held for sale however because this deal did not complete the prior year accounts have been restated to classify the assets and liabilities back to their original balance sheet line items.

The presentation currency of the Group financial information is US dollars and all values in the Group financial information are presented in millions ($ million) and all values are rounded to the nearest 1 million, except where otherwise stated.

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

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2024. All accounting policies are consistent with those adopted and disclosed in Harbour's 2023 Annual Report & Accounts.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December 2024. Subsidiaries are those entities over which the Group has control. Control is achieved where the Group has the power over the subsidiary, has rights, or is exposed to variable returns from the subsidiary and has the ability to use its power to affect its returns. All subsidiaries are 100 per cent owned by the Group, except for four entities holding interests in operations in North Africa and CCS projects which are accounted for as joint operations.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the company and to the subordinated notes investors.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries acquired to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions and balances have been eliminated on consolidation.

Prior year adjustment

In August 2023, Harbour announced that it had entered into a Sale and Purchase Agreement (SPA) to sell its business in Vietnam, which holds its 53.125 per cent interest in Chim Sáo and Dua producing fields to Big Energy Joint Stock Company for a consideration of $84 million. At 31 December 2023, the assets and liabilities of Vietnam were classified as assets held for sale (AHFS). The transaction, which had a long-stop date of 10 May 2024, could not be completed within the required timeframe, and was subsequently terminated on

2. Material accounting policies continued

13 May 2024, and as a result the Vietnam business was no longer classified as AHFS. The relevant amounts presented as AHFS in the 31 December 2023 consolidated financial statements have been reclassified. Each of the affected financial statement line items has been restated and the impact is summarised in the following table.

Balance sheet at 31 December 2023

	As previously reported $ million	Adjustments $ million	As restated $ million
Non-current assets			
Property, plant and equipment	4,717	119	**4,836**
Right-of-use assets	587	45	**632**
Other receivables	184	125	**309**
Current assets			
Inventories	200	17	**217**
Trade and other receivables	832	41	**873**
Cash and cash equivalents	280	6	**286**
Assets held for sale	334	(334)	**–**
Equity			
Retained earnings	1,080	13	**1,093**
Non-current liabilities			
Provisions	3,818	87	**3,905**
Deferred tax	1,260	37	**1,297**
Lease creditor	474	78	**552**
Current liabilities			
Trade and other payables	886	29	**915**
Lease creditor	199	17	**216**
Liabilities directly associated with the assets held for sale	242	(242)	**–**

From the point of classification as AHFS in August 2023, no depreciation was recorded. In addition, at 31 December 2023, a pre-tax impairment of $38 million was recognised as the fair value less cost to sell was below the carrying amount of the disposal group. As a result of the reclassification from AHFS, the impairment of $38 million has been reversed and additional depreciation covering the period August 2023 to December 2023 has been recorded, on property, plant and equipment of $14 million and on right-of-use assets of $5 million, with net deferred tax of $6 million associated with the impairment reversal and depreciation. As a result of the above adjustments, retained earnings increased by $13 million.

In December 2024, the Group entered into an exclusivity agreement to sell its business in Vietnam to EnQuest for a consideration of $84 million. The transaction has an effective date of 1 January 2024. As a result, the assets and liabilities of Vietnam have been classified as held for sale as at 31 December 2024 (see note 18).

Significant accounting judgements and estimates

The preparation of the Group's financial statements in conformity with UK-adopted IAS requires management to make judgements, estimates and assumptions at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In preparing these financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses including those that have the potential to materially impact the balance sheet over the next twelve months. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies, and the key sources of estimation uncertainty, were the same as those described in Harbour's 2023 Annual Report & Accounts, with the addition of the purchase price allocation that involved a number of judgements in regard to assessing the fair value of assets and liabilities acquired from Wintershall Dea.

Judgements

Significant accounting judgements considered by the Group are:

- The carrying value of intangible exploration and evaluation assets, in relation to whether commercial determination of an exploration prospect had been reached;
- The carrying value of property, plant and equipment regarding assessing assets for indicators of impairment;
- Decommissioning costs in relation to the timing of when decommissioning would occur; and
- Tax including assessment of risks around tax uncertainties and the recognition of deferred tax assets (see note 8 below).

Key sources of estimation uncertainty
Details of the Group's critical accounting estimates are set out in these financial statements and are:

- Purchase price allocation that involved a number of judgemental estimates in determining the fair values the fair value of assets and liabilities acquired from Wintershall Dea. See note 14 for further information;
- The carrying value of property, plant and equipment and goodwill, where the key assumptions relate to oil and gas prices expected to be realised and the estimation of 2P reserves and production profiles. See notes 10 and 12 for further information;
- Decommissioning costs where the key assumptions relate to the discount and inflation rates applied, applicable rig rates and expected timing of cessation of production (COP) on each field. See note 21 for further information;
- Defined benefit obligations due to volatility arising from actuarial assumptions, such as the discount rate and pension growth. See note 28 for further information;
- The provision for, or disclosure of, areas of uncertainty for tax purposes where the key assumptions are driven by technical analysis corroborated by external advice, and
- Recognition of deferred tax assets and liabilities, where key assumptions relate to oil and gas prices expected to be realised, and production profiles. See note 8 for further information.

Disclosure regarding the judgements and estimates made in assessing the impact of climate change and the energy transition are described below and references to notes in the financial statements are provided.

The results from downside sensitivities prepared with regard to production and commodity price assumptions, which in management's view reflect the principal risks, indicate that material changes that would impact the carrying amounts of assets and liabilities within the next financial year are unlikely.

Further information is provided in the Audit and Risk Committee report on page 82.

Impact of climate change on the financial statements and related disclosures

Judgements and estimates made in assessing the impact of climate change and the energy transition
Harbour monitors global climate change and energy transition developments and plans. Management recognises there is a general high level of uncertainty about the speed and scale of impacts which, together with limited historical information, provides challenges in the preparation of forecasts and plans with a range of possible future scenarios, which may have the potential to materially impact the balance sheet.

The Group's strategic ambition is to achieve Net Zero by 2050 with an interim target of a 50 per cent reduction in Scope 1 and 2 emissions by 2030 against the 2018 baseline. This will be achieved through several opportunities, including operational efficiency improvements, targeted decarbonisation projects and the eventual cessation of production of mature fields. In addition, the company is investing in the development of CCS projects in the UK and Europe.

All new economic investment decisions include the cost of carbon, and opportunities are assessed on their climate-impact potential and alignment with Harbour Energy's net zero aspiration taking into consideration both GHG volumes and intensity. The acquisition during the year has helped to advance our energy transition objective by strategically shifting our portfolio towards natural gas. Over time this move is expected to notably reduce our greenhouse gas intensity on a net equity basis. The corporate modelling that supports the preparation of the financial statements (such as asset and goodwill impairment assessment, going concern and viability, deferred tax asset recoverability) includes project costs related to CCS, certain decarbonisation projects once sanctioned, other activities to reduce gross operated Scope 1 and 2 GHG emissions, the UK and EU Emissions Trading Scheme costs and carbon offset purchases. Emissions reduction incentives are part of staff remuneration through the annual bonus programme.

Climate change and the energy transition have the potential to significantly impact the accounting estimates adopted by management and therefore the valuation of assets and liabilities reported on the balance sheet. On an ongoing basis, management continues to assess the potential impacts on the significant judgements and estimates used in the preparation of the financial statements. Estimates adopted in the financial statements reflect management's best estimate of future market conditions where, in particular, commodity prices can be volatile. Commodity and carbon price curve assumptions are described below noting that there is consideration given to other assumptions, not exhaustively, such as foreign exchange and discount rates. Notwithstanding the challenges around climate change and the energy transition, it is management's view that the financial statements are consistent with the disclosures in the Strategic Report.

This note provides insight into how Harbour has considered the impact on valuations of key line items in the financial statements and how they could change based on the climate change scenarios and sensitivities considered. The scenarios presented show what the possible impact could be on the financial statements considering both high and low commodity and carbon price outlooks plus discount rates range. Importantly, these climate change scenarios do not form the basis of the preparation of the financial statements but rather indicate how the key assumptions that underpin the financial statements would be impacted by the climate change scenarios. They are also designed to challenge management's perspective on the future business environment. It is recognised that the reality of the nature of progress of energy transition will bring greater levels of disruption and volatility than these external scenarios expect and do not represent management's current best estimate.

The financial statements have been prepared using management's current best estimate for the foreseeable future, based on a range of economic forecasts and represented by the Harbour scenario oil price curve. Management regularly reviews these estimates and assumptions to ensure they align with the latest economic conditions and market information.

2. Material accounting policies continued

Property, plant and equipment, and goodwill

Transitioning to lower carbon energy as the energy transition progresses has the potential to significantly impact future commodity and carbon prices which would, in turn, affect the future operating and capital costs, estimates of cessation of production, useful lives, and consequently the recoverable amount of property, plant and equipment and goodwill.

The non-current assets of the Group, particularly goodwill and oil and gas assets within property, plant and equipment, are considered to be the most sensitive to the energy transition. The carrying value of these assets and goodwill notably increased during the year, primarily attributed to the completion of the Wintershall Dea acquisition in the second half of the year.

Depreciation, estimated useful life and risk of stranded assets

The energy transition and the rate of its progression may impact the remaining lifespan of assets. Typically, the Group's oil and gas assets are depreciated using a unit of production method, which is based on the ratio of production in the year to the commercial proven and probable reserves of the field, considering future capital development expenditures.

As at 31 December 2024, the Group's production plans for existing assets indicated that 44 per cent, 18 per cent and nil per cent of the commercial proven and probable reserves would remain by 2030, 2035, and 2050, respectively. Using the unit of production depreciation method, the carrying amounts for the oil and gas assets are depreciated in line with the depletion of reserves. An evaluation of the oil and gas assets as at 31 December 2024 indicated that the oil and gas assets would experience significant additional depreciation by 2030 and near-complete depreciation by 2035, based on the planned depletion of reserves.

This indicates that a substantial portion of proven and probable reserves are anticipated to be produced by 2035, resulting in lower risk of stranded assets being carried in the consolidated balance sheet. The Group's portfolio management approach aims to mitigate the risk of stranded assets in the event of a faster-than-expected structural decline in demand for oil and gas due to tighter environmental regulations, changes in market demands and global energy demand.

Impairment of property, plant and equipment, and goodwill

The important assumptions for impairment testing of goodwill and oil and gas assets applied to the life of fields production and cost profiles include commodity and carbon prices and discount rates. These key assumptions are carefully assessed by management, both in isolation and in aggregate, to ensure there is a fair and balanced view attained with minimal aggregate bias. These assumptions are inherently uncertain and may ultimately diverge from the actual amounts.

During the current year's impairment testing, the Harbour scenario utilised real long-term commodity price assumptions from 2028 for Brent crude at $78 per barrel (2023: $70 per barrel), UK NBP gas at 80 pence per therm (2023: 90 pence per therm), and a European gas price at 2 per cent higher than UK NBP. These were combined with short-term management forecasts reflecting benchmarked consensus and market forward curves at the year end.

Carbon costs are expected to evolve over time and are subject to significant uncertainty due to the rate of transition and the maturity of regulatory frameworks. For the carbon price, Harbour management's real forward price curve assumption in 2024 is $72 per tonne (2023: $63 per tonne), projected to increase to $182 per tonne (2023: $175 per tonne) by 2030. Sensitivity analysis was conducted using the IEA Net Zero carbon price curve, with a flat assumed foreign exchange rate of pound sterling to US dollar rate of £1:$1.30.

Sensitivity to changes in commodity price assumptions

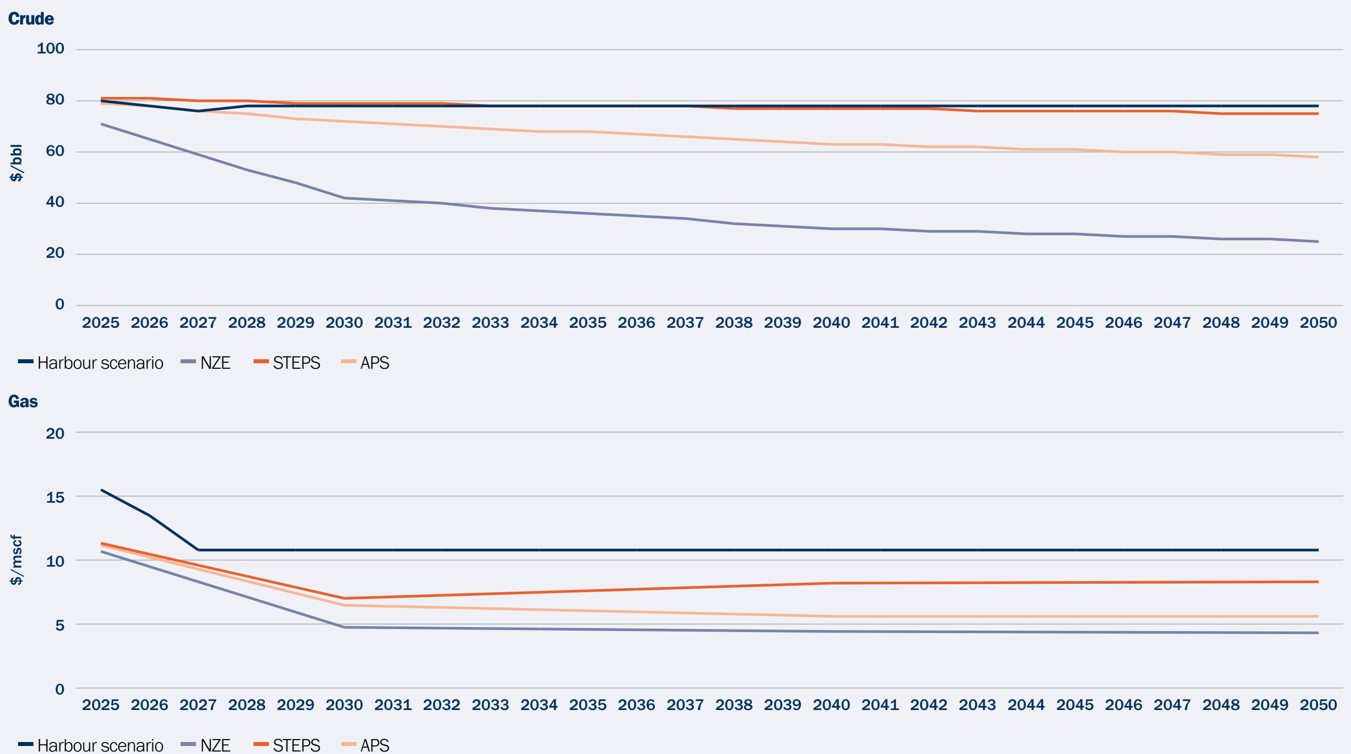
Sensitivity analyses on the impairment of oil and gas assets and goodwill have been conducted using different commodity price scenarios to demonstrate the potential impact on their net book carrying values. It should be noted that the financial statements are based on the Harbour scenario. Impairment sensitivities have been developed using average -10 per cent and +10 per cent deviations from the Harbour scenario long-term crude and gas prices as well as selected published climate change price curves.

The sensitivity scenarios described below incorporate changes to the commodity price assumptions and assume that all other factors remain unchanged from the Harbour scenario used for the basis of preparation of the financial statements. Importantly, these sensitivities are stated before any management mitigation actions to manage downside risks if the scenarios were to occur.

The Sustainability review on pages 38 to 59 discusses both transition and physical risk climate change scenarios. This analysis covers the transition risks and the graphs below show the crude oil, UK NBP gas price curves and European TTF gas price for the period to 2050 for the following IEA scenarios: Net Zero Emissions by 2050, Stated Policies and Announced Pledges.

All the scenario price curves are dependent on factors covering supply, demand, economic and geopolitical events and therefore are inherently uncertain and subject to significant volatility and hence unlikely to reflect the future outcome.

- Harbour scenario: base price curves used for impairment testing
- IEA Net Zero Emissions by 2050 (NZE): pathway to limiting global temperature rise to 1.5°C
- IEA Stated Policies Scenario (STEPS): pathway based on existing policy commitments and measures and those currently under development by sector and country
- IEA Announced Pledges Scenario (APS): pathway based on current climate ambitions and targets by governments and industries regardless of whether these have been legislated



The crude price curves reflect the published IEA price curves for all periods. For UK NBP there are no IEA published price curves therefore management has derived the gas price curves by converting from the published IEA European gas price curve. This was achieved by converting from USD per mbtu to pence per therm and applying other known correlation coefficients between the European and UK gas markets. In addition, for the period 2025-2027, the derived gas price curve matches the Harbour scenario price curve to create a scenario that was considered reasonably plausible.

Pre-development assets are recorded in other intangible assets ahead of demonstration of commerciality and recognition of 2P reserves and hence are not included below, however they are subject to the same management rigour with the corporate models. The majority of such assets are in developing countries with a growing future demand for energy which may reduce the climate change impact from these pre-development assets.

The impact of the sensitivities on the carrying value of oil and gas assets and goodwill in the consolidated balance sheet are shown in the table below.

31 December 2024

			Pre-tax sensitivity in carrying value $ million				
	Commodity	**Carrying value $ million**	**+10% price to Harbour scenario**	**-10% price to Harbour scenario**	**IEA Net Zero Emissions by 2050 (NZE)**	**IEA Stated Policies (STEPS)**	**IEA Announced Pledges (APS)**
Goodwill (note 10)	Crude oil	**5,147**	–	(45)	(928)	–	(38)
	Gas		–	(37)	(1,431)	(997)	(1,114)
Oil and gas assets (note 12)	Crude oil	**14,458**	–	(323)	(2,528)	–	(415)
	Gas		–	(2)	(131)	(89)	(35)

2. Material accounting policies continued

31 December 2023

			Pre-tax sensitivity in carrying value $ million				
	Commodity	Carrying value $ million	+10% price to Harbour scenario	-10% price to Harbour scenario	IEA Net Zero Emissions by 2050 (NZE)	IEA Stated Policies (STEPS)	IEA Announced Pledges (APS)
Goodwill (note 10)	Crude oil	1,302	–	–	–	–	–
	Gas		–	(4)	–	–	–
Oil and gas assets (note 12)	Crude oil	4,822	–	(86)	(221)	–	–
	Gas		–	(21)	(9)	–	–

The 2024 results and sensitivities are dominated by the acquired Wintershall Dea portfolio which has substantially increased the goodwill and property, plant and equipment carrying values.

The +/-10 per cent price curves used in the Harbour scenarios adjust long-term prices from 2028.

Under the -10 per cent price to Harbour scenario for crude, there is a pre-tax impairment to oil and gas assets of $323 million and on goodwill an impairment of $45 million. For gas a pre-tax impairment of $2 million and on goodwill an impairment of $37 million.

For crude, under the IEA NZE 2050 scenario, there is a pre-tax impairment to oil and gas assets on of $2,528 million and on goodwill an impairment of $928 million. For gas, there is a pre-tax impairment to oil and gas assets of $131 million and on goodwill an impairment of $1,431 million.

For crude, under the IEA STEPS scenario, there is no pre-tax impairment to oil and gas assets or goodwill. For gas, there is a pre-tax impairment to oil and gas assets of $89 million and on goodwill an impairment of $997 million.

For crude, under the IEA APS scenario, there is a pre-tax impairment to oil and gas assets on of $415 million and on goodwill an impairment of $38 million. For gas there is a pre-tax impairment to oil and gas assets of $35 million and on goodwill an impairment of $1,114 million.

Sensitivity to changes in carbon price assumptions

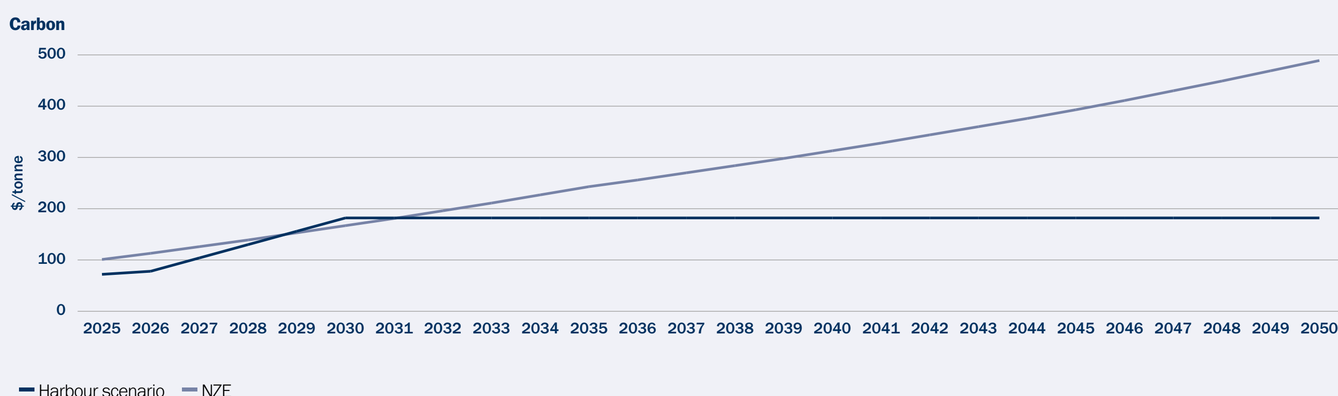
The sensitivity scenarios described below incorporate changes to the carbon price assumptions and assume that all other factors remain unchanged from the Harbour scenario used for the basis of preparation of the financial statements. This sensitivity is stated before any management mitigation actions to manage downside risks if the scenarios were to occur.

The risk of stranded assets may increase in a higher carbon price scenario. Sensitivity analyses of the carrying value of Harbour's oil and gas assets and goodwill to carbon prices have been conducted based on the IEA NZE 2050 scenario. This aims to demonstrate the resilience of the assets' carrying values to higher long-term carbon prices than those reflected in the consolidated balance sheet.

This analysis covers the transition risks, and the graphs below show the carbon price per tonne for the period to 2050 for the IEA NZE 2050 scenario.

The scenario price curves are dependent on factors covering supply, demand, economic and geopolitical events and therefore are inherently uncertain and subject to significant volatility. As a result, they are unlikely to accurately predict future outcomes.

- Harbour scenario: base price curves used for impairment testing
- IEA Net Zero Emissions by 2050 (NZE): pathway to limiting global temperature rise to 1.5°C



Applying the IEA NZE 2050 carbon price scenario for the entirety of the useful economic life of the assets resulted in a pre-tax impairment of $9 million (2023: $27 million) to oil and gas assets with no impairment to goodwill under this scenario.

Sensitivity to changes in discount rate assumptions
The discount rate applied for impairment testing of the fair value less cost of disposal is based on a nominal post-tax weighted average cost of capital (WACC) after considering both cost of debt and equity. In 2024, the Group's post-tax discount rate ranging from 8.75 per cent to 14.5 per cent (2023: 9.0 per cent to 12.4 per cent) is derived after considering relevant peer group's post-tax WACC and incorporating segment-specific risk.

Considering the discount rates, the Group deems a 1 per cent rise in the discount rate to be a reasonable potentiality for conducting sensitivity analysis, assuming that all other factors utilised in calculating the recoverable value for the carrying amount of goodwill and oil and gas assets remain unaltered.

A 1 per cent increase in the discount rate would result in an additional impairment of $113 million (2023: $24 million) to the oil and gas assets and on goodwill $10 million (2023: $1 million), and a 1 per cent decrease in the discount rate would have no impact on the impairment charge.

Intangible assets – exploration and evaluation assets
The energy transition has the potential to affect the future development or viability of exploration and evaluation prospects. A significant portion of the Group's exploration and evaluation assets relate to prospects that could either be tied back to existing infrastructure or are in developing countries with a growing future demand for energy which may reduce the climate change impact from these pre-development assets and hence require less capital investment as these assets are less exposed to the impacts of the energy transition compared to large frontier developments. At each balance sheet date, all exploration and evaluation prospects are reviewed against the Group's financial framework to ensure that the continuation of activities is planned and expected. There are no significant judgements and/or critical estimation uncertainty related to climate factors.

See Judgements: Exploration and evaluation expenditure (page 136) and note 11 to the financial statements for further information.

Deferred tax assets
The potential impact of climate change and energy transition on balance sheet items is uncertain and may lead to significant changes in the estimations of parameters such as the useful life of assets and timing of cessation of production together with their related deferred tax balances.

Deferred tax assets are recognised to the extent that their recovery is considerable probable. In general, it is expected that sufficient forecasted taxable profits will be available for the recovery of deferred tax assets recognised at 31 December 2024 and expected to be recovered within the period of production for each asset and after taking into account deferred tax liabilities.

See note 8 Income Taxes for information on deferred tax balances.

Onerous contracts
Contracts may become onerous due to potential loss of revenue or heightened costs stemming from changes in climate change and energy transition regulations.

Management does not foresee any of its existing supply contracts becoming onerous based on the current production level and estimated useful lives of its assets.

Decommissioning cost and provisions
The energy transition may accelerate the decommissioning of assets which would result in an increase in the carrying value of associated decommissioning provisions. Whilst the Group currently expects to incur decommissioning costs over the next 40 years, we anticipate the majority of costs will be incurred between the next 10 to 20 years which will reduce the exposure to the impact of the energy transition.

In the current year, the undiscounted provision for decommissioning and restoration was $10.5 billion (2023: $6.6 billion), recognised on a discounted basis in the consolidated balance sheet.

The discount and inflation rates applied have taken into consideration the applicable rig rates and expected timing of cessation of production on each field. Therefore, the timing of decommissioning expenditures has not been materially brought forward and management do not consider that any reasonable change in the timing of decommissioning expenditure will have a material impact on the decommissioning provisions based on the production plans of existing assets.

Decommissioning cost estimates are based on the current regulatory and external environment. These cost estimates and recoverability of associated deferred tax may change in the future, including as a result of the energy transition. On the basis that all other assumptions in the calculation remain the same, a 10 per cent increase in the cost estimates, and a 10 per cent reduction in the applied discount rates used to assess the final decommissioning obligation, would result in increases to the decommissioning provision of approximately $852 million (2023: $456 million) and $286 million ($440 million), respectively. This change would be principally offset by a change to the value of the associated asset unless the asset is fully depreciated, in which case the change in estimate is recognised directly within the income statement.

See Key sources of estimation uncertainty: Decommissioning costs for further information (page 137).

Portfolio changes
Harbour expensed $75 million of costs in relation to CO_2 emissions during 2024 (2023: $69 million) with the majority in relation to the UK Emissions Trading Scheme quotas net of allocated free quotas. Quotas in relation to future periods are recognised in intangible assets.

2. Material accounting policies continued

Harbour has investments in a number of CCS projects which are regarded as key to assisting in the energy transition. Projects are recognised in intangible assets once the projects are regarded as technically feasible and commercially viable; prior to this, costs are expensed to the income statement. In 2024 Harbour spent $72 million on CCS activities, capitalising $33 million and expensing $39 million. Further information on Harbour's CCS projects can be found on page 31.

Global oil and gas demand considerations

The transition to sustainable energy to mitigate climate change carries the potential to adversely impact commodity prices due to a global decrease in the demand for oil and gas, potentially leading to reduced revenue. Furthermore, investment in clean energy via the adoption of clean energy technologies could elevate production costs, thereby diminishing future profit margins.

Based on prevailing policies and regulatory frameworks, it is anticipated that the growth in global oil demand will decrease, but the demand for oil and gas is projected to continue as a crucial component of the energy mix for the foreseeable future. Natural gas is widely known as a key transition fuel. In the 2024 IEA World Energy Outlook report the demand for natural gas has been revised upwards in all scenarios compared to the previous year, reflecting stronger anticipated demand for gas to meet growth in electricity demand.

During the year, the Group produced 258 kboepd (2023: 186 kboepd), accounting for less than 0.3 per cent of global production. Consequently, the Group does not expect the ability to sell the volume of oil equivalent produced to be directly impacted by shifts in global oil and gas demand. Management remains committed to investing in a diversified oil and gas company.

Cost of carbon allowances

Harbour is part of the European and UK Emissions Trading Schemes (EU and UK ETS) and purchases carbon allowances to meet its regulatory obligations under the schemes. Harbour is entitled to receive a share of free allowances according to UK and EU ETS regulations. Allowances owned in excess of liabilities to date that are available to be used in future periods are recorded in other intangible assets and measured at cost. The costs for purchasing allowances are recorded in costs of operations matching emissions for the period. Accruals that are required for allowances to be purchased are measured at market price.

Segment reporting

The Group's activities consist of one class of business being the acquisition, exploration, development and production of oil and gas reserves and related activities and are split geographically and managed in nine Business Units: namely Norway, the UK, Germany, Mexico, Argentina, North Africa, Southeast Asia, CCS and Corporate.

Joint arrangements

A joint arrangement is one in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Exploration and production operations are usually conducted through joint arrangements with other parties. The Group reviews all joint arrangements and classifies them as either joint operations or joint ventures depending on the rights and obligations of each party to the arrangement and whether the arrangement is structured through a separate vehicle. The Group's interest in joint operations, such as exploration and production arrangements, are accounted for by recognising its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

A joint venture, which normally involves the establishment of a separate legal entity, is a contractual arrangement whereby the parties that have joint control of the arrangement have the rights to the arrangement's net assets. The results, assets and liabilities of a joint venture are incorporated in the consolidated financial statements using the equity method of accounting. During 2023, the Group did not have any interests in joint ventures. Note 33 describes the Group's interests in joint arrangements as at 31 December 2024.

Where the Group transacts with its joint operations, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint operation.

Foreign currency translation

Each entity in the Group determines its own functional currency, being the currency of the primary economic environment in which the entity operates, and items included in the financial statements of each entity are measured using that functional currency.

The consolidated financial statements are presented in US dollars, which is also the parent company's functional currency.

Transactions recorded in foreign currencies are initially recorded in the entity's functional currency by applying an average rate of exchange. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are measured at historic cost based on exchange rates at the date of the initial transaction and subsequently not retranslated.

On consolidation, the assets and liabilities of the Group's operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average monthly exchange rates for the year. Equity is held at historic cost and is not retranslated. The resulting exchange differences are recognised as other comprehensive income and are transferred to the Group's currency translation reserve.

When an overseas operation is disposed of, such translation differences relating to it are recognised as income or expense.

Goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Goodwill

In the event of a business combination or acquisition of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, the acquisition method of accounting is applied. Goodwill represents the difference between the aggregate of the fair value of purchase consideration transferred at the acquisition date and the fair value of the identifiable assets, liabilities and contingent liabilities acquired, less any non-controlling interest. If however, the fair value of the purchase consideration transferred is lower than the fair value of the identifiable assets and liabilities acquired, less non-controlling interest, the difference is recognised in the income statement as negative goodwill. The Group's goodwill is related to the requirement to recognise deferred tax for the difference between the assigned fair values and the related tax base ('technical goodwill'). The fair value of the Group's licences are based on post-tax cash flows or benchmarked multiples. In accordance with IAS 12 paragraphs 15 and 24, a provision is made for deferred tax corresponding to the difference between the acquisition cost and the transferred tax depreciation basis. The offsetting entry to this deferred tax is goodwill. Hence, goodwill arises as a technical effect of deferred tax. Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's operating segments. This is subsequently tested for impairment at the Group's operating segment level based on the aggregation of any headroom arising from asset impairment tests. Goodwill is treated as an asset of the relevant entity to which it relates, and accordingly non-US dollar goodwill is translated into US dollars at the closing rate of exchange at each reporting date.

Goodwill, as disclosed in note 10, is not amortised but is reviewed for impairment at least annually by assessing the recoverable amount of the operating segments to which the goodwill relates. Where the carrying amount of the operating segment and related goodwill is higher than the recoverable amount of the operating segment, an impairment loss is recognised in the income statement. The recoverable amounts of the operating segments have been determined on a fair value less costs to sell basis. Impairments are expected to arise as the deferred tax that gave rise to the goodwill initially naturally unwinds in the normal course of business. Impairment losses relating to goodwill cannot be reversed in future periods.

Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

Licence and property acquisition costs

Licence and property acquisition costs paid in connection with a right to explore in an existing exploration area are capitalised as exploration and evaluation costs within intangible assets.

Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. If no future activity is planned or the related licence has been relinquished or has expired, the carrying value of the property acquisition costs is written off through the income statement. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties within development and production assets.

Exploration and evaluation costs

Once the legal right to explore has been acquired, costs directly associated with the exploration are capitalised as exploration and evaluation (E&E) intangible non-current assets until the exploration is complete and the results have been evaluated. If no potential commercial resources are discovered, the exploration asset is written off.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least annually. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the income statement.

When proved reserves of oil or natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and, if required, any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties within development and production assets. No amortisation is charged during the exploration and evaluation phase.

Farm-outs – in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but re-designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

Property, plant and equipment – oil and gas assets

Oil and gas development and production assets are accumulated generally on a field-by-field or cash-generating unit basis where infrastructure is shared. This represents expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets, as outlined in the intangible asset policy above, which is capitalised as oil and gas properties within development and production assets.

2. Material accounting policies continued

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets, where relevant, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

An item of development and production expenditure and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Expenditure on major maintenance includes refits, inspections or repairs comprising the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. All other day-to-day repairs and maintenance costs are expensed as incurred.

Depreciation, depletion and amortisation (DD&A) of oil and gas assets

All costs relating to a development are accumulated and not depreciated until the commencement of production. Depreciation is provided generally on a field-by-field or cash-generating unit basis where infrastructure is shared, using the unit of production method by reference to the ratio of production in the year and the related commercial proven and probable reserves of the field, considering future development expenditures necessary to bring those reserves into production.

When there is a change in the estimated total recoverable proven and probable reserves of a field, that change is accounted for in the depreciation charge over the revised remaining proven and probable reserves.

Acquisitions, asset purchases and disposals

Acquisitions of oil and gas properties are accounted for using the acquisition method when the assets acquired, and liabilities assumed constitute a business.

Transactions involving the purchase of an individual field interest, or a group of field interests, which do not constitute a business, are treated as asset purchases irrespective of whether the specific transactions involve the transfer of the field interests directly or the transfer of an incorporated entity. Accordingly, no goodwill and no deferred tax gross up arises, and the consideration is allocated to the assets and liabilities purchased on an appropriate basis.

Proceeds on disposal are applied to the carrying amount of the specific intangible asset or oil and gas property disposed of and any surplus is recorded as a gain on disposal in the income statement.

Decommissioning

A provision for decommissioning is recognised in full when the related facilities are installed. The amount recognised is the present value of the estimated future expenditure. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related oil and gas property. This is subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure is dealt with from the start of the financial year as an adjustment to the opening provision and the oil and gas property. The unwinding of the discount is included as a finance cost.

Non-oil and gas assets

Property, plant and equipment – fixtures and fittings and office equipment

Fixtures and fittings and office equipment are stated at cost less accumulated depreciation and impairment. Depreciation is provided for on a straight-line basis at rates sufficient to write off the cost of the assets less any residual value over their estimated useful economic lives. The depreciation periods for the principal categories of assets are as follows:

- Buildings — Up to 50 years
- Fixtures and fittings — Up to 10 years
- Office furniture and equipment — Up to 5 years

Intangible assets

Intangible assets principally comprise IT software/licences and carbon allowances. IT software/licences are carried at cost less any accumulated amortisation. These assets are amortised on a straight-line basis over their useful economic lives of between three and ten years. Carbon allowances are carried at cost and subject to impairment testing.

Impairment of non-current assets (excluding goodwill)

In accordance with IAS 36 Impairment of Assets, impairment tests are carried out on items of property, plant and equipment and intangible assets where there is an indicator of impairment, or an indicator identified that a prior year impairment may have reversed or decreased. Such indications may be based on events or changes in the market environment, or on internal sources of information.

Impairment and reversal indicators

Property, plant and equipment and intangible assets with finite useful lives are only tested for impairment when there is an indication that they may be impaired. This is generally the result of significant changes to the environment in which the assets are operated or when asset performance is significantly lower than expected.

The main impairment indicators used by the Group are described below:

- External sources of information:
  - Significant changes in the economic, technological, political or market environment in which the entity operates or to which an asset is dedicated
  - Fall in demand
  - Changes in commodity prices and exchange rates

- Internal sources of information:
  - Evidence of obsolescence or physical damage
  - Significantly lower than expected production or cost performance
  - Reduction in reserves and resources, including as a result of unsuccessful results of drilling operations
  - Pending expiry of licence or other rights
  - In respect of capitalised exploration and evaluation costs, lack of planned future activity on the prospect or licence
  - For reversals, plausible downside sensitivity scenarios are run to test the robustness of the asset carrying values typically against changes in production and commodity prices

Measurement of recoverable amount

The cash-generating unit (CGU) applied for impairment test purposes is generally the field, except that a number of field interests may be grouped as a single CGU where the cash inflows of each field are interdependent. The carrying value of each CGU is compared against the expected recoverable amount of the asset, which is primarily determined based on the fair value less cost of disposal (FVLCD) method, where the fair value is determined from the estimated present value of the future net cash flows expected to be derived from production of commercial reserves. Standard valuation techniques are used based on the discount rates that reflect the specific characteristics of the operating entities concerned; discount rates are determined on a post-tax basis and applied to post-tax cash flows.

Any impairment loss is recorded in the income statement under 'Impairment of property, plant and equipment'. Impairment losses recorded in relation to property, plant and equipment may be subsequently reversed if the recoverable amount of the assets subsequently increases above carrying value. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortisation) had no impairment loss been recognised in prior periods.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal group, excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as assets held for sale. Assets and liabilities classified as held for sale are presented separately as current line items in the balance sheet.

Financial assets

The Group uses two criteria to determine the classification of financial assets: the Group's business model and contractual cash flow characteristics of the financial assets. Where appropriate the Group identifies three categories of financial assets: amortised cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI).

Financial assets held at amortised cost

Financial assets held at amortised cost are initially measured at fair value plus transaction and subsequently measured using the effective interest (EIR) method and are subject to impairment. The EIR amortisation is presented within finance income in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments that are held for the purpose of meeting short-term cash commitments, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- 12-month ECL: for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events (payment, prospective or covenant) that are possible within the next 12 months
- Lifetime ECL: for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default

2. Material accounting policies continued

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs as allowed under IFRS 9: Financial Instruments. Provision rates are calculated based on estimates including the probability of default by assessing counterparty credit ratings, as adjusted for forward-looking factors specific to the debtors, the economic environment and the Group's historical credit loss experience.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer
- A breach of contract such as default or past due event
- The restructuring of a loan or advance by the Group on terms that the Group would otherwise not consider
- Becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for a security because of financial difficulties

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs which are capitalised and amortised over the term of the borrowings. Where borrowings have been fully repaid but the borrowing facility remains, directly attributable transaction costs that remain unamortised are presented within current and/or non-current assets.

Borrowings and loans

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Subordinated notes

Through the acquisition of the Wintershall Dea portfolio, the Group now holds two series of subordinated resettable fixed rate notes (subordinated notes) in the aggregate principal amount of €1,500 million, which were transferred to Harbour on completion of the acquisition. The subordinated notes are callable three months prior to the first reset date for the NC2026 series and six months prior to the first reset date for the NC2029 series, and have no maturity.

Based on their characteristics (mainly no mandatory repayment and no obligation to pay a coupon except under certain circumstances specified into the documentation of the subordinated notes) and in compliance with IAS 32: Financial Instruments: Presentation, the subordinated notes are wholly classified as equity. On completing the acquisition, the issued subordinated notes are recognised at fair value, based on market rate as of the acquisition date. Accrued interest payable to the subordinated notes investors increases equity, whereas the distribution of interest payments reduces equity.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps, commodity option contracts and commodity swap arrangements, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Derivative financial instruments are initially recognised and subsequently remeasured at fair value. Certain derivative financial instruments are designated as cash flow hedges in line with the Group's risk management policies. When derivatives do not qualify for hedge accounting or are not designated as accounting hedges, changes in the fair value of the instrument are recognised within the income statement.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives maturing in less than 12 months and expected to be realised or settled in less than 12 months are presented as current assets or current liabilities.

Cash flow hedges

The effective portion of gains and losses arising from the remeasurement of derivative financial instruments designated as cash flow hedges are deferred within other comprehensive income and subsequently transferred to the income statement in the period the hedged transaction is recognised in the income statement. When a hedging instrument is sold or expires, any cumulative gain or loss previously recognised in other comprehensive income remains deferred until the hedged item affects profit or loss or is no longer expected to occur. Any gain or loss

relating to the ineffective portion of a cash flow hedge is immediately recognised in the income statement. Hedge ineffectiveness could arise if volumes of the hedging instruments are greater than the hedged item of production, or where the creditworthiness of the counterparty is significant and may dominate the transaction and lead to losses.

Fair values

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction, or by the use of established estimation techniques such as option pricing models and estimated discounted values of cash flows.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Under IFRS 9: Financial Instruments, embedded derivatives are not separated from a host financial asset, and are classified based on their contractual terms and the Group's business model.

Equity

Share capital

Share capital includes the total net proceeds, both nominal and share premium, on the issue of ordinary (voting and non-voting) and preference shares of the company.

Merger reserve

On 31 March 2021, Harbour Energy plc (formerly Premier Oil plc) acquired Chrysaor Holdings Limited as part of a reverse acquisition. Under the terms of the merger, Premier legally acquired Chrysaor through the issuance of consideration shares whilst Chrysaor was the acquirer for accounting purposes, primarily as a result of its ability to appoint the Board of the enlarged group. The merger reserve primarily represented Premier's opening balance on the legal reserve plus the fair value of the assets and liabilities acquired by Chrysaor. This was subsequently reduced following a capital restructuring in 2022.

On 3 September 2024, the company acquisition of the Wintershall Dea assets met the conditions to recognise the difference between the fair value and nominal value of the shares issues as consideration as merger reserve.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares transferred following the company's purchase of them.

Cash flow hedge reserve

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

Currency translation reserve

This reserve comprises exchange differences arising on consolidation of the Group's operations with a functional currency other than the US dollar.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-Based Payment. The Group has share-based awards that are equity and cash settled as defined by IFRS 2. The fair value of the equity-settled awards has been determined at the date of grant of the award allowing for the effect of any market-based conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. For cash-settled awards, a liability is recognised for the goods or service acquired. This is measured initially at the fair value of the liability. The fair value of the liability is subsequently remeasured at each balance sheet date until the liability is settled, and at the date of settlement, with any changes in fair value recognised in the income statement.

Inventories

All inventories, except for petroleum products, are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on weighted average cost basis. Petroleum products and underlift and overlift positions are measured at net realisable value using an observable year-end oil or gas market price, and are included in other debtors or creditors, respectively.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets which are no more than ten years.

The Group recognises right-of-use assets and lease liabilities on a gross basis and the recovery of lease costs from joint operations' partners is recorded as other income.

2. Material accounting policies continued

Liabilities arising from a lease are initially measured on a present value basis reflecting the net present value of the fixed lease payments and amounts expected to be payable by the Group assuming leases run to full term. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly impacts the amount of lease liabilities and right-of-use assets recognised.

- The lease payments are discounted at the lease commencement date using the Group's incremental borrowing rates of between 1.2 per cent and 13.1 per cent, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions

To determine the incremental borrowing rate, the Group where possible:

- Uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Makes adjustments specific to the lease, for example term, country, currency and security

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

For lease arrangements where all partners of a joint operation are considered to share the primary responsibility for lease payments under a lease contract, the Group recognises its share of the respective right-of-use asset and lease liability. This situation is most common where the parties of a joint operation co-sign the lease contract.

The Group recognises a gross lease liability for leases entered into on behalf of a joint operation where it has primary responsibility for making the lease payments. In such instances, if the arrangement between the Group and the joint operation represents a finance sublease, the Group recognises a net investment in sublease for amounts recoverable from non-operators whilst derecognising the respective portion of the gross right-of-use asset. The gross lease liability is retained on the balance sheet.

The net investment in sublease is classified as either trade and other receivables or long-term receivables on the balance sheet according to whether or not the amounts will be recovered within 12 months of the balance sheet date. Finance income is recognised in respect of net investment in subleases.

Provisions for liabilities

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the income statement.

The estimated cost of dismantling and restoring the production and related facilities at the end of the economic life of each field is recognised in full when the related facilities are installed. The amount provided is the present value of the estimated future restoration cost. A non-current asset is also recognised. Any changes to estimated costs or discount rates are dealt with prospectively.

The Group recognises provision for the estimated CO_2 emissions costs when actual emissions exceed the emission rights granted and still held. When actual emissions exceed the amount of emission rights granted, a provision is recognised for the exceeding emission rights based on the purchase price of allowances concluded in forward contracts or market quotations at the reporting date.

Group retirement benefits

The Group's various pension plans consist of both defined benefit and defined contribution plans. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

The Group operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

The Group participates in a legally independent multi-employer plan which is financed by employer and employee contributions as well as the return on plan assets. Since sufficient information is not available for this multi-employer plan, the Group accounts for the plan as if it was a defined contribution plan.

In the case of contribution-based defined benefit pension plans, the Group makes contribution payments to special-purpose funds as well as to life insurances. These contribution payments are recorded as expenses. Furthermore, for some of the Group`s contribution-based defined benefit pension plans, benefit obligations are recognised at the fair value of these funds, so far as the assets exceed the guaranteed minimum benefit amount.

If the assets do not exceed the guaranteed minimum benefit amount, benefit obligations for these contribution-based benefit plans are recognised in the guaranteed minimum benefit amount.

The defined benefit plans are administered by a separate fund that is legally separated from the acquired Wintershall Dea portfolio. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plans.

Trade payables

Initial recognition of trade payables is at fair value. Subsequently they are stated at amortised cost.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or directly in equity, not in the income statement.

Management periodically evaluates positions taken in the tax returns with respect to situations in which tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred taxation is recognised in respect of all temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

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

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date. The carrying amount of the deferred income tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The Group reassesses any unrecognised deferred tax assets each year taking into account changes in oil and gas prices, the Group's proved and probable reserves and resources profile and forecast capital and operating expenditures.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current assets against current tax liabilities, the deferred income tax relates to the same tax authority and that same tax authority permits the Group to make a single net payment.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the Group satisfies a performance obligation by transferring a good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. Revenue associated with the sale of crude oil, natural gas and natural gas liquids (NGLs) is measured based on the consideration specified in contracts with customers with reference to quoted market prices in active markets, adjusted according to specific terms and conditions as applicable according to the sales contracts. The transfer of control of oil, natural gas, natural gas liquids and other items sold by the Group occurs when title passes at the point the customer takes physical delivery. The Group principally satisfies its performance obligations at a point in time and the amounts of revenue recognised relating to performance obligations satisfied over time are not significant.

2. Material accounting policies continued

Over/underlift

Differences between the production sold and the Group's share of production result in an overlift or an underlift. Underlift positions are measured at net realisable value using an observable year-end oil or gas market price. Overlift positions are measured using the sales price that generated the overlift. Underlift and overlift positions are included in receivables or payables respectively. Movements during the accounting period are recognised within cost of sales.

Interest income

Interest income is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate applicable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

New accounting standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been added to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's consolidated financial statements.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group's consolidated financial statements.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The disclosure requirements in the amendments provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments had no impact on the Group's consolidated financial statements.

3. Segment information

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the Group's business segments, has been identified as the Chief Executive Officer.

Prior to the acquisition of substantially all of Wintershall Dea's upstream oil and gas assets, the Group's activities consist of one class of business being the acquisition, exploration, development and production of oil and gas reserves and related activities, and were split geographically and managed in two regions, namely 'North Sea' and 'International'. The North Sea segment included the UK and Norwegian continental shelves, and the 'International' segment included Indonesia, Vietnam and Mexico.

The operating segments have been modified following the acquisition of the Wintershall Dea portfolio and changes in the Group's structure effective from September 2024. The operating segments are now divided geographically and managed across nine business units: namely Norway, UK, Germany, Mexico, Argentina, North Africa, Southeast Asia, CCS and Corporate. The CCS segment includes Denmark.

Information on major customers can be found in note 4.

Year ended 31 December 2024	Norway $ million	UK $ million	Germany $ million	Mexico $ million	Argentina $ million	North Africa $ million	Southeast Asia $ million	CCS $ million	Corporate $ million	Total segments $ million	Adjustments and eliminations $ million	Consolidated $ million
Revenue and other income												
External customers												
– Crude oil sales	343	1,755	158	55	23	10	141	–	393	2,878	–	2,878
– Gas sales	86	1,143	9	3	111	63	115	–	1,406	2,936	–	2,936
– Other revenue	90	195	1	–	6	40	–	–	12	344	–	344
Other income	–	33	4	2	7	6	1	–	15	68	–	68
Inter-segment	946	791	74	–	–	–	–	–	68	1,879	(1,879)	–
Total revenue and other income	**1,465**	**3,917**	**246**	**60**	**147**	**119**	**257**	**–**	**1,894**	**8,105**	**(1,879)**	**6,226**
Cost of operations	(520)	(2,699)	(243)	(37)	(120)	(58)	(172)	(6)	(1,631)	(5,486)	1,873	(3,613)
(Reversal)/impairment of property, plant and equipment	14	(323)	(26)	–	–	–	(15)	(5)	3	(352)	–	(352)
Impairment of right-of-use asset	–	(20)	–	–	–	–	–	–	–	(20)	–	(20)
Impairment of goodwill	–	–	–	–	–	–	–	–	–	–	–	–
Exploration and evaluation expenses and new ventures	(22)	(4)	–	–	–	–	–	(40)	(2)	(68)	–	(68)
Exploration costs written-off	(76)	(81)	–	–	–	(2)	(14)	–	–	(173)	–	(173)
General and administrative expenses	(24)	(76)	(19)	(6)	(9)	(7)	(7)	(1)	(203)	(352)	–	(352)
Segment operating profit/(loss)	**837**	**714**	**(42)**	**17**	**18**	**52**	**49**	**(52)**	**61**	**1,654**	**(6)**	**1,648**
Finance income												173
Finance expenses												(602)
Income tax expense												(1,312)
Loss for the year												**(93)**
Total assets	**9,434**	**7,306**	**3,042**	**2,420**	**4,488**	**917**	**919**	**18**	**1,777**	**30,321**	**–**	**30,321**
Total liabilities	**(6,622)**	**(6,936)**	**(1,965)**	**(482)**	**(1,292)**	**(165)**	**(454)**	**(108)**	**(6,046)**	**(24,070)**	**–**	**(24,070)**
Total capital additions	**374**	**698**	**59**	**110**	**61**	**46**	**93**	**33**	**70**	**1,544**	**–**	**1,544**
Total depreciation, depletion and amortisation	**293**	**1,115**	**146**	**10**	**58**	**16**	**78**	**–**	**29**	**1,745**	**–**	**1,745**

Year ended 31 December 2023	Norway $ million	UK $ million	Germany $ million	Mexico $ million	Argentina $ million	North Africa $ million	Southeast Asia $ million	CCS $ million	Corporate $ million	Total segments $ million	Adjustments and eliminations $ million	Consolidated $ million
Revenue and other income												
External customers												
– Crude oil sales	–	1,980	–	–	–	–	106	–	–	2,086	–	2,086
– Gas sales	–	1,272	–	–	–	–	131	–	12	1,415	–	1,415
– Other revenue	–	214	–	–	–	–	–	–	–	214	–	214
Other income	–	35	–	–	–	–	–	–	1	36	–	36
Inter-segment	–	28	–	–	–	–	–	–	–	28	(28)	–
Total revenue and other income	–	3,529	–	–	–	–	237	–	13	3,779	(28)	3,751
Cost of operations	–	(2,255)	–	–	–	–	(149)	–	–	(2,404)	28	(2,376)
Impairment of property, plant and equipment	–	(172)	–	–	–	–	–	–	(4)	(176)	–	(176)
Impairment of right-of-use asset	–	–	–	–	–	–	–	–	–	–	–	–
Impairment of goodwill	–	–	–	–	–	–	(25)	–	–	(25)	–	(25)
Exploration and evaluation expenses and new ventures	(6)	(1)	–	–	–	–	–	(29)	–	(36)	–	(36)
Exploration costs written-off	(27)	(11)	–	(13)	–	–	(6)	–	–	(57)	–	(57)
General and administrative expenses	1	(46)	–	–	–	–	(4)	–	(100)	(149)	–	(149)
Segment operating profit/(loss)	(32)	1,044	–	(13)	–	–	53	(29)	(91)	932	–	932
Finance income												104
Finance expenses												(420)
Income tax expense												(571)
Profit for the year												45
Total assets	73	6,083	–	360	–	–	905	–	2,495	9,916	–	9,916
Total liabilities	(34)	(5,818)	–	(49)	–	–	(483)	–	(1,979)	(8,363)	–	(8,363)
Total capital additions	24	575	–	44	–	–	67	–	11	721	–	721
Total depreciation, depletion and amortisation	1	1,352	–	–	–	–	80	–	16	1,449	–	1,449

4. Revenue from contracts with customers and other income

	2024 $ million	2023 $ million
Type of goods		
Crude oil sales	**2,878**	2,086
Gas sales	**2,936**	1,415
Condensate sales	**283**	179
Total revenue from contracts with customers[1]	**6,097**	3,680
Tariff income	**32**	30
Other revenue	**29**	5
Total revenue from production activities	**6,158**	3,715
Other income[2]	**68**	36
Total revenue and other income	**6,226**	3,751

1 Revenues from contracts with customers of $6,115 million (2023: $4,591 million) include crude oil sales of $2,846 million (2023: $2,179 million) and gas sales of $2,986 million (2023: $2,233 million). This was prior to realised hedging gains in the year of $32 million (2023: $93 million, hedging loss) on crude oil and realised hedging losses in the year of $50 million (2023: $818 million) on gas sales.

2 Other income mainly represents partner recoveries related to lease obligations and government subsidies in Argentina. Other income in 2023 includes a receipt related to the Viking CCS Development Agreement that was signed in March 2023.

Approximately 54 per cent (2023: 88 per cent) of the revenues were attributable to sales to energy trading companies of the Shell group.

5. Operating profit

	Note	2024 $ million	2023 As restated $ million
Cost of operations			
Production, insurance and transportation costs		**1,612**	1,171
Commodity purchases		**28**	12
Royalties		**47**	4
Impairment of receivables		**21**	–
Depreciation of oil and gas assets	12	**1,516**	1,206
Depreciation of right-of-use oil and gas assets	13	**269**	235
Capitalisation of IFRS 16 lease depreciation on oil and gas assets	13	**(81)**	(27)
Movement in over/underlift balances and hydrocarbon inventories		**201**	(225)
Total cost of operations		**3,613**	2,376
Impairment expense of oil and gas property, plant and equipment	12	**178**	70
Net impairment loss due to increase in decommissioning provisions on oil and gas tangible assets	12	**174**	106
Impairment of goodwill	10	**–**	25
Impairment of right of use asset	13	**20**	–
Exploration costs written-off[1]	11	**173**	57
Exploration and evaluation expenditure and new ventures[1]		**68**	36
General and administrative expenses			
Depreciation of right-of-use non-oil and gas assets	13	**16**	9
Depreciation of non-oil and gas assets	12	**6**	3
Amortisation of non-oil and gas intangible assets	11	**19**	23
Acquisition-related transaction costs		**119**	33
Other administrative costs[2]		**192**	81
Total general and administrative expenses[2,5]		**352**	149
Auditor's remuneration			
Audit fees			
Fees payable to the company's auditor for the company's Annual Report		**6**	3
Audit of the company's subsidiaries pursuant to legislation		**1**	1
Non-audit fees[3]			
Other services pursuant to legislation – interim review		**–**	–
Other services[4]		**2**	1

1 During the year, the Group expensed $241 million (2023: $93 million) of exploration and appraisal activities. This covers exploration write-off expense of $173 million (2023: $57 million) including write-off of costs associated with projects in our UK business unit ($79 million) and licence relinquishments in Norway ($64 million), and $40 million (2023: $29 million) costs associated with energy transition projects.
2 Other administrative costs in 2024 include consultancy and business development costs of $119 million (2023: $33 million), mainly related to the acquisition of the Wintershall Dea asset portfolio which completed in September 2024.
3 The company has a policy on the provision of non-audit services by the auditor which is aimed at ensuring their continued independence. This policy is available on the Group's website. The use of the external auditor for services relating to accounting systems or financial statement preparations is not permitted, as are various other services that could give rise to conflicts of interest or other threats to the auditor's objectivity that cannot be reduced to an acceptable level by applying safeguards.
4 Other non-audit services in 2024 primarily relate to transaction related activities including the Wintershall Dea acquisition.
5 Expenses related to both short-term and low value lease arrangements are considered to be immaterial for reporting purposes.

6. Staff costs

	2024 $ million	2023 $ million
Wages and salaries and other staff costs	**428**	325
Social security costs	**46**	25
Pension costs	**35**	29
Total staff costs	**509**	379

Average annual number of employees employed by the Group worldwide was:	2024 Number	2023 Number
Offshore based	**545**	534
Onshore and administration	**1,614**	1,271
Total staff	**2,159**	1,805

During the period September to December 2024, following the acquisition of the Wintershall Dea portfolio, the Group employed an average of 3,019 employees.

Staff costs above are recharged to joint venture partners where applicable, or are capitalised to the extent that they are directly attributable to capital or decommissioning projects. The above costs include share-based payments as disclosed in note 27.

The Group operates defined contribution and benefit pension schemes for which further details are provided in note 28.

7. Finance income and finance expenses

	Note	2024 $ million	2023 $ million
Finance income			
Bank interest		**37**	19
Other interest and finance gains		**16**	6
Lease finance income		**1**	2
Realised gains on foreign exchange forward contracts		**–**	9
Unrealised gains on derivatives[1]		**–**	68
Income from investments		**1**	–
Foreign exchange gains		**118**	–
Total finance income		**173**	104
Finance expenses			
Interest payable on reserve based lending facility		**1**	15
Interest payable on revolving credit facility		**10**	–
Interest payable on bridge loan facility		**8**	–
Interest payable on bonds		**59**	27
Other interest and finance expenses		**10**	17
Lease interest	13	**53**	51
Unrealised losses on derivatives[1]		**43**	–
Realised losses on foreign exchange forward contracts		**71**	–
Finance expense on deferred revenue	20	**5**	4
Foreign exchange losses		**–**	57
Bank and financing fees[2]		**139**	100
Unwinding of discount on decommissioning and other provisions	21	**221**	156
		620	427
Finance costs capitalised during the year[3]		**(18)**	(7)
Total finance expense		**602**	420

1 Losses on derivatives include mark to market losses on foreign currency derivatives of $30 million (2023: $nil), derivative ineffectiveness losses of $8 million (2023: $nil) and $5 million related to changes in the fair value of an embedded derivative within one of the Group's gas contracts (2023: $68 million gain).

2 Bank and financing fees include an amount of $102 million (2023: $48 million) relating to the amortisation of arrangement fees and related costs capitalised against the Group's long-term borrowings (note 22). This primarily relates to the expensing of previously capitalised fees in respect of the Group's reserve based lending (RBL) facility of $61 million at the end of 2023 which was replaced by the new revolving credit facility (RCF) facility as part of the acquisition of the Wintershall Dea portfolio.

3 The amount of finance costs capitalised was determined by applying the weighted average rate of finance costs applicable to the borrowings of the Group of 4.5 per cent to the expenditures on the qualifying assets (2023: 6.0 per cent).

8. Income tax

The major components of income tax expense are:

	2024 $ million	2023 As restated $ million
Current income tax expense		
Charge for the year	**1,413**	655
Adjustments in respect of prior years	**2**	22
Total current income tax expense	**1,415**	677
Deferred tax credit		
Origination and reversal of temporary differences in current year	**(168)**	(86)
Impact of changes in tax rates[1]	**77**	–
Adjustments in respect of prior years	**(12)**	(20)
Total deferred tax credit	**(103)**	(106)
Total tax expense reported in the income statement	**1,312**	571
The tax (credit)/expense in the statement of comprehensive income is as follows:		
Tax (credit)/expense on cash flow hedges	**(379)**	2,376
Tax credit on cash actuarial gains and losses	**(4)**	–
Total tax (credit)/expense reported in the statement of comprehensive income	**(383)**	2,376

1 The amounts for 2024 comprise the impact of the increase in Energy Profits Levy in the UK business unit from 35 per cent to 38 per cent from 1 November 2024.

Reconciliation of tax expense and the accounting profit before taxation at the Group's statutory tax rate is as follows:

	2024 $ million	2023 As restated $ million
Profit before income tax	**1,219**	616
At the Group's statutory tax rate of 78 per cent (2023: 75 per cent)	**951**	462
Effects of:		
Expenses not deductible for tax purposes	**59**	103
Adjustments in respect of prior years	**(10)**	2
Remeasurement of deferred tax	**53**	13
Deferred Energy Profits Levy change in rate	**77**	–
Impact of different tax rates	**282**	73
Allowances and other tax uplifts	**(113)**	(82)
Future dividends from investments in subsidiaries, branches and associates	**(11)**	–
Other	**24**	–
Total tax expense reported in the consolidated income statement at the effective tax rate of 108 per cent (2023: 93 per cent, restated)	**1,312**	571

The tax expense reconciliation has been prepared based on the statutory tax rate of 78 per cent applicable to oil and gas production in the UK and Norway, the two most significant jurisdictions of operation for the Group. Management believes that using this rate provides the most meaningful comparison between the expected tax expense, based on accounting profit, and the actual tax expense recognised. In 2023, the tax expense was prepared based on the statutory rate of taxation of 75 per cent applying to UK oil and gas production because the majority of the Group's profit was generated in the UK Continental Shelf.

The effective tax rate for the year is 108 per cent, compared to 93 per cent for 2023 (restated).

The effective tax rate of 108 per cent is significantly higher than the statutory rate of 78 per cent for the Group, mainly due to several UK-specific exceptional items impacting the UK tax expense. These items, resulting from the application of Energy Profits Levy (EPL), create tax rate differences reflected in the income statement. Notably, the increase in the UK asset retirement obligation raised the effective tax rate by 15 per cent as there is no tax relief available against EPL for expenditure on abandonment. Additionally, exploration write-offs and impairments of tangible assets in the UK, which carried blended deferred tax liabilities up to the enacted EPL sunset clause date of 31 March 2028, increased the effective tax rate by another 4 per cent. Finally, the EPL rate change from 35 per cent to 38 per cent added 6 per cent to the effective tax rate. Overall, these EPL-related adjustments resulted in an additional 25 per cent increase in the Group's effective tax rate.

8. Income tax continued

The UK and Norway are expected to remain the principal jurisdictions where profits will be earned, so their statutory tax rates for oil and gas production operations are anticipated to continue as the primary factors influencing the Group's future tax expense.

Deferred tax

The principal components of deferred tax are set out in the following tables:

	Note	2024 $ million	2023 As restated $ million
Deferred tax assets		**130**	7
Deferred tax liabilities		**(6,240)**	(1,297)
		(6,110)	(1,290)
Reclassification of deferred tax liabilities directly associated with assets held for sale	18	**19**	–
Total deferred tax		**(6,091)**	(1,290)

The presentation above takes into account the offsetting of deferred tax assets and deferred tax liabilities within the same tax jurisdiction (where this is permitted). The overall deferred tax balance in a jurisdiction determines if the deferred tax related to that jurisdiction is disclosed within deferred tax assets or deferred tax liabilities.

The origination of and reversal of temporary differences are, as shown in the next table, related primarily to movements in the carrying amounts and tax base values of expenditure and the timing of when these items are charged and/or credited against accounting and taxable profit.

	Accelerated capital allowances $ million	Decommissioning $ million	Losses $ million	Fair value of derivatives $ million	Other[1] $ million	Overseas $ million	Total $ million
As at 1 January 2023	(3,396)	1,565	569	2,452	(3)	(178)	1,009
Deferred tax credit/(expense)	546	(25)	(388)	(61)	22	18	112
Comprehensive income	–	–	–	(2,376)	1	–	(2,375)
Foreign exchange	(51)	34	–	(9)	1	(5)	(30)
As at 31 December 2023	(2,901)	1,574	181	6	21	(165)	(1,284)
Restated	–	–	–	–	–	(6)	(6)
As at 31 December 2023 as restated	(2,901)	1,574	181	6	21	(171)	(1,290)
Deferred tax (expense)/credit	(44)	257	(114)	(38)	42	–	103
Comprehensive income	–	–	–	380	4	–	384
Other reserves[2]	–	–	–	–	(1)	–	(1)
Additions from business combinations	(6,509)	971	201	(14)	(2)	–	(5,353)
Reclassifications[3,4]	(221)	7	28		15	171	–
Foreign exchange	75	(18)	(8)	2	(4)	–	47
As at 31 December 2024	**(9,600)**	**2,791**	**288**	**336**	**75**	**–**	**(6,110)**

1 Includes deferred tax movements related to investment allowances, share-based payments and pensions
2 Movement in other reserves relates to the element of deferred tax on UK share-based payments taken to profit and loss reserves
3 Items classified as overseas balances in 2023 have been reclassified into specific deferred tax categories
4 Balances related to UK investment allowances ($12 million) have been reclassified from accelerated capital allowances to other

The Group's deferred tax assets are recognised to the extent that taxable profits are expected to arise against which the tax assets can be utilised. The Group assessed the recoverability of tax losses and allowances using corporate assumptions which are consistent with the Group's impairment assessment. Based on those assumptions, the Group expects to fully utilise its recognised tax losses and allowances. The recovery of the Group's UK decommissioning deferred tax asset is additionally supported by the ability to carry back decommissioning tax losses and set these against ring fence taxable profits of prior periods.

In October 2024, the UK Government announced changes to the EPL, including an increase in the rate from 35 per cent to 38 per cent, the removal of the main EPL investment allowance and an extension of the EPL to 31 March 2030. The three per cent increase in the rate and the removal of the main EPL investment allowance were substantively enacted at the balance sheet date and have effect from 1 November 2024. As a result, the current accounting period reflects an additional deferred tax expense of $77 million, based on the currently enacted expiration date of the EPL of 31 March 2028 and the remeasurement of temporary differences expected to reverse within this period. The extension of the EPL to 31 March 2030 was substantively enacted on 3 March 2025 and is therefore not reflected in the financial statements as at 31 December 2024. This impact will be included in the financial statements for the following period. If the extension had been in place at the balance sheet date, an additional deferred tax expense of $306 million would have been recognised in the current financial statements.

In the UK, ring fence tax losses cannot be offset against profits subject to EPL nor are deductions allowed for decommissioning related expenditure. Consequently, any deferred tax assets representing future decommissioning deductions or ring fence tax losses are unaffected by the EPL. The primary impact of the EPL is on the deferred tax liability associated with accelerated capital allowances. The closing deferred tax liability for the period is $6,110 million (2023: $1,290 million), of which $877 million (2023: $1,014 million) relates to deferred tax liabilities arising from the impact of the EPL.

Consistent with other sensitivity analyses undertaken, we have assessed the impact on the recoverability of deferred tax assets based on a decrease of 10 per cent to the Harbour scenario average crude price curves. While there would generally be no material impacts, tax losses in Mexico are particularly sensitive to the timing of profits as they expire within a 10-year period once generated. Under this scenario, the deferred tax assets currently recognised for Mexican tax losses would decrease by around $50 million.

Unrecognised tax losses and allowances

Deferred tax assets are recognised for tax loss carry forwards, tax allowances and other deductible temporary differences to the extent that it is probable the associated tax benefits will be realised through offsetting future taxable profits or by carrying losses back to prior periods' profits. At the end of the accounting period, the Group had not recognised deferred tax assets for tax losses, allowances and other deductible temporary differences amounting to approximately $2,743 million (2023: $1,290 million). These other deductible temporary differences include unclaimed tax depreciation, unrealised losses on non-commodity derivatives and decommissioning related provisions.

	2024 $ million	2023 $ million
Tax losses by expiry date		
Expiring within 5 years	**477**	24
Expiring within 6-10 years	**240**	13
No expiration	**1,621**	1,115
	2,338	1,152
Other deductible temporary differences and allowances	**405**	138
Total unrecognised tax losses and allowances	**2,743**	1,290

No deferred tax liabilities were recognised for temporary differences associated with investments in subsidiaries, branches and associates of approximately $293 million (2023: $nil) because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Global minimum corporation tax rate – Pillar Two requirements

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

The Group has applied the mandatory exception in IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group has performed an assessment of its potential exposure to Pillar Two income taxes for periods from 1 January 2024. The assessment of the potential exposure is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15 per cent and the transitional safe harbour relief is expected to apply. On this basis, the Group does not expect a material exposure to Pillar Two income taxes in any jurisdictions.

Uncertain tax positions

The Group considers an uncertain tax position to exist when it believes that the amount of profit subject to tax in the future may exceed the amount initially reflected in the Group's tax returns. The Group applies IFRIC 23 Uncertainty over Income Tax Treatments in relation to uncertain tax positions. When management judges that an outflow of funds is probable and a reliable estimate of the dispute can be made, a provision is recognised for the best estimate of the most likely liability.

In estimating any such liability, the Group adopts a risk-based approach, considering the specific circumstances of each dispute. This is based on management's interpretation of tax law and, where appropriate, is supported by independent specialist advice. These estimates are inherently judgemental and can change significantly over time as disputes progress and new facts emerge.

Provisions are reviewed continuously. However, the resolution of tax issues may take a long time to conclude, and there is a possibility that the amounts ultimately paid could differ from the amounts initially provided.

In 2023, an uncertain tax position was identified in certain UK subsidiaries relating to the timing of the taxation of fair value movements and realised gains and losses on hedges entered into to manage commodity price risk. On the strength of independent advice, management considers that there is no expectation of a net additional outflow of funds. As such no additional liability has been recognised in the consolidated financial statements as at 31 December 2024. However, a contingent liability exists as the UK tax authorities could take an alternative view on whether the fair value movements on the hedged instruments are disregarded for tax purposes. While not considered a likely outcome, if the UK tax authorities were to disagree and successfully challenge the position, a possible liability currently estimated not to exceed $130 million could arise because of the differences in tax rates across the periods in question.

9. (Loss)/earnings per share (EPS)

Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in issue during the year.

Diluted EPS is calculated by dividing the profit after tax attributable to ordinary shareholders by the weighted average number of ordinary share in issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2024	2023 As restated
(Loss)/earnings for the year ($ millions)		
Earnings for the purpose of basic earnings per share	**(108)**	45
Effect of dilutive potential ordinary shares	**–**	–
(Loss)/earnings for the purpose of diluted earnings per share	**(108)**	45
Number of ordinary shares (millions)		
Weighted average number of ordinary shares (voting) for the purpose of basic earnings per share	**990**	804
Weighted average number of ordinary shares (non-voting) for the purpose of basic earnings per share	**93**	–
Weighted average number of ordinary shares (voting) for the purpose of diluted earnings per share[1]	**990**	806
Weighted average number of ordinary shares (non-voting) for the purpose of diluted earnings per share	**93**	–
(Loss)/earnings per share ($ cents)		
Basic:		
Ordinary shares voting	**(10)**	6
Ordinary shares non-voting	**(11)**	–
Diluted:		
Ordinary shares voting	**(10)**	6
Ordinary shares non-voting	**(11)**	–

1 2023 excludes certain share options outstanding at 31 December 2023 as their option price was greater than market price.

10. Goodwill

Goodwill represents the difference between the aggregate of the fair value of purchase consideration transferred at the acquisition date and the fair value of the identifiable assets.

Cost and net book value	Note	2024 $ million	2023 $ million
At 1 January		**1,302**	1,327
Additions from business combinations	14	**3,845**	–
Impairment charge		**–**	(25)
At 31 December		**5,147**	1,302

Goodwill is allocated as follows to the operating segments:

Cost and net book value	2024 $ million	2023 $ million
Norway	**2,651**	–
UK	**1,278**	1,278
Germany	**401**	–
Mexico	**199**	–
Argentina	**594**	–
Southeast Asia	**24**	24
At 31 December	**5,147**	1,302

The goodwill balance consists of balances arising from the acquisition of Wintershall Dea's upstream oil and gas assets on 3 September 2024, the completion of the all-share merger between Premier Oil plc and Chrysaor Holdings Limited in March 2021, Chrysaor Holdings Limited's acquisition of the ConocoPhillips UK business, and the UK North Sea assets from Shell, which completed on 30 September 2019 and 1 November 2017, respectively.

Impairment testing of goodwill

In accordance with IAS 36 Impairment of Assets, goodwill is reviewed for impairment at the year-end, or more frequently, if there are indications that goodwill might be impaired.

The goodwill recognised in business combinations is allocated to operating segments for the purpose of impairment testing. The carrying value of goodwill is tested at the operating segment level against the aggregated headroom arising from the impairment testing of corresponding segment assets. The carrying value of the assets is the sum of tangible assets, intangible assets and goodwill as of the assessment date. In the asset impairment test performed, and where applicable, the carrying value is adjusted by deferred tax which protects goodwill from an immediate impairment. When the deferred tax liabilities from the acquisitions naturally unwind and decrease, as a result of depreciation through production, more goodwill is exposed to impairment. This may lead to future impairment charges even though other assumptions remain stable.

At the year-end, the Group tested for impairment in accordance with the accounting policy and no goodwill impairment was recognised (2023: $25 million). Goodwill will ultimately be impaired to the income statement as the relevant operating segment businesses mature.

Determining recoverable amount

The recoverable amounts of the CGU and fields have been determined on a fair value less costs to sell basis. The key assumptions used in determining the fair value are often subjective, such as the future long-term oil and gas price assumption, or the operational performance of the assets. Discounted cash flow models comprising asset-by-asset life of field projections using Level 3 inputs (based on the IFRS 13 fair value hierarchy) have been used to determine the recoverable amounts.

The cash flows have been modelled on a post-tax and post-decommissioning basis, inflated at 2.5 per cent per annum from 1 January 2028, and discounted at the Group's post-tax discount rate of between 8.75 per cent and 14.5 per cent (2023: 9.0 – 12.4 per cent post-tax). Risks specific to assets within the CGU are reflected within the cash flow forecasts.

Key assumptions used in calculations

Assumptions involved in impairment measurement include estimates of commercial reserves and production volumes, future oil and gas prices, discount rates and the level and timing of expenditures, all of which are inherently uncertain.

Commodity and carbon prices

Management's commodity price curve assumptions are benchmarked against a range of external forward price curves on a regular basis. The first three years reflect the market forward prices curves transitioning to a long-term price thereafter. The long-term commodity prices and carbon prices are shown in note 2 of the financial statements on page 138.

Production volumes and oil and gas reserves

Based on life of field production profiles for each asset within the CGUs. Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Group's oil and gas assets. The Group estimates its reserves using standard recognised evaluation techniques and they are assessed at least annually by management and by an independent consultant. Proven and probable reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices.

Costs

Operating expenditure, capital expenditure and decommissioning costs, which have been inflated at 2.5 per cent per annum from 1 January 2028, are derived from the Group's business plan.

Discount rates

Represent management's estimate of the Group's country-based weighted average cost of capital (WACC), considering both debt and equity. The cost of equity is derived from an expected return on investment by the Group's investors, and the cost of debt is based on its interest-bearing borrowings. Segment-specific risk is incorporated by applying a beta factor based on publicly available market data. The discount rate is based on an assessment of a relevant peer group's post-tax WACC.

Foreign exchange rates

Based on management's long-term rate assumptions, with reference to a range of underlying economic indicators.

Sensitivity to changes in assumptions used in calculations

The Group has run sensitivities on its long-term commodity price assumptions, which have been based on long-range forecasts from external financial analysts, using alternate long-term price assumptions, and discount rates. These are considered to be reasonably possible changes for the purposes of sensitivity analysis. As shown in note 2 of the financial statements, the sensitivity analysis on commodity prices reflecting a 10 per cent reduction in the long-term oil and gas price deck applied in the impairment test would result in $81 million goodwill impairment. A 1 per cent increase in the discount rate would result in an impairment to goodwill of $10 million.

11. Other intangible assets

	Note	Oil and gas assets $ million	Non-oil and gas assets[1] $ million	Carbon allowances $ million	Total $ million
Cost					
At 1 January 2023		817	137	–	954
Additions during the year		210	20	–	230
Transfers from property, plant and equipment	12	–	7	–	7
Reclassification from trade and other receivables		–	–	86	86
Increase in decommissioning asset	21	4	–	–	4
Exploration write-off		(57)	–	–	(57)
Currency translation adjustment		42	8	–	50
At 31 December 2023		1,016	172	86	1,274
Additions during the year		398	51	36	485
Additions from business combinations and joint arrangements		4,407	2	–	4,409
Transfers from property, plant and equipment	12	(39)	1	–	(38)
Increase in decommissioning asset	21	12	–	–	12
Exploration write-off[2]		(173)	–	–	(173)
Utilised		–	–	(54)	(54)
Disposals		–	(42)	–	(42)
Currency translation adjustment		(76)	(3)	(3)	(82)
At 31 December 2024		**5,545**	**181**	**65**	**5,791**
Amortisation					
At 1 January 2023		–	74	–	74
Charge for the year		–	23	–	23
Currency translation adjustment		–	5	–	5
At 31 December 2023		–	102	–	102
Charge for the year		–	19	–	19
Disposals		–	(42)	–	(42)
Currency translation adjustment		–	(2)	–	(2)
At 31 December 2024		**–**	**77**	**–**	**77**
Net book value					
At 31 December 2023		1,016	70	86	1,172
At 31 December 2024		**5,545**	**104**	**65**	**5,714**

1 Non-oil and gas assets relate to Group IT software of $71 million and carbon capture and storage activities, mainly related to the Viking CCS project of $33 million.
2 The exploration write-off of $173 million (2023: $57 million) includes the write off of costs associated with projects in the UK ($79 million) and licence relinquishments in Norway ($64 million).

12. Property, plant and equipment

	Note	Oil and gas assets $ million	Fixtures and fittings & office equipment $ million	Land and buildings[1] $ million	Total $ million
Cost					
At 1 January 2023		11,436	38	–	11,474
Additions		482	9	–	491
Transfers to intangible assets	11	–	(7)	–	(7)
Reclassification of asset held for sale		(198)	–	–	(198)
Decrease in decommissioning asset	21	(22)	–	–	(22)
Currency translation adjustment		159	2	–	161
At 31 December 2023		11,857	42	–	11,899
Restated		198	–	–	198
At 31 December 20223 as restated		12,055	42	–	12,097
Additions[2]		1,037	21	1	1,059
Additions from business combinations and joint arrangements	14	9,951	20	40	10,011
Transfers from intangible assets	11	39	–	(1)	38
Reclassification of asset held for sale	18	(198)	–	–	(198)
Increase in decommissioning asset[3]	21	760	–	–	760
Disposals		(1)	(24)	–	(25)
Currency translation adjustment		(258)	(2)	(2)	(262)
At 31 December 2024		**23,385**	**57**	**38**	**23,480**
Accumulated depreciation					
At 1 January 2023		5,760	24	–	5,784
Charge for the year		1,192	3	–	1,195
Impairment charge		214	–	–	214
Reclassification of asset held for sale		(103)	–	–	(103)
Currency translation adjustment		91	1	–	92
At 31 December 2023		7,154	28	–	7,182
Restated		79	–	–	79
At 31 December 2023 as restated		7,233	28	–	7,261
Charge for the year		1,516	5	1	1,522
Impairment charge		352	–	–	352
Reclassification of asset held for sale	18	(124)	–	–	(124)
Disposals		(1)	(24)	–	(25)
Currency translation adjustment		(49)	–	–	(49)
At 31 December 2024		**8,927**	**9**	**1**	**8,937**
Net book value:					
At 31 December 2023 as restated		4,822	14	–	4,836
At 31 December 2024		**14,458**	**48**	**37**	**14,543**

1 Land and buildings include investment property of $2.6 million (2023: $nil).
2 Included within property, plant and equipment additions of $1,059 million (2023: $491 million) are associated cash flows of $884 million (2023: $496 million) and non-cash flow movements of $175 million (2023: $5 million) represented by a $93 million increase in capital accruals (2023: $30 million decrease), $64 million of capitalised lease depreciation (2023: $18 million) and $18 million of capitalised interest (2023: $7 million).
3 An increase in the decommissioning assets of $760 million (2023: $22 million) was made during the year as a result of both an update to the decommissioning estimates and new obligations (note 21).

12. Property, plant and equipment continued

During the year, the Group recognised a pre-tax impairment charge of $352 million (post-tax $185 million) (2023: $176 million; post-tax $83 million). This comprised a pre-tax impairment charge representing a write-down of property, plant and equipment assets of $163 million (2023: $70 million) across three fields in the UK, mainly driven by further changes to the UK Energy Profits Levy and changes in life of field outlook, in addition to a fair value impairment on the Vietnam held for sale asset of $15 million. A pre-tax impairment charge of $174 million (2023: $106 million) was also recorded in respect of revisions to decommissioning estimates on late-life assets, and non-producing assets with no remaining net book value (see note 21).

In 2023, a net pre-tax impairment charge of $176 million was recognised as a result of impairments on two UK CGUs of $70 million, one driven by a reduction in the gas price forward curve and the other by a revised decommissioning cost profile, and a pre-tax impairment charge of $106 million in respect of revisions to decommissioning estimates on the Group's non-producing assets with no remaining net book value.

Key assumptions used in calculations

Assumptions used in impairment measurement include estimates of commercial reserves and production volumes, future oil and gas prices, discount rates and the level and timing of expenditures, all of which are inherently uncertain.

Commodity and carbon prices

The Group uses the fair value less cost of disposal method (FVLCD) to calculate the recoverable amount of the cash-generating units (CGU) consistent with a level 3 fair value measurement (see note 23). In determining the recoverable value, appropriate discounted-cash-flow valuation models were used, incorporating market-based assumptions. Management's commodity price curve assumptions are benchmarked against a range of external forward price curves on a regular basis. Individual field price differentials are then applied. The first three years reflect benchmarked consensus and market forward price curves transitioning to a long-term price from 2028, thereafter inflated at 2.5 per cent per annum. The long-term commodity prices used were $78 per barrel for Brent crude, 80 pence per therm for UK NBP gas and the European gas price at 2 per cent higher than UK NBP.

Production volumes and oil and gas reserves

Production volumes are based on life of field production profiles for each asset within the CGU. Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Group's oil and gas assets. The Group estimates its reserves using standard recognised evaluation techniques, assessed at least annually by management. Proven and probable reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices.

Costs

Operating expenditure, capital investment and decommissioning costs are derived from the Group's business plan.

Discount rates

The discount rate reflects management's estimate of the Group's country-based weighted average cost of capital (WACC).

Foreign exchange rates

Based on management's long-term rate assumptions, with reference to a range of underlying economic indicators.

Sensitivity to changes in assumptions used in calculations

Reductions or increases in the long-term oil and gas prices of 10 per cent are considered to be reasonably possible changes for the purpose of sensitivity analysis. As shown in note 2 of the financial statements, the decreases to the long-term oil and gas prices from 2028 specified above would result in a further pre-tax impairment of $330 million (post-tax $99 million) and increases to the long-term oil and gas prices would result in a no material change to the impairment charge.

Considering the discount rates, the Group believes a one per cent increase in the post-tax discount rate is considered to be a reasonable possibility for the purpose of sensitivity analysis. A one per cent increase in the post-tax discount rate would lead to a further pre-tax impairment of $113 million (post-tax $33 million) on oil and gas assets and $10 million on goodwill, and a one per cent decrease in the post-tax discount rate would lead to a lower pre-tax impairment charge of $129 million (post-tax $41 million).

13. Leases

This note provides information for leases where the Group is a lessee.

Balance sheet

Right-of-use assets	Note	Land and buildings $ million	Drilling rigs $ million	FPSO $ million	Offshore facilities $ million	Equipment $ million	Total $ million
Cost							
At 1 January 2023		88	169	562	334	20	1,173
Additions during the year		25	–	–	–	1	26
Cost revisions/remeasurements		1	48	63	(6)	4	110
Reclassification as asset held for sale	2	(5)	–	(71)	–	–	(76)
Disposals		(4)	(19)	–	–	–	(23)
Currency translation adjustment		4	10	–	–	1	15
At 31 December 2023		109	208	554	328	26	1,225
Restated		5	–	71	–	–	76
At 31 December 2023 as restated		114	208	625	328	26	1,301
Additions during the year[1]		27	166	–	–	–	193
Additions from business combinations and joint arrangements[1]		55	4	–	–	47	106
Cost revisions/remeasurements		6	38	3	32	(11)	68
Reclassification of asset held for sale	18	–	–	(71)	–	(2)	(73)
Disposals		(5)	–	–	–	–	(5)
Currency translation adjustment		(3)	(5)	–	–	(1)	(9)
At 31 December 2024		**194**	**411**	**557**	**360**	**59**	**1,581**
Accumulated depreciation							
At 1 January 2023		26	129	209	61	13	438
Charge for the year		9	42	94	89	5	239
Reclassification of asset held for sale	2	(2)	–	(23)	–	–	(25)
Disposals		(4)	(19)	–	–	–	(23)
Currency translation adjustment		1	7	–	–	1	9
At 31 December 2023		30	159	280	150	19	638
Restated		2	–	29	–	–	31
As 31 December 2023 as restated		32	159	309	150	19	669
Charge for the year		16	99	83	76	11	285
Impairment charge[2]		20	–	–	–	–	20
Reclassification of asset held for sale	18	–	–	(40)	–	–	(40)
Disposals		(5)	–	–	–	–	(5)
Currency translation adjustment		(1)	(3)	–	–	–	(4)
At 31 December 2024		**62**	**255**	**352**	**226**	**30**	**925**
Net book value							
At 31 December 2023 as restated		82	49	316	178	7	632
At 31 December 2024		**132**	**156**	**205**	**134**	**29**	**656**

1 Additions of $299 million including $106 million related to business combinations (note 14) were made to the right-of-use assets during the year (2023: total additions of $26 million related to new land and buildings).
2 The impairment charge of $20 million relates to one of the Group's office buildings in the UK.

13. Leases continued

Lease liabilities	Note	2024 $ million	2023 As restated $ million
At 1 January as restated		**768**	825
Additions		**193**	28
Additions from business combinations and joint arrangements	14	**118**	–
Remeasurement		**67**	110
Finance costs charged to income statement	7	**53**	51
Finance costs charged to decommissioning provision	21	**1**	1
Reclassification of liabilities as held for sale	18	**(78)**	–
Lease payments		**(319)**	(262)
Currency translation adjustment		**(11)**	15
At 31 December		**792**	768
Classified as:			
Current		**241**	216
Non-current		**551**	552
Total lease liabilities		**792**	768

The significant portion of the Group's lease liabilities represent lease arrangements for an FPSO vessel on the Catcher asset, and offshore facilities on the Tolmount asset oil and gas infrastructure assets in the UK business unit.

The lease liabilities and associated right-of-use-assets have been calculated by reference to in-substance fixed lease payments in the underlying agreements incurred throughout the non-cancellable period of the lease along with periods covered by options to extend and terminate the lease where the Group is reasonably certain that such options will be exercised. When assessing whether extension options were likely to be exercised, assumptions are consistent with those applied when testing for impairment.

Income statement

Depreciation charge of right-of-use assets	Note	2024 $ million	2023 $ million
Land and buildings – non-oil and gas assets[1]		**35**	8
Land and buildings – oil and gas assets		**1**	1
Drilling rigs		**99**	42
FPSO		**83**	99
Offshore facilities		**77**	89
Equipment – non-oil and gas assets		**1**	1
Equipment – oil and gas assets		**9**	4
		305	244
Capitalisation of IFRS 16 lease depreciation[2]			
Drilling rigs		**(77)**	(25)
Equipment		**(4)**	(2)
Depreciation charge included within consolidated income statement		**224**	217
Lease interest	7	**53**	51

1 Includes impairment charge of $20 million related to one of the Group's office building in the UK.
2 Of the $81 million (2023: $27 million) capitalised IFRS 16 lease depreciation, $64 million (2023: $18 million) has been capitalised within property, plant and equipment and $17 million (2023: $9 million) within provisions (note 21).

The total cash outflow for leases in 2024 was $319 million (2023: $259 million).

14. Business combinations

Business combinations during the year ended 31 December 2024

On 3 September 2024, the Group closed the transaction to acquire substantially all of Wintershall Dea's upstream assets from BASF and LetterOne, including those in Norway, Germany, Denmark, Argentina, Mexico, Egypt, Libya and Algeria as well as Wintershall Dea's carbon capture and storage (CCS) licences in Europe. The Group acquired the portfolio as it significantly increases production capacity and provides geographic diversification, adding high quality assets with material positions in Norway, Germany, Argentina, North Africa and Mexico. It also strengthens the Group's financial position, delivering investment grade credit ratings post-transaction. The Group acquired control through the payment of cash and issuance of shares to BASF and LetterOne.

A purchase price allocation (PPA) exercise has been performed under which the identifiable assets and liabilities of Wintershall Dea were recognised at fair value. The fair values, and resulting goodwill, are provisional and will be finalised in Harbour's full year 2025 financial statements. The provisional fair values of the net identifiable assets as at the date of acquisition are as follows:

	Note	Fair value recognised on acquisition $ million
Non-current assets		
Other intangible assets	11	4,409
Property, plant and equipment	12	10,011
Right-of-use assets	13	106
Deferred tax assets	8	147
Other receivables	16	56
Other financial assets	23	52
Current assets		
Inventories	15	213
Trade and other receivables	16	1,305
Other financial assets	23	188
Cash and cash equivalents	17	748
Total assets		**17,235**
Non-current liabilities		
Borrowings	22	3,038
Provisions	21,28	2,616
Deferred tax	8	5,500
Trade and other payables	20	25
Lease creditor	13	86
Other financial liabilities	23	99
Current liabilities		
Trade and other payables	20	1,134
Borrowings	22	41
Lease creditor	13	32
Provisions	21,28	324
Current tax liabilities	8	1,128
Other financial liabilities	23	218
Total liabilities		**14,241**
Fair value of identifiable net assets acquired		**2,994**
Subordinated notes measured at fair value[1]	26	(1,548)
Goodwill arising on acquisition	10	3,845
Purchase consideration transferred		**5,291**

1 Subordinated notes accounted for within equity, see note 26.

The fair values of the oil and gas assets and intangible assets acquired have been determined using valuation techniques based on discounted cash flows using forward curve commodity prices and estimates of long-term prices consistent with those applied by management when testing assets for impairment, a discount rate based on market observable data and cost and production profiles generally consistent with the 2P and a component of 2C reserves, if applicable, acquired with each asset. Where applicable, other observable market information has also been used.

14. Business combinations continued

The decommissioning provisions recognised have been estimated based on Harbour's internal estimates with reference to observable market data, including rig rates.

The equity consideration settled in ordinary shares of $2,513 million has been calculated based on 669,714,027 BASF consideration shares being issued by the company at a price of £2.86 per share, being the closing price of ordinary shares on the acquisition date and translated at the spot pound sterling to US dollar rate on that date of £1:$1.3122.

The equity consideration settled in non-voting shares of $944 million has been calculated based on 251,488,211 non-voting shares being issued at their fair value, measured in accordance with IFRS 13 Fair Value Measurement. A binomial lattice valuation methodology has been utilised to determine the fair value of the non-voting shares based on the value of ordinary shares with inputs that reflect the different features of these shares. Key assumptions input into the fair value model include: timing and quantum of future dividend payments; estimates of the timing of lifting of relevant sanctions on the minority ultimate beneficial owners of LetterOne; estimated date of conversion to ordinary shares under certain conditions; expected volatility of ordinary shares; appropriate discount rate; and discount for lack of marketability. The resultant fair value of a non-voting share has been determined to closely approximate that of an ordinary share, £2.86 per share, being the closing price of ordinary shares on the acquisition date and translated at the spot pound sterling to US dollar rate on that date of £1:$1.3122.

The acquisition date fair value of the trade receivables amounts to $936 million. The gross amount of trade receivables is $1,015 million, which is expected to be collected within contractual terms.

The fair value of the subordinated notes has been determined by reference to quoted market prices in Euros translated to US dollars at the exchange rate prevailing on the date of acquisition.

The goodwill of $3,845 million arises principally from the requirement to recognise deferred tax assets and liabilities for the difference between the assigned fair values and the tax bases of the acquired assets and liabilities assumed in a business combination. The assessment of fair values of oil and gas assets acquired is based on cash flows after tax. Nevertheless, in accordance with IAS 12 Income Taxes, paragraphs 15 and 19, a provision is made for deferred tax corresponding to the tax rate multiplied by the difference between the acquisition cost and the tax base. The offsetting entry to this deferred tax is goodwill. Hence, goodwill arises as a technical effect of deferred tax (technical goodwill).

There are no specific IFRS guidelines pertaining to the allocation of technical goodwill and management has therefore applied the general guidelines for allocating goodwill. Technical goodwill is allocated by segment, in line with where it arises, and none is expected to be deductible for income tax purposes.

From the date of acquisition, the Wintershall Dea assets contributed $2,021 million of revenue and $867 million to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $10,516 million and profit before tax from continuing operations for the Group would have been $3,017 million.

	$ million
Purchase consideration	
Shares issued, at fair value	3,457
Cash paid	1,782
Contingent consideration	52
Total consideration	**5,291**
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(118)
Net cash acquired with the subsidiaries (included in cash flows from investing activities)	748
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	(1)
Net cash flow on acquisition	**629**

It should be noted that, at the date of completion, a cash payment of $1,792 million was made to the former owners of Wintershall Dea. This payment is reflected in the consolidated statement of cash flows. Subsequently, and as contemplated by the business combination agreement, a reduction in cash consideration payable of $10 million was identified, reducing the cash consideration to $1,782 million. This is reflected in the fair value of consideration above. As the review period is ongoing, and further adjustments may be identified, this $10 million has not yet been repaid to the company.

Transaction costs of $119 million (2023: $33 million) were expensed and are included in administrative expenses.

Contingent consideration

As part of the purchase agreement with the previous owners of the Wintershall Dea assets, contingent consideration has been agreed, dependent on the average Brent price during six six-month periods ending 18, 24, 30, 36, 42 and 48 months after completion. If during any of these six-month periods, the average Brent price is:

- Greater than or equal to $86 per barrel but less than or equal to $100 per barrel, a cash payment of $30 million will be made;
- greater than $100 per barrel, a cash payment of $50 million will be made; or
- less than $86 per barrel, no cash payment will be made.

As at the acquisition date, the fair value of the contingent consideration was estimated to be $52 million, determined using an option pricing model. The contingent consideration is classified as a long-term other financial liability (see note 23).

15. Inventories

	2024 $ million	2023 As restated $ million
Hydrocarbons	**56**	49
Consumables and subsea supplies	**312**	168
Total inventories	**368**	217

Inventories of consumables and subsea supplies include a provision of $39 million (2023: $28 million) where it is considered that the net realisable value is lower than the original cost.

Inventories recognised as an expense during the year ended 31 December 2024 amounted to $7 million (2023: $1 million). These expenses are included within production costs.

16. Trade and other receivables

	2024 $ million	2023 As restated $ million
Trade receivables	**1,203**	372
Underlift position	**175**	146
Other debtors	**249**	86
Prepayments and accrued income	**631**	223
Corporation tax receivable	**58**	46
Total trade and other receivables	**2,316**	873

Trade receivables are non-interest bearing and are generally on 20-to-30-day terms. As at 31 December 2024, there were $433 million of trade receivables that were past due (2023: $nil), primarily relating to operations in the Mexico and North Africa segments.

Prepayments and accrued income mainly comprise amounts due, but not yet invoiced, for the sale of oil and gas.

The carrying value of the trade and other receivables are equal to their fair value as at the balance sheet date.

During the fourth quarter of 2024, the Group issued a credit default swap (CDS) for a notional amount of $60 million to a third-party financial institution. The CDS relates to secured borrowing provided by the financial institution to one of the Group's customers in Mexico. The secured borrowing was utilised by the customer to pay certain of our outstanding receivables. The notional amount of the CDS outstanding as of 31 December 2024 was $32 million and will reduce on a monthly basis over its 22-month term. The fair value of this derivative liability was not material as at 31 December 2024.

Other long-term receivables

	2024 $ million	2023 As restated $ million
Net investment in sublease	**–**	37
Decommissioning funding asset[1]	**59**	56
Other receivables[2]	**107**	216
Prepayments and accrued income	**10**	–
Total other long-term receivables	**176**	309

1 The decommissioning funding asset relates to the decommissioning liability agreement entered into with E.ON who will reimburse 70 per cent on the net share of the total decommissioning cost of the two assets in the UK to a maximum possible funding of £63 million. At 31 December 2024, a long-term decommissioning funding asset of $59 million (2023: $56 million) has been recognised.

2 Other receivables includes $44 million in cash held in escrow accounts for expected future decommissioning expenditure in Indonesia (2023: $39 million). Other receivables at December 2023 also included $21 million held as security for the Mexican letters of credit, and $42 million related to the non-current element of the unamortised portion of issue costs and bank fees related to the RBL (see note 22).

17. Cash and cash equivalents

	2024 $ million	2023 As restated $ million
Cash at banks and in hand	**805**	286

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Group only deposits cash with major banks of high-quality credit standing.

Included in cash and cash equivalents at 31 December 2024 were amounts in Argentina totalling $173 million (2023: $nil) subject to currency controls or other legal restrictions. In addition, the cash and cash equivalents balance includes an amount of $43 million (2023: $nil) required to cover initial margin on trading exchanges, counterparty margining on outstanding commodity trades and all other balances subject to restriction.

18. Assets held for sale

In December 2024, the Group entered into an exclusivity agreement to sell its business in Vietnam, which holds 53.125 per cent interest in the Chim Sáo and Dua producing fields, to EnQuest for a consideration of $84 million. The transaction has an effective date of 1 January 2024. The assets and liabilities of Vietnam have been classified as assets held for sale in the balance sheet as at 31 December 2024, as completion is expected to be achieved by the second quarter of 2025.

The Group's Vietnam operations are included in the Southeast Asia segment, previously International, however are not considered a major geographical area or line of business and therefore the disposal has not been classified as discontinued operations.

In the prior period, the Vietnam business had also been classified as held for sale based on a prior agreement. In August 2023, the Group had entered into a Sale and Purchase Agreement to sell its business in Vietnam to Big Energy Joint Stock Company, however this was terminated in May 2024. As a result the Vietnam business was declassified as assets held for sale. Therefore, the relevant amounts presented as assets held for sale in 31 December 2023 have been reclassified to reflect this.

The major classes of assets and liabilities of the Group as held for sale as at 31 December 2024 are as follows:

	Note	2024 $ million
Current		
Assets		
Property, plant and equipment	12	**74**
Right-of-use-assets	13	**33**
Other receivables and working capital		**170**
Assets held for sale		**277**
Liabilities		
Provisions	21	**90**
Lease creditor	13	**78**
Trade and other payables		**46**
Deferred tax	8	**19**
Liabilities directly associated with assets held for sale		**233**
Net assets directly associated with disposal group		**44**
Impairment loss recorded		**10**

Immediately before the classification of the disposal group as assets held for sale, the recoverable amount was estimated for the disposal group and no impairment loss was identified. The assets in the disposal group are held at the lower of their carrying amount and fair value less costs to sell. As at 31 December 2024, a post-tax impairment of $10 million was recognised as the fair value less cost to sell, being the expected consideration adjusted for items agreed under the SPA, was below the carrying amount of the disposal group. Following the impairment charge the net assets directly associated with the disposal group held on the consolidated balance sheet was $44 million.

19. Commitments

Capital commitments

As at 31 December 2024, the Group had commitments for future capital expenditure amounting to $1,690 million (2023: $389 million). Where the commitment relates to a joint arrangement, the amount represents the Group's net share of the commitment. Where the Group is not the operator of the joint arrangement then the amounts are based on the Group's net share of committed future work programmes.

20. Trade and other payables

	2024 $ million	2023 As restated $ million
Current		
Trade payables	**1,365**	680
Overlift position	**207**	33
Other payables	**132**	144
Matured financial instruments	**27**	48
Deferred income[1]	**24**	10
	1,755	915
Non-current		
Other payables	**19**	13
Deferred income[1]	**11**	–
	30	13

1 Deferred income includes $19 million (2023: $nil) relating to payments for oil not yet delivered and $5 million (2023: $10 million) in relation to the closing year-end fair value payable to FlowStream who historically provided funding for the Solan asset in the UK in return for a share in production.

21. Provisions

	Decommissioning provision $ million	Pension provision $ million	Employee obligation provision $ million	Onerous contract provision $ million	Other provisions $ million	Total $ million
At 1 January 2023	4,141	–	24	–	–	4,165
Additions	40	–	–	–	–	40
Changes in estimates – decrease to oil and gas tangible decommissioning assets	(203)	–	–	–	–	(203)
Changes in estimates on oil and gas tangible assets – debit to income statement	141	–	–	–	–	141
Changes in estimate on oil and gas intangible assets – debit to income statement	4	–	–	–	–	4
Changes in estimate – debit to income statement	–	–	3	–	–	3
Amounts used	(248)	–	–	–	–	(248)
Reclassification of liabilities directly associated with assets held for sale	(87)	–	–	–	–	(87)
Interest on decommissioning lease	(1)	–	–	–	–	(1)
Depreciation, depletion and amortisation on decommissioning right-of-use leased asset	(9)	–	–	–	–	(9)
Unwinding of discount	156	–	–	–	–	156
Currency translation adjustment	87	–	–	–	–	87
At 31 December 2023	4,021	–	27	–	–	4,048
Restated	87	–	–	–	–	87
At 31 December 2023 as restated	4,108	–	27	–	–	4,135
Additions	36	–	–	–	–	36
Additions from business combinations and joint arrangements	2,511	40	40	65	284	2,940
Changes in estimates – increase to oil and gas tangible decommissioning assets	550	–	–	–	–	550
Changes in estimates – increase to oil and gas intangible assets	6	–	–	–	–	6
Changes in estimate on oil and gas tangible assets – debit to income statement	174	–	–	–	–	174
Changes in estimate on oil and gas intangible assets – debit to income statement	6	–	–	–	–	6
Changes in estimate – debit to income statement	3	3	29	–	28	63
Actuarial gains and losses	–	7	–	–	–	7
Amounts used	(284)	(1)	(25)	(30)	(36)	(376)
Reclassification of liabilities directly associated with assets held for sale	(90)	–	–	–	–	(90)
Interest on decommissioning lease	(1)	–	–	–	–	(1)
Depreciation, depletion and amortisation on decommissioning right-of-use leased asset	(17)	–	–	–	–	(17)
Unwinding of discount	221	–	–	–	–	221
Currency translation adjustment	(109)	(3)	(3)	–	(18)	(133)
At 31 December 2024	**7,114**	**46**	**68**	**35**	**258**	**7,521**

Classified within	Non-current liabilities $ million	Current liabilities $ million	Total $ million
At 31 December 2023	3,905	230	4,135
At 31 December 2024	**7,024**	**497**	**7,521**

All of the $36 million decommissioning provision additions relate to oil and gas tangible assets (2023: $40 million).

Decommissioning provision

The Group provides for the estimated future decommissioning costs on its oil and gas assets at the balance sheet date. The payment dates of expected decommissioning costs are uncertain and are based on economic assumptions of the fields concerned. The Group currently expects to incur decommissioning costs within the next 40 years, around half of which are anticipated to be incurred between the next 10 to 20 years. These estimated future decommissioning costs are inflated at the Group's long-term view of inflation of 2.5 per cent per annum (2023: 2.5 per cent per annum) and discounted at a risk-free rate of between 2.2 per cent and 6.6 per cent (2023: 4.3 per cent and 5.2 per cent) reflecting a 6-month (2023: six-month) rolling average of market rates over the varying lives of the assets to calculate the present value of the decommissioning liabilities. The unwinding of the discount is presented within finance costs.

These provisions have been created based on internal and third-party estimates. Assumptions based on the current economic environment have been made, which management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon market prices for the necessary decommissioning work required, which will reflect market conditions at the relevant time. In addition, the timing of decommissioning liabilities will depend upon the dates when the fields become economically unviable, which in itself will depend on future commodity prices and climate change, which are inherently uncertain.

Pension provision

Please refer to note 28 for pension provisions.

Employee obligation provisions

Employee obligation provisions of $68 million relate to obligations to pay long-service bonuses, anniversary bonuses, and variable remuneration, including the associated social security contributions and provisions due to early retirement as well as phased-in early retirement models. This includes a termination benefit provision in Indonesia of $26 million (2023: $27 million), where the Group operates a service, severance and compensation pay scheme under a collective labour agreement with the local workforce.

Onerous contract provision

The onerous contract provision of $35 million (2023: $nil) relates to working programmes in Libya due to force majeure conditions in-country.

Other provisions

Other provisions mainly includes a $132 million provision related to gas migration in Rehden, Germany arising from a commercial settlement entered into by Wintershall Dea and a third party at the time of the Wintershall and Dea merger in 2019 and a $61 million provision related to restructuring programmes within Norway, Germany and Mexico.

22. Borrowings and facilities

The Group's borrowings are carried at amortised cost:

	2024 $ million	2023 $ million
Bonds	**5,011**	493
Revolving credit facility	**218**	–
Other loans	**–**	16
Total borrowings	**5,229**	509
Classified within		
Non-current liabilities	**4,215**	493
Current liabilities	**1,014**	16
Total borrowings	**5,229**	509

Bonds

					31 December 2024	
	%	Maturity	Currency	Nominal value €/$ million	Fair value $ million	Carrying value $ million
Bond ISIN: XS2054209833	0.8	2025	EUR	1,000	**1,019**	**1,014**
Bond ISIN: US411618AB75/ USG4289TAA19	5.5	2026	USD	500	**499**	**496**
Bond ISIN: XS2054210252	1.3	2028	EUR	1,000	**962**	**954**
Bond ISIN: XS2908093805	3.8	2029	EUR	700	**729**	**720**
Bond ISIN: XS2055079904	1.8	2031	EUR	1,000	**905**	**901**
Bond ISIN: XS2908095172	4.4	2032	EUR	900	**940**	**926**

22. Borrowings and facilities continued

In October 2021, Harbour Energy Finance Limited, a subsidiary of Harbour, issued a $500 million bond under Rule 144A and with a tenor of five years to maturity. The coupon was set at 5.50 per cent and interest is payable semi-annually.

Under the terms of the business combination entered into between the company, BASF and LetterOne, three existing Wintershall Dea bonds were ported to Harbour Energy on completion of the acquisition.

As at 31 December 2024, the fair value of these bonds, which is determined using quoted market prices in an active market, amounts to $2,886 million. The repayment obligation remains at €3,000 million ($3,106 million).

On 26 September 2024, Harbour announced that Wintershall Dea Finance BV as issuer, a subsidiary of Harbour, priced an offering on 25 September 2024 of €700 million in aggregate principal amount of 3.830 per cent senior notes due 2029 and €900 million in aggregate principal amount of 4.357 per cent senior notes due. Harbour primarily used the proceeds from this offering to repay and cancel the $1.5 billion bridge facility utilised for the Wintershall Dea acquisition which completed on 3 September 2024.

The previous reserve based lending (RBL) facility was replaced upon completion of the acquisition by the new bridge and revolving credit facility (RCF).

At the balance sheet date, the outstanding RCF balance, excluding incremental arrangement fees, related costs and letters of credit, was $250 million (2023: RBL $nil). As at 31 December 2024, $1,854 million remained available for drawdown under the RCF (2023: $1,972 million under the RBL).

The Group has facilities to issue up to $1,750 million of letters of credit (2023: $1,750 million), of which $871 million (2023: $1,186 million) was in issue as at 31 December 2024, mainly in respect of future decommissioning liabilities.

Arrangement fees and related costs of $276 million were capitalised when the three existing Wintershall Dea bonds were ported to Harbour Energy on completion of the acquisition. In addition, $34 million of arrangement fees and related costs in relation to the RCF, $13 million in relation to the bridge facility and $11 million related to the €700 million and €900 million senior notes, were capitalised during the year. $102 million of arrangement fees and related costs were amortised during the year and are included within financing costs, including $66 million related to the RBL facility and $13 million related to the bridge facility, upon termination of those facilities.

At 31 December 2024, $284 million of arrangement fees and related costs remain capitalised (2023: $68 million). $32 million of these arrangement fees relate to the RCF, and a further $252 million (2023: $7 million) relate to the bond facilities.

Interest of $34 million on the bonds and RCF facilities (Dec 2023: $6 million related to the $500 million bond interest) had accrued by the balance sheet date and has been classified within accruals.

Other loans at 31 December 2023 represent a commercial financing arrangement with Baker Hughes (formerly BHGE) was repaid in full in December 2024.

The table below details the change in the carrying amount of the Group's borrowings arising from financing cash flows:

	$ million
Total borrowings as at 1 January 2023	1,238
Proceeds from drawdown of borrowing facilities	660
Repayment of RBL	(1,435)
Repayment of financing arrangement	(21)
Repayment of exploration finance facility loan	(11)
Arrangement fees and related costs capitalised	(34)
Financing arrangement interest payable	3
Amortisation of arrangement fees and related costs	48
Reclassification of RBL arrangement fees and related costs to current and non-current assets	61
Total borrowings as at 31 December 2023	509
Reclassification of capitalised RBL arrangement fees and related costs as borrowings	(61)
Proceeds from RBL facility	178
Repayment of RBL facility	(178)
Proceeds from issue of bridge facility	1,500
Repayment of bridge facility	(1,500)
Bond debt arising on business combination (net of arrangement fees and related costs)	3,038
Proceeds from issue of new bonds	1,728
Proceeds from issue of revolving credit facility	2,225
Repayment of revolving credit facility	(1,975)
Arrangement fees and related costs capitalised	(58)
Amortisation of arrangement fees and related costs	102
Repayment of financing arrangement	(17)
Financing arrangement interest payable	1
Currency translation adjustment on Euro bonds	(263)
Total borrowings as at 31 December 2024	**5,229**

23. Other financial assets and liabilities

The Group held the following financial instruments at fair value at 31 December 2024. The fair values of all derivative financial instruments are classified in accordance with the hierarchy described in IFRS 13.

	31 December 2024		31 December 2023	
Current	**Assets $ million**	**Liabilities $ million**	**Assets $ million**	**Liabilities $ million**
Measured at fair value through profit and loss				
Foreign exchange derivatives	**–**	**(25)**	6	–
Commodity derivatives	**26**	**(14)**	–	–
Short term investments	**25**	**–**	–	–
Fair value of embedded derivative within gas contract	**5**	**–**	10	–
	56	**(39)**	16	–
Measured at fair value through other comprehensive income				
Commodity derivatives	**89**	**(396)**	154	(197)
Foreign exchange derivatives	**–**	**(27)**	–	–
	89	**(423)**	154	(197)
Total current	**145**	**(462)**	170	(197)
Non-current				
Measured at fair value through profit and loss				
Commodity derivatives	**1**	**(2)**	–	–
Contingent consideration[1]	**–**	**(52)**	–	–
Other financial assets-investments	**7**	**–**	–	–
	8	**(54)**	–	–
Measured at fair value through other comprehensive income				
Commodity derivatives	**36**	**(215)**	112	(87)
Foreign exchange derivatives	**–**	**(146)**	–	–
	36	**(361)**	112	(87)
Total non-current	**44**	**(415)**	112	(87)
Total current and non-current	**189**	**(877)**	282	(284)

1 Contingent consideration relates to the Wintershall Dea transaction and will be paid between 18-48 months after completion, depending on the average Brent crude price during six-month periods. This is valued using an option pricing model.

Fair value measurements

All financial instruments that are initially recognised and subsequently remeasured at fair value have been classified in accordance with the hierarchy described in IFRS 13 'Fair Value Measurement'. The hierarchy groups fair value measurements into the following levels based on the degree to which the fair value is observable.

- **Level 1:** fair value measurements are derived from unadjusted quoted prices for identical assets or liabilities
- **Level 2:** fair value measurements include inputs, other than quoted prices included within level 1, which are observable directly or indirectly
- **Level 3:** fair value measurements are derived from valuation techniques that include significant inputs not based on observable data

		Financial assets		Financial liabilities	
As at 31 December 2024	**Level 1 $ million**	**Level 2 $ million**	**Level 3 $ million**	**Level 2 $ million**	**Level 3 $ million**
Fair value of embedded derivative within gas contract	**–**	**5**	**–**	**–**	**–**
Commodity derivatives	**–**	**152**	**–**	**(627)**	**–**
Argentinian bonds	**25**	**–**	**–**	**–**	**–**
Foreign exchange derivatives	**–**	**–**	**–**	**(198)**	**–**
Investments	**–**	**–**	**7**	**–**	**–**
Contingent consideration	**–**	**–**	**–**	**–**	**(52)**
Total fair value	**25**	**157**	**7**	**(825)**	**(52)**

23. Other financial assets and liabilities continued

As at 31 December 2023	Financial assets Level 1 $ million	Financial assets Level 2 $ million	Financial assets Level 3 $ million	Financial liabilities Level 2 $ million	Financial liabilities Level 3 $ million
Fair value of embedded derivative within gas contract	–	10	–	–	–
Commodity derivatives	–	266	–	(284)	–
Foreign exchange derivatives	–	6	–	–	–
Total fair value	–	282	–	(284)	–

There were no transfers between fair value levels in 2023 or 2024.

Fair value movements recognised in the income statement on financial instruments are shown below:

Finance income	**2024 $ million**	2023 $ million
Change in fair value of embedded derivative within gas contract	**–**	68
Commodity derivatives	**5**	–
Argentinian bonds	**7**	–
Interest rate derivatives	**–**	(43)
	12	25

Finance expenses	**2024 $ million**	2023 $ million
Change in fair value of embedded derivative within gas contract	**5**	–
Foreign exchange derivatives	**30**	–
	35	–

Fair values of other financial instruments

The following financial instruments are measured at amortised cost and are considered to have fair values different to their book values.

	2024		2023	
	Book value $ million	**Fair value $ million**	Book value $ million	Fair value $ million
USD bond	**(496)**	**(499)**	(493)	(487)
EUR bonds	**(4,515)**	**(4,555)**	–	–
Total	**(5,011)**	**(5,054)**	(493)	(487)

The fair value of the bond is within level 2 of the fair value hierarchy and has been estimated by discounting future cash flows by the relevant market yield curve at the balance sheet date. The fair values of other financial instruments not measured at fair value including cash and short-term deposits, trade receivables, trade payables and floating rate borrowings equate approximately to their carrying amounts.

Cash flow hedge accounting

The Group uses a combination of fixed price physical sales contracts and cash-settled fixed price commodity swaps and options to manage the price risk associated with its underlying oil and gas revenues. As at 31 December 2024, all of the Group's cash-settled fixed price commodity swap derivatives have been designated as cash flow hedges of highly probable forecast sales of oil and gas.

The following table indicates the volumes, average hedged price and timings associated with the Group's commodity hedges:

Position as at 31 December 2024	2025	2026	2027
Oil			
Total oil volume hedged (thousand bbls)	16,162	12,881	–
– of which swaps	15,598	12,881	–
– of which zero cost collars	564	–	–
Weighted average fixed price ($/bbl)	76.47	72.88	–
Weighted average collar floor and cap ($/bbl)	60.00-86.78	–	–
Natural gas			
Gas volume hedged (thousand boe)	33,509	19,924	2,056
– of which swaps/fixed price forward sales	26,912	16,817	2,056
– of which zero cost collars	6,597	3,106	–
Weighted average fixed price ($/mscf)	12.91	10.79	11.29
Weighted average collar floor and cap ($/mscf)	11.46-22.50	9.04-16.71	–

As at 31 December 2024, the fair value of net commodity derivatives designated as cash flow hedges, all executed under ISDA agreements with no margining requirements, was a net payable of $513 million (2023: $66 million payable) and net unrealised pre-tax losses of $487 million (2023: $16 million) were deferred in other comprehensive income in respect of the effective portion of the hedge relationships.

Amounts deferred in other comprehensive income will be released to the income statement as the underlying hedged transactions occur. As at 31 December 2024, net deferred pre-tax losses of $307 million (2023: $51 million) are expected to be released to the income statement within one year.

Hedge ineffectiveness

The following table summarises the hedge ineffectiveness as at 31 December:

	2024 $ million	2023 $ million
Commodity derivatives	–	–
Foreign exchange derivatives	8	–
	8	–

24. Financial risk factors and risk management

The Group's principal financial assets and liabilities comprise trade and other receivables, cash and short-term deposits accounts, trade payables, interest bearing loans and derivative financial instruments. The main purpose of these financial instruments is to manage short-term cash flow, price exposures and raise finance for the Group's expenditure programme. Further information on the Group's financial instrument risk management objectives, policies and strategies is set out in the discussion of capital management policies in the Strategic Report (see page 66).

Risk exposures and responses

The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are market risks comprising commodity price risk, interest rate risk and foreign currency risk, liquidity risk, and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised in this note.

The Group's management oversees the management of financial risks. The Group's senior management ensures that financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commodity price risk, interest rate risk and foreign currency risk. Financial instruments mainly affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December 2024 and 31 December 2023.

The sensitivity analyses have been prepared on the basis that the number of financial instruments are all constant. The sensitivity analyses are intended to illustrate the sensitivity to changes in market variables on the composition of the Group's financial instruments at the balance sheet date and show the impact on profit or loss and shareholders' equity, where applicable.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit before tax item and/or equity is the effect of the assumed changes in respective market risks for the full year based on the financial assets and financial liabilities held at the balance sheet date
- The sensitivities indicate the effect of a reasonable increase in each market variable. Unless otherwise stated, the effect of a corresponding decrease in these variables is considered approximately equal and opposite
- Fair value changes from derivative instruments designated as cash flow hedges are considered fully effective and recorded in shareholders' equity, net of tax
- Fair value changes from derivatives and other financial instruments not designated as cash flow hedges are presented as a sensitivity to profit before tax only and not included in shareholders' equity

Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of oil and gas products. On a rolling basis, the policy allows the Group to hedge the commodity price exposure associated with 40 to 70 per cent of the next 12 months' production (year 1), between 30 and 60 per cent of year 2 production, from year 3 up to 50 per cent of production and from year 4 up to 40 per cent of production. Current target is to hedge circa 50 per cent of year 1 and up to 30 per cent of year 2 commodity price exposure. The Group manages these risks through the use of fixed price contracts with customers for physical delivery and derivative financial instruments including fixed price swaps and options.

24. Financial risk factors and risk management continued

Commodity price sensitivity

The following table summarises the impact on the Group's pre-tax profit and equity from a reasonably foreseeable movement in commodity prices on the fair value of commodity based derivative instruments held by the Group at the balance sheet date.

As at 31 December 2024	Market movement	Effect on profit before tax $ million	Effect on equity $ million
Brent oil price	$10 /bbl increase	**–**	**(91)**
Brent oil price	$10 /bbl decrease	**–**	**91**
NBP gas price	£0.1 /therm increase	**–**	**(36)**
NBP gas price	£0.1 /therm decrease	**–**	**36**
TTF	$1.5 / MMBtu increase	**15**	**(14)**
TTF	$1.5 / MMBtu decrease	**(15)**	**14**
THE	$1.5 / MMBtu increase	**(15)**	**(46)**
THE	$1.5 / MMBtu decrease	**15**	**46**

As at 31 December 2023	Market movement	Effect on profit before tax $ million	Effect on equity $ million
Brent oil price	$10 /bbl increase	–	(28)
Brent oil price	$10 /bbl decrease	–	28
NBP gas price	£0.1 /therm increase	–	(28)
NBP gas price	£0.1 /therm decrease	–	28

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligation with floating interest rates.

At 31 December 2024, floating rate borrowings comprise loans under the RCF which incurs interest between 5.9 and 6.6 per cent (based on the Secured Overnight Financing Rate (SOFR) plus a 1.45 per cent margin) and fixed rate borrowings comprise a USD $500 million high yield bond which incurs interest at 5.5 per cent per annum and bonds of €4.6 billion which incur interest at between 0.84 per cent and 4.357 per cent per annum (see note 22). As at 31 December 2023, fixed rate borrowings comprised a bond incurring interest at 5.5 per cent per annum, and no floating rate borrowings. Floating rate financial assets comprise cash and cash equivalents which earn interest at the relevant market rate. Prior to settlement of the RBL, the Group monitored its exposure to fluctuations in interest rates and uses interest rate derivatives to manage the fixed and floating composition of its borrowings.

The interest rate financial instruments in place at the balance sheet date are shown below:

	Derivative	Currency pair	Notional amount	Period of hedge	Terms
31 December 2024	**Cross–currency interest rate swaps**	**USD:EUR**	**€363 million**	**<1 year**	**$1.1015:€1**
			€1,403 million	**2–5 years**	**$1.1017–$1.1209:€1**
			€650 million	**>5 years**	**$1.1209:€1**
31 December 2023	Cross–currency interest rate swaps	N/A	$nil	N/A	N/A

The cross-currency interest rate swaps relating to the Euro bonds have been designated as cash flow hedges where €2.4 billion was hedged at a forward rate of between 1.1015 and 1.1209.

The interest rate and currency profile of the Group's interest-bearing financial assets and liabilities are shown below:

As at 31 December 2024	Cash at bank $ million	Fixed rate borrowings $ million	Floating rate borrowings $ million	Total $ million
US dollar	**416**	**(496)**	**(218)**	**(298)**
Pound sterling	**75**	**–**	**–**	**75**
Euro	**75**	**(4,515)**	**–**	**(4,440)**
Norwegian krone	**36**	**–**	**–**	**36**
Argentinian pesos	**173**	**–**	**–**	**173**
Mexican pesos	**10**	**–**	**–**	**10**
Egyptian pound	**8**	**–**	**–**	**8**
Other	**12**	**–**	**–**	**12**
	805	**(5,011)**	**(218)**	**(4,424)**

As at 31 December 2023 As restated	Cash at bank $ million	Fixed rate borrowings $ million	Floating rate borrowings $ million	Total $ million
US dollar	244	(493)	–	(249)
Pound sterling	28	–	–	28
Norwegian krone	13	–	–	13
Other	1	–	–	1
	286	(493)	–	(207)

Interest rate sensitivity

The following table demonstrates the indicative pre-tax effect on profit and equity of applying a reasonably foreseeable increase in interest rates to the Group's financial assets and liabilities at the balance sheet date.

	Market movement	Effect on profit before tax $ million	Effect on equity $ million
31 December 2024			
US dollar interest rates	**+100 basis points**	**1**	**–**
31 December 2023			
US dollar interest rates	+100 basis points	2	–

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk primarily arising from exchange rate movements in US dollar against a range of foreign currencies. To mitigate exposure to movements in exchange rates, wherever possible financial assets and liabilities are held in currencies that match the functional currency of the relevant entity. The Group has material subsidiaries with functional currencies of pound sterling, US dollar, Norwegian krone, Euro and Mexican pesos. Exposures can also arise from sales or purchases denominated in currencies other than the functional currency of the relevant entity, such exposures are monitored and hedged with agreement from the Board.

The Group enters into forward contracts as a means of hedging its exposure to foreign exchange rate risks. As at 31 December 2024, the Group had:

- £212.5 million hedged at a forward rate of between $1.2482 and $1.2774:£1 for January 2025
- NOK 9.6 billion hedged at forward rates of between NOK 10.9805 and NOK 11.3963:£1 for the period January 2025 to May 2025

As at 31 December 2023, the Group had £212 million hedged at a forward rate of between $1.2182 and $1.2742:£1 for the period from January 2024 to October 2024.

24. Financial risk factors and risk management continued

Foreign currency sensitivity

Changes in exchange rates could lead to losses in the value of financial instruments and adverse changes in future cash flows. Foreign currency risks from financial instruments arise from the translation of financial receivables, cash and cash equivalents and financial liabilities into the functional currency of the Group company at the closing rates. The following table demonstrates the sensitivity to a reasonably foreseeable change in US dollars against other currencies with all other variables held constant, on the Group's profit before tax (due to foreign exchange translation of monetary assets and liabilities). The impact of translating the net assets of foreign operations into US dollars is excluded from the sensitivity analysis.

	Sensitivity (+10%) $ million	Sensitivity (-10%) $ million
31 December 2024		
Pound sterling	**239**	**(239)**
Argentinian peso	**(14)**	**(14)**
Euro	**(267)**	**267**
Norwegian krone	**81**	**(81)**
Danish krone	**7**	**(7)**
Mexican peso	**(1)**	**1**
Egyptian pound	**(1)**	**1**
31 December 2023		
Pound sterling	78	(78)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer commercial contract, leading to financial loss. Credit risks are managed on a Group basis. Group-wide procedures cover applications for credit approval for both financial and non-financial counterparties where appropriate. These procedures cover the granting and renewal of counterparty credit limits, the monitoring of exposures with respect to these limits and the requirements triggering secured payment terms.

The solvency of and credit exposures with all counterparties are monitored and assessed on a timely basis. If customers are independently rated, these ratings are primarily used for assessment. If there is no independent rating, the credit risk management function assesses customers' credit quality based on their financial position or bases the assessment on experience and other factors. In these cases, individual risk limits are set based on internal equivalent or by external ratings.

Credit risk in financial instruments arise from cash or cash equivalents and financial derivatives. The placing of liquid funds is subject to credit approval. Banks with a credit rating of "A "are normally used. In some cases, funds may be held in an overseas business unit with lower credit quality which may also be impacted by the country sovereign rating. In these situations, credit approval is given within the country risk environment. Derivative financial instruments are conducted with credit approved banks and financial institutions normally rated A- or better and selected credit approved commercial counterparties. Selectively derivatives may be conducted with local banks in asset territories below this rating subject to credit approval

The Group is exposed to credit risk from its operating activities, primarily for trade receivables, and from its financing activities. The Group seeks to trade only with recognised, creditworthy third parties. Trade receivables are monitored on an ongoing basis and credit exposures related to receivables mark to market positions are monitored closely for credit decline which may allow the provision of contractual credit support by a third party.

An indication of the concentration of credit risk on trade receivables is shown in note 4, whereby the revenue from one customer exceeds 54 per cent (2023: 88 per cent) of the Group's consolidated revenue.

With regard to Harbour's own credit risk management it has own corporate credit ratings from the credit rating agencies:

- S&P Global at BBB-
- Fitch at BBB-
- Moody's at Baa2

In addition, each of the traded bonds have ratings from the credit ratings agencies.

Impairment on financial assets

In order to determine the impairment of financial assets, Harbour Energy uses either a general three-stage approach or the simplified approach, according to IFRS 9, as applicable. In the case of financial assets for which the simplified approach does not apply, their assessment takes place as at each reporting date to determine whether the credit risk on a financial instrument has increased significantly since its initial recognition.

Trade accounts receivable, other receivables including cash at bank and deposits are subject to the expected credit loss model. This is generally based on either externally provided or internal ratings for each debtor which, in certain cases, are updated based on recently available information.

To measure the expected credit losses on trade accounts receivable, Harbour Energy applies the simplified approach according to IFRS 9. Accordingly, the loss allowance is measured at an amount equal to the lifetime expected credit losses. For trade accounts receivable, the contractual payment term is usually 30 days. In deviation to this general rule, terms of up to one year are considered for the calculation of expected credit losses due to different regional payment practices.

The loss allowance for other receivables, including cash at bank and deposits is measured at an amount equal to the 12-month expected credit loss. If the term of the financial instrument is shorter than 12 months, the lifetime expected credit loss is applied.

	As at 1 January 2024 $ million	Additions from business combinations & joint arrangements $ million	Additions $ million	Reversals $ million	Reclass between categories $ million	Disposals $ million	FX $million	At 31 December 2024 $ million
Trade receivables								
Of which stage 2[1]	–	–	22	(1)	–	–	(1)	**20**
Of which stage 3[2]	–	–	–	–	–	–	–	**–**
	–	–	22	(1)	–	–	(1)	**20**
Other receivables								
Of which stage 2[1]	–	–	–	–	–	–	–	**–**
Of which stage 3[2]	–	–	2	–	–	–	–	**2**
	–	–	2	–	–	–	–	**2**
Financial receivables and bank balances								
Of which stage 1[3]	–	–	–	–	–	–	–	**–**
Of which stage 2[1]	–	–	–	–	–	–	–	**–**
Of which stage 3[2]	–	–	–	–	–	–	–	**–**
	–	–	–	–	–	–	–	**–**
Total	–	–	24	(1)	–	–	(1)	**22**

1 The credit risk has increased significantly since initial recognition, the loss allowance for the financial assets is measured at an amount equal to the lifetime expected credit losses.
2 The financial asset is credit impaired.
3 The loss allowance for financial assets is measured at an amount equal to a 12-month expected credit loss.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors the amount of borrowings maturing within any specific period and expects to meet its financing commitments from the operating cash flows of the business and existing committed lines of credit. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at 31 December 2024	Within one year $ million	1 to 2 years $ million	2 to 5 years $ million	Over 5 years $ million	Total $ million
Non-derivative financial liabilities					
Bonds	**1,173**	**629**	**2,049**	**2,127**	**5,978**
Other loans	**251**	**–**	**–**	**–**	**251**
Trading contracts within the scope of IFRS 9 (settled physically)	**54**	**8**	**–**	**–**	**62**
Trade and other payables	**1,548**	**30**	**–**	**–**	**1,578**
Lease obligations	**295**	**206**	**394**	**92**	**987**
Total non-derivative financial liabilities	**3,321**	**873**	**2,443**	**2,219**	**8,856**
Derivative financial liabilities					
Net-settled commodity derivatives	**191**	**92**	**23**	**–**	**306**
Net-settled foreign exchange derivatives	**48**	**39**	**97**	**29**	**213**
	3,560	**1,004**	**2,563**	**2,248**	**9,375**

24. Financial risk factors and risk management continued

As at 31 December 2023 As restated	Within one year $ million	1 to 2 years $ million	2 to 5 years $ million	Over 5 years $ million	Total $ million
Non-derivative financial liabilities					
Bond	28	28	528	–	584
Other loans	16	–	–	–	16
Trade and other payables	854	13	–	–	867
Lease obligations	250	186	340	121	897
Total non-derivative financial liabilities	1,148	227	868	121	2,364
Derivative financial liabilities					
Net-settled commodity derivatives	197	87	–	–	284
Net-settled foreign exchange derivatives	–	–	–	–	–
	1,345	314	868	121	2,648

The maturity profiles in the above tables reflect only one side of the Group's liquidity position and will be recorded in the income statement against future production and revenue which are not recognised on the balance sheet as assets. Interest bearing loans and borrowings and trade payables mainly originate from the financing of assets used in the Group's ongoing operations such as property, plant and equipment and working capital such as inventories. These assets are considered part of the Group's overall liquidity risk.

Financial instruments subject to offsetting, enforceable master netting arrangements

The following table shows the amounts recognised for financial assets and liabilities which are subject to offsetting arrangements on a gross basis, and the amounts offset in the balance sheet.

As at 31 December 2024	Gross amounts of recognised financial assets/(liabilities) $ million	Amounts set off $ million	Net amounts presented on the balance sheet $ million
Commodity derivative assets	**748**	**(596)**	**152**
Commodity derivative liabilities	**(1,223)**	**596**	**(627)**
As at 31 December 2023			
Commodity derivative assets	303	(37)	266
Commodity derivative liabilities	(321)	37	(284)

Derivatives are offset in the financial statements where the Group has a legally enforceable right and intention to offset.

25. Share capital

	2024		2023	
Issued and fully paid	**Number**	**$ million**	**Number**	**$ million**
Ordinary shares of 0.002p each	**1,440,109,512**	**0**	770,370,830	0
Ordinary non-voting shares of 0.002p each	**251,488,211**	**0**	–	–
Ordinary non-voting deferred shares of 12.4999p each	**925,532,809**	**171**	925,532,809	171
		171		171

The rights and restrictions attached to the ordinary shares are as follows:

- **Dividend rights:** the rights of the holders of ordinary shares shall rank pari passu in all respects with each other in relation to dividends
- **Winding up or reduction of capital:** on a return of capital on a winding up or otherwise (other than on conversion, redemption or purchase of shares) the rights of the holders of ordinary shares to participate in the distribution of the assets of the company available for distribution shall rank pari passu in all respects with each other
- **Voting rights:** the holders of ordinary shares shall be entitled to receive notice of, attend, vote and speak at any general meeting of the company

The rights and restrictions to the ordinary non-voting shares are as follows. Further information on the rights and obligations attached to the non-voting ordinary shares is set out in the circular and prospectus published by the company on 12 June 2024.

- **Dividend rights:** each non-voting share will be entitled to receive an amount equal to a 13 per cent premium to the amount of any distribution per ordinary share made by the company, whether by cash dividend, dividend in specie, scrip dividend, capitalisation issue or otherwise
- **Winding up or reduction of capital:** on a winding up or liquidation of the company, holders of non-voting ordinary shares will be paid in priority to any other payment to holders of shares in the company

- **Voting rights:** a holder of non-voting ordinary shares shall not be entitled, in its capacity as a holder of such non-voting shares, to receive notice of any general meeting of the company nor to attend, speak or vote at any such general meeting, unless the business of the meeting includes the consideration of a resolution to: (a) wind up the company; or (b) re-register the company as a private company
- **Transferability:** the non-voting ordinary shares are not admitted to listing or trading. The non-voting ordinary shares may be transferred to certain permitted transferees, in certain cases only with the consent of the company and in accordance with the terms of the non-voting ordinary shares
- **Conversion rights:** a holder of von-voting ordinary shares will be entitled to convert at least 25,000,000 non-voting shares either: (i) in conjunction with the sale of non-voting ordinary shares to market sale placees, which upon completion of such sale will be redesignated as ordinary shares; or (ii) following the satisfaction of the conversion conditions (as defined in the terms of the non-voting ordinary shares). The non-voting ordinary shares will be convertible into ordinary shares on a one for one basis except that following any allotment or issue of ordinary shares by way of capitalisation of profits or reserves or any sub-division or consolidation of ordinary shares by the company (an "adjustment event"), the non-voting ordinary shares will convert into such number of ordinary shares and the non-voting shareholder will receive the same proportion of voting rights and entitlement to participate in distributions of the company, as nearly as practicable, as would have been the case had no adjustment event occurred. Additionally, subject to certain exceptions, the company will be required to procure the conversion of the non-voting ordinary shares into ordinary shares following: (i) the cancellation of the listing of the ordinary shares; and (ii) the acquisition of more than 50% of the voting rights of the company by any person (other than the holder of the non-voting shares and any of such holder's concert parties)

The rights and restrictions attached to the non-voting deferred shares are as follows:

- They will have no voting or dividend rights and, on a return of capital or on a winding up of the company, will have the right to receive the amount paid up thereon only after holders of all ordinary shares have received, in aggregate, any amounts paid up on each ordinary share plus £10 million on each ordinary share. The non-voting deferred shares will not give the holder the right to receive notice of, nor attend, speak or vote at, any general meeting of the company

Issue of ordinary shares

During the year, the company issued 921,226,893 ordinary shares at a nominal value of 0.002 pence per share. This primarily consisted of 669,714,027 voting shares issued to BASF and 251,488,211 non-voting shares issued to LetterOne on completion of the acquisition. The company also issued 24,655 (2023: 5,092) ordinary shares at a nominal value of 0.002 pence per share in relation to the exercise of SAYE awards.

The issue of the ordinary shares to BASF and LetterOne resulted in an amount of $3,457 million that has been recognised as a merger reserve. These shares were issued at a share price of £2.86 per share, being the closing price of ordinary shares on the acquisition date and translated at the spot pound sterling to US dollar rate on that date of £1:$1.3122. For further information see note 14.

Purchase and cancellation of own shares

During 2024, none of the company's ordinary shares were repurchased or cancelled as the share buyback programme had been completed by the end of the prior year. During 2023, the company repurchased 76,803,058 ordinary shares for a total consideration, including transaction costs of $249 million (recognised in retained earnings), as part of the share purchase programmes announced on 3 November 2022 and 9 March 2023, which concluded on 28 September 2023. All shares purchased had been cancelled.

Own shares	2024 $ million	2023 $ million
At 1 January	**24**	21
Purchase of ESOP trust shares	**25**	16
Release of shares	**(13)**	(13)
At 31 December	**36**	24

The own shares represent the net cost of shares in Harbour Energy plc purchased in the market or issued by the company into the Harbour Energy plc Employee Benefit (ESOP) Trust. This ESOP Trust holds shares to satisfy awards under the Group's share incentive plans. At 31 December 2024, the number of ordinary shares of 0.002 pence each held by the trust was 9,223,652 (2023: 6,079,705).

26. Subordinated notes

On 22 February 2024, the bondholders of two series of subordinated resettable fixed rate notes (subordinated notes) in the aggregate principal amount of €1,500 million approved a change in guarantor from Wintershall Dea AG to Harbour Energy plc which became effective upon completing Wintershall Dea acquisition transaction, at which point these bonds were ported to Harbour's acquired subsidiary Wintershall Dea Finance 2 BV.

The subordinated notes are callable three months prior to the first reset date for the NC2026 series and six months prior to the first reset date for the NC2029 series:

	%	Reset date	Currency	Nominal €million	Nominal value $ million	Carrying value $ million
Bond ISIN: XS2286041517	2.5%	2026	EUR	650	718	690
Bond ISIN: XS2286041947	3.0%	2029	EUR	850	939	873
Total				**1,500**	**1,657**	**1,563**

26. Subordinated notes continued

	2024 $ million
Fair value on acquisition	**1,548**
Accrued interest in the period to 31 December	**15**
	1,563

Under IAS 32, subordinated notes are wholly classified as equity. The issued subordinated notes are recognised in equity at fair value, based on the market prices of these instruments as of the acquisition date. Accrued interest payable to the subordinated notes investors increases equity, whereas the distribution of interest payments reduces equity.

27. Share-based payments

The company currently operates a Long-Term Incentive Plan (LTIP) for certain employees, a Share Incentive Plan (SIP), a Save As You Earn (SAYE) scheme for UK-based employees, and an Expatriate SIP for expatriate employees only.

For the year ended 31 December 2024, the total cost recognised by the company for share-based payment transactions was $51 million (2023: $46 million). A credit of $51 million (2023: $46 million) has been recorded in retained earnings for all equity-settled payments of the company.

Like other elements of remuneration, this charge is processed through the time-writing system which allocates cost, based on time spent by individuals, to various entities within the Group. Part of this cost is therefore recharged to the relevant subsidiary undertakings, part is capitalised as directly attributable to capital projects and part is charged to the income statement as operating costs, pre-licence exploration costs or general and administration costs.

Details of the various share incentive plans currently in operation are set out below:

2017 Long-term Incentive Plan (2017 LTIP)

Discretionary share awards are granted to employees under the company's Long-Term Incentive Plan (LTIP).

The following types of award have been granted under the 2017 LTIP:

- **Performance share awards (PSAs):** vesting is subject to a performance target, normally measured over a three-year period from 1 January based on total shareholder return (TSR) relative to (i) FTSE 100 index, and (ii) a bespoke peer group of oil and gas companies and aligns to longer-term strategic objectives
- **Conditional share awards (CSAs):** vesting is only subject to continued employment
- **Deferred bonus share (DBS) awards:** certain employees are required to defer a portion of their annual bonus into shares which vest over a three-year period subject to continued employment

All LTIP awards are granted in the form of nil-cost options or conditional share awards and therefore there is no exercise price payable on the exercise of these awards.

For further details of the LTIP awards, including the performance conditions of the PSAs granted in 2024, please refer to the Directors' Remuneration Report (pages 88 to 113).

The following table shows the movement in the number of LTIP awards:

	2024 million shares	2023 million shares
Outstanding at 1 January	**33.7**	27.8
Granted	**15.7**	15.1
Vested	**(2.6)**	(8.7)
Forfeited	**(9.3)**	(0.5)
Outstanding at 31 December[1]	**37.5**	33.7

1 This includes 0.7 million cash settled awards at 31 December 2024 (2023: 0.6 million), which are revalued using the year-end share price.

LTIP awards totalling 2.6 million shares were vested during the period (2023: 8.7 million). The weighted average remaining contractual life of the LTIP awards at 31 December 2024 was 1.33 years (2023: 2.2 years).

Key assumptions used to calculate the fair value of awards

The fair value of PSAs which are subject to TSR conditions, is determined using a Monte Carlo simulation. The fair value of all other awards is calculated using the share price at the date of grant, adjusted for dividends not received during the vesting period.

The following table lists the inputs to the model used in respect of the PSAs granted during the financial year:

	2024	2023
Share price at date of grant	**£2.39–£3.22**	£2.44 – £2.90
Dividend yield	**0%**	0%
Expected term	**3 years**	2.9 – 3.0 years
Risk free rate	**4.1%-4.3%**	3.3%–4.2%
Share price volatility of the company	**47.0%-47.5%**	49.2%–50.2%

The weighted average fair value of the PSA awards granted in 2024 was $1.64 (2023: $2.86).

Expected volatility was determined by reference to both the historical volatility of the company and the historical volatility of a group of comparable quoted companies over a period in line with the expected term assumption.

Share Incentive Plan (SIP)

Under the Share Incentive Plan employees are invited to make contributions to buy partnership shares. If an employee agrees to buy partnership shares the company currently matches the number of partnership shares bought with an award of shares (matching shares), on a one-for-one basis. In 2024, 0.6 million matching shares were awarded to employees (2023: 0.3 million). The SIP matching shares are valued based on the quoted share price on the grant date.

Save As You Earn (SAYE) scheme

Under the SAYE scheme, UK qualifying employees with one month or more continuous service can join the scheme. Employees can save up to a maximum of £500 per month through payroll deductions for a period of three years, after which time they can acquire shares at the option price, which is set at a discount of up to 20 per cent to the prevailing market price at the grant date, determined in accordance with SAYE scheme rules. In 2024, 1 million SAYE options were granted (2023: 3.1 million).

The SAYE options outstanding at 31 December 2024 had exercise prices ranging from £2.32 to £2.72 (2023: £2.21 to £4.12) and a weighted average remaining contractual life of 2.25 years (2023: 2.8 years).

28. Group pension schemes

In addition to state pension plans, most employees are granted company pension benefits from either defined contribution or defined benefit plans. Benefits generally depend on the length of service, compensation and contributions and take into consideration the legal framework of labour, tax and social security laws in the countries where the employing subsidiaries are located.

Defined contribution schemes

The Group primarily operates defined contribution retirement benefit schemes. The only obligation of the Group with respect to the retirement benefit schemes are to make specified contributions. Payments to the defined contribution schemes are charged as an expense as they fall due.

Defined benefit plans

Germany

Employees of Harbour Energy companies in Germany participate in a capital market-oriented defined benefit pension scheme. This scheme applies to all new employees joining Harbour Energy and is financed by employer and employee contributions and the performance of the investment. Typically, Harbour Energy guarantees at least the sum of all employer and employee contributions paid and usually covers these pension obligations with plan assets as part of an additional contractual trust arrangement (CTA). The option of building up employee-financed retirement provisions through deferred compensation is also available to all employees of Harbour Energy companies in Germany as part of the capital market-oriented defined benefit pension scheme. All other pension plans (including deferred compensation plans) have been closed to new employees.

The defined benefit plan of BASF Pensionskasse VVaG was closed in 2004.

Some Harbour Energy companies in Germany only participate in the BASF group's pension plans for periods of service already rendered (past service). Some of the past service benefits financed via BASF Pensionskasse VVaG are subject to adjustments that must be borne by its member companies to the extent that these cannot be borne by BASF Pensionskasse VVaG due to the regulations imposed by the German supervisory authority. In addition to the former basic level of BASF Pensionskasse VVaG benefits, there are still defined pension schemes, which are financed via pension provisions at the German Group companies. The benefits are largely based on modular plans. Only employees who already participated in various existing deferred compensation plans before 2022 can continue to participate in these plans.

BASF SE does not provide sufficient plan information from BASF Pensionskasse regarding the allocation of assets to Harbour Energy for year-end closing. As a result, the former participation in BASF Pensionskasse is accounted for as a multi-employer defined benefit plan with insufficient information about the asset allocation and, therefore, as a defined contribution plan in accordance with IAS 19.36.

28. Group pension schemes continued

For further existing pension plans in Germany that are self-managed by Harbour Energy, assets were transferred to Willis Towers Watson Treuhand GmbH within the framework of CTAs and to Willis Towers Watson Pensionsfonds AG as insolvency insurance. Willis Towers Watson Pensionsfonds AG falls within the scope of the Act on Supervision of Insurance Undertakings and Oversight by the German Federal Financial Supervisory Authority (BaFin). Insofar as a regulatory deficit occurs in the pension fund, supplementary payments are requested from the employer. Irrespective of the rules, the liability of the employer remains in place. The bodies of Willis Towers Watson Treuhand GmbH and Willis Towers Watson Pensionsfonds AG are responsible for ensuring that the funds under management are used in compliance with the contract and thus fulfil the requirements for their recognition as plan assets.

The defined benefit plans that are recognised as pension provisions mainly include pension promises and are hence subject to longevity risk.

Norway

The Harbour Energy Norge AS (formerly Wintershall Dea Norge) defined benefit plans have been closed to new employees since 1 January 2016. For Norwegian employees whose remaining length of service until retirement on 1 January 2016 was 15 years or less, a final salary commitment continues to apply after the closure of the plan. The plans are partly funded via Nordea Liv AS. Employees who still had a remaining length of service of more than 15 years on the date of 1 January 2016, and employees who joined the company after this date are entitled to benefits under a defined contribution pension plan. Defined contribution plans are either secured with Nordea Liv AS or unfunded and administered by Storebrand Pensjonstjenester on behalf of Harbour Energy Norge AS (formerly Wintershall Dea Norge AS).

Moreover, closed defined benefit plans are in place for former DEA Norge employees. These are secured with DNB ASA. Employees who still had 15 years or less until retirement on 1 January 2021 remained in the existing plans. All others were transferred to existing defined contribution plans.

UK

Harbour Energy operates a final salary defined benefit pension plan in the UK, primarily inflation-linked annuities based on an employee's length of service and final salary. The scheme is closed to new members. Further details of this plan have not been provided as the plan is not material to the financial position or results of the Group.

Actuarial assumptions

The amount of the provision for defined benefit pension schemes was determined by actuarial methods based on the following key assumptions.

	31 December 2024	
Key assumptions (%)	**Germany**	**Norway**
Discount rate	**3.4**	**3.1**
Pension growth	**2.3**	**1.8**

The assumptions used to determine the present value of the entitlements as at 31 December 2024 are used in the following fiscal year to determine the expenses for pension plans.

The valuation of the defined benefit obligation is generally performed using the most recent actuarial mortality tables as at 31 December 2024.

Actuarial mortality tables as at 31 December 2024

Germany	Heubeck Richttafeln 2018 G
Norway	K2013

Provision for pensions

$ million	Defined benefit obligations $ million	Plan assets $ million	Total $ million
On acquisition			
Current service costs	3	–	3
Interest expense/(income)	5	(5)	–
	8	(5)	3
Remeasurement			
Return on plan assets, excluding amounts already recognised in interest income	–	–	–
Actuarial gains/losses			
– of which effect of changes in financial assumptions	10	–	10
– of which effect of experience adjustments	(3)	–	(3)
	7	–	7
Currency effect	(31)	28	(3)
Employer contribution to the funded plans	–	(1)	(1)
Benefit payments	(9)	9	–
Change of scope	493	(453)	40
As at 31 December 2024	**468**	**(422)**	**46**

The present value of the defined benefit obligations less plan assets measured at fair value results in the net defined benefit obligation arising from funded and unfunded plans and is recognised as pension provision on the balance sheet. Of the present value of defined benefit obligations, $98 million relate to benefit obligations in Germany, $320 million to benefit obligations in Corporate and $49 million to benefit obligations in Norway.

Domestic company pensions are subject to an obligation to review for adjustments every three years pursuant to Section 16 of the German Occupational Pension Act (BetrAVG). Additionally, some commitments grant annual pension adjustments, which may exceed the legally mandated adjustment obligation.

The weighted average duration of the pension obligations is 20 years in Germany, 10 years for Corporate and 15 years in Norway.

Sensitivity analysis of defined benefit obligations

An increase or decrease in the discount rate and pension growth would have the following impact on the present value of the defined benefit obligations:

Change in actuarial assumptions

	Impact on defined benefit obligations	
	31 December 2024 $ million	**31 December 2023 $ million**
Discount rate		
Increase of 0.5 percentage points	**(26)**	–
Reduction of 0.5 percentage points	**29**	–
Pension growth		
Increase of 0.5 percentage points	**19**	–
Reduction of 0.5 percentage points	**(18)**	–

Plan assets

The investment policy in Germany is based on detailed asset liability management (ALM) studies. Portfolios are identified that can achieve the best target return within a given risk budget. From these efficient portfolios, one is selected, and the strategic asset allocation is determined. The strategic asset allocation consists of two main elements. The first one is used to hedge fluctuations. This involves the use of capital market instruments that hedge the financial risks arising from the valuation of pension obligations. The second part of the allocation is used to generate income and for diversification purposes. The broadly diversified portfolio includes investments in bonds, equities, real estate and other asset classes. The assets are continuously monitored and managed from a risk and return perspective.

Composition of plan assets (fair values)

				31 December 2024
	Germany $ million	**Of which has an active market**	**Norway $ million**	**Of which has an active market**
Assets held in insurance company	**3**	**–**	**22**	**100%**
Specialised funds	**397**	**100%**	**–**	**–**
	400	**–**	**22**	**–**

29. Notes to the statement of cash flows

Net cash flows from operating activities consist of:

	2024 $ million	2023 As restated $ million
Profit before taxation	**1,219**	616
Adjustments to reconcile profit before tax to net cash flows		
Finance cost, excluding foreign exchange	**602**	363
Finance income, excluding foreign exchange	**(55)**	(104)
Depreciation, depletion and amortisation	**1,745**	1,449
Net impairment of property, plant and equipment	**352**	176
Impairment of goodwill	**–**	25
Impairment of right-of-use asset	**20**	–
Share based payments	**51**	20
Decommissioning payments	**(284)**	(268)
Fair value movements on derivatives	**(68)**	–
Changes in provisions	**(31)**	–
Exploration costs written-off	**173**	57
Movement in realised cash flow hedges not yet settled	**(31)**	(207)
Unrealised foreign exchange (gain)/loss	**(116)**	49
Working capital adjustments		
Decrease)/(increase) in inventories	**39**	(52)
(Increase)/decrease in trade and other receivables	**(32)**	525
Decrease in trade and other payables	**(470)**	(61)
Net tax payments	**(1,499)**	(438)
Net cash inflow from operating activities	**1,615**	2,150

Reconciliation of net cash flow to movement in net borrowings

	2024 $ million	2023 As restated $ million
Proceeds from drawdown of RBL facility	**(178)**	(660)
Proceeds from Euro bonds	**(1,728)**	–
Proceeds from RCF	**(2,225)**	–
Proceeds from bridge facility	**(1,500)**	–
Repayment of RBL facility	**178**	1,435
Repayment of bridge facility	**1,500**	–
Repayment of RCF	**1,975**	–
Repayment of EFF loan	**–**	11
Repayment of financing arrangement	**17**	21
Bond debt arising on business combination[1]	**(3,038)**	–
Financing arrangement interest payable	**(1)**	(3)
Arrangement fees and related costs on RBL capitalised	**–**	34
Arrangement fees and related costs on bonds capitalised	**11**	–
Arrangement fees and related costs on RCF capitalised	**34**	–
Arrangement fees and related costs on bridge facility capitalised	**13**	–
Amortisation of arrangement fees and related costs capitalised	**(102)**	(48)
Currency translation adjustment on Euro bonds	**263**	–
Movement in total borrowings	**(4,781)**	790
Cash acquired on business combination	**748**	–
Movement in cash and cash equivalents	**(229)**	(214)
(Increase)/decrease in net borrowings in the year	**(4,262)**	576
Opening net borrowings	**(162)**	(738)
Closing net borrowings	**(4,424)**	(162)

1 Net of capitalised arrangement fees and related costs of $276 million.

Analysis of net borrowings

	2024 $ million	2023 As restated $ million
Cash and cash equivalents	**805**	286
RCF	**(218)**	–
Bonds	**(5,011)**	(493)
Net debt	**(4,424)**	(207)
Financing arrangement	**–**	(16)
Closing net borrowings	**(4,424)**	(223)
Non-current assets[1]	**–**	42
Current assets[1]	**–**	19
Closing net borrowings after unamortised fees[1]	**(4,424)**	(162)

1 At 31 December 2023, $61 million of fees associated with the RBL facility were recognised in debtors.

The carrying values on the balance sheet are stated net of the unamortised portion of issue costs and bank fees of $284 million of which $32 million relates to the RCF and $252 million is netted against the bonds (Dec 2023: $68 million of which $61 million related to the RBL, which was recognised in assets and $7 million related to the bond, which was netted off against the borrowings).

30. Related party disclosures

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

BASF and LetterOne have been classified as related parties because they are substantial shareholders holding 669.7 million of voting ordinary shares and 251.5 million of non-voting ordinary shares, respectively. The BASF shareholding represents 46.5 per cent of voting ordinary shares.

BASF is entitled to dividends as per note 31 which, whilst denominated in pound sterling will, specifically for BASF, will be paid in US dollars.

Compensation of key management personnel of the Group

Remuneration of key management personnel, including directors of the Group, is shown below:

	2024 $ million	2023 $ million
Salaries and short-term employee benefits	**16**	13
Payments made in lieu of pension contributions	**1**	1
Termination benefits	**1**	–
Pension benefits	**–**	–
	18	14

31. Distributions made and proposed

A final dividend of 13 cents per ordinary share in relation to the year ended 31 December 2023 was paid on 22 May 2024 pursuant to shareholder approval received on 9 May 2024.

An interim dividend of 13 cents per ordinary share in relation to the half year ended 30 June 2024 was paid on 25 September 2024.

	2024 $ million	2023 $ million
Cash dividends on ordinary shares declared and paid		
Final dividend for 2023: 13 cents per share (2022: 12 cents per share)	**100**	99
Interim dividend for 2024: 13 cents per share (2023: 12 cents per share)	**99**	91
	199	190
Proposed dividends on ordinary shares		
Final dividend for 2024: 13.19 cents per share (2023: 13 cents per share)	**227.5**	100

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December.

32. Events after the reporting period

On 23 January 2025 Harbour announced it had signed a Sale and Purchase Agreement to sell its Vietnam business, which includes the 53.125 per cent equity interest in the Chim Sáo and Dua production fields, to EnQuest for $84 million. The effective date is 1 January 2024 with completion targeted during 2025. This agreement resulted in the Vietnam business unit being classed as asset held for sale as at 31 December 2024.

On 3 March 2025, the Finance Act 2025 was substantively enacted following its third reading in the UK Parliament. While the substantive enactment has no implications for the current accounting period, it confirms that the extension of the Energy Profits Levy to 31 March 2030 will be reflected in the Group's results for the interim period to 30 June 2025. If the Finance Act 2025 had been substantively enacted at the balance sheet date, the deferred tax liability at the end of the period would have increased by $306 million (further details are provided in note 8).

33. Group information

Subsidiary undertakings of the company which were all wholly owned at 31 December 2024 were:

Name of company	Area of operation	Country of incorporation	Main activity
Chrysaor (U.K.) Alpha Limited[17]	UK	UK	Exploration, production, and development
Chrysaor (U.K.) Beta Limited[17]	UK	UK	Decommissioning activities
Chrysaor (U.K.) Sigma Limited[17]	UK	UK	Exploration, production, and development
Chrysaor (U.K.) Theta Limited[17]	UK	UK	Exploration, production, and development
Chrysaor CNS Limited[17]	UK	UK	Exploration, production, and development
Chrysaor Developments Limited[17]	UK	UK	Decommissioning activities
Chrysaor E&P Limited[17]	UK	UK	Intermediate holding company
Chrysaor Holdings Limited[7]	UK	Cayman Islands	Intermediate holding company
Chrysaor Limited[17]	UK	UK	Exploration, production, and development
Harbour Energy Marketing Limited[17]	UK	UK	Gas trading
Chrysaor North Sea Limited[17]	UK	UK	Exploration, production, and development
Chrysaor Petroleum Company U.K. Limited[17]	UK	UK	Exploration, production, and development
Chrysaor Petroleum Limited[17]	UK	UK	Decommissioning activities
Chrysaor Production (U.K.) Limited[17]	UK	UK	Exploration, production, and development
Chrysaor Production Holdings Limited[17]	UK	UK	Intermediate holding company
Chrysaor Resources (Irish Sea) Limited[17]	UK	UK	Exploration, production, and development
DEA Cyrenaica GmbH[8]	Libya	Germany	Exploration, production, and development
DEA E&P GmbH[8]	Germany	Germany	Exploration, production, and development
DEA North Africa/Middle East GmbH[8]	North Africa	Germany	Exploration, production, and development
DEM México Erdoel, S.A.P.I. de C.V.[14]	Mexico	Mexico	Intermediate holding company
E&A Internationale Explorations-und Produktions GmbH[20]	Germany	Germany	Exploration, production, and development
Ebury Gate Limited[9]	Guernsey	Guernsey	Risk mitigation services
EnCore Oil Limited[17]	UK	UK	Intermediate holding company
FP Mauritania A BV[11]	Mauritania	Netherlands	Decommissioning activities
FP Mauritania B BV[11]	Mauritania	Netherlands	Decommissioning activities
Harbour Energy Bloque 7, S.A. de C.V. (formerly Premier Oil Exploration and Production Mexico S.A.de C.V.)[15]	Mexico	Mexico	Exploration, production, and development
Harbour Energy DH GmbH[21]	Germany	Germany	Intermediate holding company
Harbour Energy Finance Limited[17]	UK	UK	Financing company
Harbour Energy Netherlands Holdings BV[11]	Netherlands	Netherlands	Intermediate holding company
Harbour Energy Norge AS (formerly Wintershall Dea Norge AS)[12,22]	Norway	Norway	Exploration, production, and development
Harbour Energy Services Limited[17]	UK	UK	Service company
Harbour Energy Unidad Zama, S. de R.L. de C.V (formerly Sierra O&G Exploration y Produccion, S. de R.L de C.V.)[14]	Mexico	Mexico	Exploration, production, and development
Izta Energia, S. de R.L. de C.V.[14]	Mexico	Mexico	Intermediate holding company
Premier Oil (Vietnam) Limited[4]	Vietnam	British Virgin Islands	Exploration, production, and development
Premier Oil Aberdeen Services Limited[17]	UK	UK	Service company
Premier Oil and Gas Services Limited[17]	UK	UK	Service company
Premier Oil Andaman I Limited[17]	Indonesia	UK	Exploration, production, and development

Name of company	Area of operation	Country of incorporation	Main activity
Premier Oil Andaman Limited[17]	Indonesia	UK	Exploration, production, and development
Premier Oil Barakuda Limited[17]	Indonesia	UK	Exploration, production, and development
Premier Oil E&P Holdings Limited[17]	UK	UK	Intermediate holding company
Premier Oil E&P UK EU Limited[17]	UK	UK	Exploration, production, and development
Premier Oil E&P UK Limited[17]	UK	UK	Exploration, production, and development
Premier Oil Exploration (Mauritania) Limited[13]	Mauritania	Jersey	Decommissioning activities
Premier Oil Group Holdings Limited[1,17]	UK	UK	Intermediate holding company
Premier Oil Group Limited[19]	UK	UK	Intermediate holding company
Premier Oil Holdings Limited[17]	UK	UK	Intermediate holding company
Premier Oil Mauritania B Limited[13]	Mauritania	Jersey	Decommissioning activities
Premier Oil Mexico Holdings Limited[17]	UK	UK	Intermediate holding company
Premier Oil Mexico Investments Limited[17]	UK	UK	Intermediate holding company
Premier Oil Mexico Recursos S.A. de C.V.[15]	Mexico	Mexico	Exploration, production, and development
Premier Oil Natuna Sea BV[11]	Indonesia	Netherlands	Exploration, production, and development
Premier Oil Overseas BV[11]	Netherlands	Netherlands	Intermediate holding company
Premier Oil South Andaman Limited[17]	Indonesia	UK	Exploration, production, and development
Premier Oil Tuna BV[11]	Indonesia	Netherlands	Exploration, production, and development
Premier Oil UK Limited[19]	UK	UK	Exploration, production, and development
Premier Oil Vietnam Offshore BV[11]	Vietnam	Netherlands	Exploration, production, and development
Servicios Unidad PWTH S. De R.L. de C.V[14]	Mexico	Mexico	Service company
Sierra Blanca P&D, S. de R.L de C.V.[14]	Mexico	Mexico	Exploration, production, and development
Sierra Coronado E&P, S. de R.L de C.V.[14]	Mexico	Mexico	Exploration, production, and development
Sierra Nevada E&P, S. de R.L de C.V.[14]	Mexico	Mexico	Exploration, production, and development
Sierra Offshore Exploration, S. de R.L de C.V.[14]	Mexico	Mexico	Exploration, production, and development
Sierra Oil & Gas Holdings, L.P[6]	Mexico	Canada	Intermediate holding company
Sierra Oil & Gas S.de R.L. de C.V[14]	Mexico	Mexico	Exploration, production, and development
Sierra Perote E&P, S. de R.L de C.V.[14]	Mexico	Mexico	Exploration, production, and development
Wintershall Dea Algeria GmbH[8]	Algeria	Germany	Exploration, production, and development
Wintershall Dea Argentina S.A[2]	Argentina	Argentina	Exploration, production, and development
Wintershall Dea Deutschland GmbH[8]	Germany	Germany	Exploration, production, and development
Wintershall Dea Finance 2 BV (1)[11]	Netherlands	Netherlands	Financing company
Wintershall Dea Finance BV (1)[11]	Netherlands	Netherlands	Financing company
Wintershall Dea Global Holding GmbH[8]	Germany	Germany	Exploration, production, and development
Wintershall Dea Global Support[11]	Netherlands	Netherlands	Service company
Wintershall Dea Holding GmbH[8]	Germany	Germany	Exploration, production, and development
Wintershall Dea Insurance Limited[10]	Guernsey	Guernsey	Risk mitigation services
Wintershall Dea International GmbH[8]	Germany	Germany	Exploration, production, and development
Wintershall Dea Marketing Services GmbH[20]	Germany	Germany	Distribution, transportation and trade
Wintershall Dea Mexico Holding BV[11]	Mexico	Netherlands	Intermediate holding company
Wintershall DEA Mexico Holdings GP Ltd[5]	Mexico	Canada	Intermediate holding company
Wintershall DEA México, S. de R.L. de C.V.[14]	Mexico	Mexico	Exploration, production, and development
Wintershall Dea Middle East GmbH[20]	United Arab Emirates	Germany	Exploration, production, and development
Wintershall Dea Nederland BV[11]	Netherlands	Netherlands	Servicing and financing company
Wintershall Dea Nile GmbH[8]	Egypt	Germany	Exploration, production, and development
Wintershall Dea South East Asia GmbH[20]	Germany	Germany	Exploration, production, and development
Wintershall Dea Suez GmbH[8]	Egypt	Germany	Exploration, production, and development
Wintershall Dea Technology Ventures GmbH[20]	Germany	Germany	Investment company
Wintershall Dea TSC GmbH & Co.KG[8]	Germany	Germany	Research and development
Wintershall Dea TSC Management GmbH[20]	Germany	Germany	Research and development

33. Group information continued

Name of company	Area of operation	Country of incorporation	Main activity
Wintershall Dea Vermögensverwaltungs gesellschaft mbH[20]	Germany	Germany	Intermediate holding company
Wintershall Dea WND GmbH[8]	Egypt	Germany	Exploration, production, and development
Wintershall Petroleum (E&P) BV[11]	Netherlands	Netherlands	Exploration, production, and development
Chrysaor (U.K.) Britannia Limited[17]	–	UK	Dormant company
Chrysaor (U.K.) Lambda Limited[16]	–	Ireland	Dormant company
DEA Trinidad & Tobago GmbH[8]	–	Germany	Non-trading
EnCore (NNS) Limited[17]	–	UK	Non-trading
Harbour Energy Argentina Limited[17]	–	UK	Dormant company
Harbour Energy Central Andaman Limited (formerly Premier Oil B Limited)[17]	–	UK	Dormant company
Harbour Energy Developments Limited[17]	–	UK	Dormant company
Harbour Energy Production Limited[17]	–	UK	Dormant company
Harbour Energy Secretaries Limited[17]	–	UK	Dormant company
Premier Oil (EnCore Petroleum) Limited[17]	–	UK	Non-trading
Premier Oil ANS Limited[17]	–	UK	Non-trading
Premier Oil do Brasil Petroleo e Gas Ltda[3]	–	Brazil	Dormant company
Premier Oil Exploration Limited[19]	–	UK	Non-trading
Premier Oil Far East Limited[17]	–	UK	Non-trading
Premier Oil ONS Limited[17]	–	UK	Dormant company
Premier Oil Pakistan Offshore BV[11]	–	Netherlands	Dormant company
Premier Oil Vietnam 121 Limited[17]	–	UK	Non-trading
Viking CCS Limited[17]	–	UK	Dormant company
Chrysaor (U.K.) Delta Limited[17]	–	UK	Liquidation
Chrysaor (U.K.) Eta Limited[17]	–	UK	Liquidation
Chrysaor (U.K.) Zeta Limited[17]	–	UK	Liquidation
Chrysaor Production Limited[18]	–	UK	Liquidation
Chrysaor Resources (UK) Holdings Limited[17]	–	UK	Liquidation
Premier Oil ANS Holdings Limited[18]	–	UK	Liquidation
Premier Oil Congo (Marine IX) Limited[13]	–	Jersey	Liquidation
Premier Oil Exploration ONS Limited[18]	–	UK	Liquidation
Premier Oil Finance (Jersey) Limited[1,13]	–	Jersey	Liquidation

Note:
1 Held directly by the company. All other companies are held through a subsidiary undertaking.
2 Registered office – Ingeniero Della Paolera 265 Piso 14 Ciudad de Buenos Aires, C1001ADA Argentina.
3 Registered office – Rua Lauro Müller, 116 – Sala 2006, Torre Rio Sul, Shopping, 20º andar, Botafogo, Rio de Janeiro – RJ – CEP: 22.290-906, Brazil.
4 Registered office – Commerce House, Wickhams Cay 1, Road Town, Tortola, VG1110.
5 Registered office – 181 Bay Street, Suite 2100, Toronto, ON M5J 2T3, Canada.
6 Registered office – 44 Chipman Hill, Suite 1000, Saint John, NB E2L 2A9, Canada.
7 Registered office – Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111.
8 Registered office – Hamburg, Germany, business address: Am Lohsepark 8, 20457 Hamburg.
9 Registered office – Level 5, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 1EJ.
10 Registered office – Level 3,Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET.
11 Registered office – Lange Kleiweg 56H, 2288 GK, Rijswijk, Netherlands.
12 Jåttåflaten 27, 4020 Stavanger, Norway.
13 2nd Floor, Lime Grove House, Green Street, St. Helier, JE2 4UB, Jersey.
14 Registered office – Campos Eliseos 345, floor 12, Polanco V Seccion, Mexico City, CP 11560, Mexico.
15 Registered office – Presidente Masaryk 111, Piso 1, Polanco V Seccion, Mexico City, CP 11560, Mexico.
16 Registered office – Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland.
17 151 Buckingham Palace Road, London, SW1W 9SZ, United Kingdom.
18 C/O Teneo Financial Advisory Limited The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT, United Kingdom.
19 Registered office – 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN, United Kingdom.
20 Registered office – Kassel, Germany, business address: Am Lohsepark 8, 20457 Hamburg, Germany.
21 Registered office – Frankfurt am Main, Germany, business address: Am Lohsepark 8, 20457 Hamburg, Germany.
22 The companies Harbour Energy Norge AS and Wintershall Dea Norge AS merged in December 2024.

Joint operations and investments

Companies that are not wholly owned or controlled by the Group were:

Name of company	Effective % ownership	Registered office address
Luna Carbon Storage ANS	60	Jåttåflaten 27, 4020, Stavanger, Norway
Havstjerne ANS	60	Jåttåflaten 27, 4020, Stavanger, Norway
Disouq Petroleum Company	50	Plot No. 188 (Dana Gas Building), City Center, 5th Settlement, New Cairo, Egypt
JV East Damanhur Gas Company	50	Plot No. 188 (Dana Gas Building), City Center, 5th Settlement, New Cairo, Egypt
Erdgas Münster GmbH	33.7	Johann-Krane-Weg 46, 48149, Münster, Germany
Wellstarter AS	24.4	Stiklestadveien 3, 7041, Trondheim, Norway
AMBARtec AG	24.4	Erna-Berger-Str. 17, 01097, Dresden, Germany
Earth Science Analytics AS	13.5	Strandveien 37, 1366, Lysaker, Norway
Gasoducto Cruz del Sur S.A.	10	La Cumparsita 1373 office 402, 11200, Montevideo, Uruguay
HiiROC Limited	9.6	Number 22 Mount Ephraim, Tunbridge Wells, TN4 8AS, United Kingdom
Gas Links S.A	5.1	Don Bosco 3672 6th floor, C1206ABF, City of Buenos Aires, Argentina

Joint operations that are not managed through separate companies are mainly located in Norway, the UK, Germany, Mexico and Argentina.