CADOGAN ENERGY SOLUTIONS PLC

Half Yearly Report for the Six Months ended 30 June 2024

(Unaudited and unreviewed)

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Highlights

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Cadogan Energy Solutions plc ("Cadogan" or the "Company"), an independent oil & gas company, listed on the main market of the London Stock Exchange, aiming to be a diversified energy company, is pleased to announce its unaudited results for the six months ended 30 June 2024.

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- The first half of 2024 remained challenging for Ukraine and its energy sector due to the ongoing Russian invasion. The conflict has led to disrupted energy supplies, significant infrastructure damage, and numerous operational challenges. Despite these severe conditions during reported period, the Group successfully maintained its oil production without shutdowns.
- H1 2024 has been another semester without LTI and TRI. All employees and assets have been secured.
- In H1 2024, the average production was 370 bpd in (298 bpd in H1 2023), a 25% increase versus H1 2023, and the highest ever for Cadogan.
- The Group completed the assessment by an independent expert of Blazhiv oil field hydrocarbon reserves, according to PRMS standards. The expected volumes of 1P reserves are higher than the ones shown in the previous assessment.
- The project to convert non-commercial associated gas into electricity is ongoing and the completeness of the installation of the 0,85 MW gas-to-power generator and the related infrastructure is expected for the end of 2024.
- The ISO 14001 and ISO 45001 certifications have been revalidated for a new 3-year term. In H1 2024, the services segment was dedicated totally to supporting the production activities in Ukraine. Production entities activities together with services entity activities are presented as Exploration and Production segment results.Â
- The production revenues increased by 105 % versus the same period in 2023, mainly due to a 65% increase in the average realised oil price and a 25% increase of the production volumes.
- In November 2023, Cadogan initiated a second arbitration procedure to assert its right to restitution of the Loan plus the accumulated interests, and obtain Proger's condemnation of the consequent payment. The first audiences took place in May and June 2024 and were dedicated by the Arbitrators to find an amicable settlement to the controversy.
- The cash position at the period end was 15.1 million (30 June 2023: 14.2 million). This level of cash is sufficient to sustain on-going operations and business development initiatives.

Overall, Cadogan continued operating in an environment with tremendous challenges caused by the ongoing war in Ukraine. The Company is currently developing new initiatives to continue to improve its performance.

Key performance indicators

During H1 2024, the Group has monitored its performance in conducting its business with reference to a number of key performance indicators (`KPIs'):

- to maintain stable oil production measured on the barrels of oil produced per day (`bpd');
- to decrease administrative expenses,
- to increase the Group's basic earnings per share,
- to maintain no lost time incident,
- to grow and geographically diversify the portfolio, and
- to secure its staff and operations.

The Group's performance during the first six months of 2024, measured against these targets, is set out in the table below, together with the prior year performance data. No changes have been made to the sources of data or calculations used in the period/year. The positive trend in the HSE performances continues with zero incidents.Â

Â	Unit	30 June 2024	30 June 2023	31 December 2023
Â	Â	Â	Â	Â
Average production (working interest basis) (a)	Boepd	370	298	326
Administrative expenses	million	1.5	1.6	3.6
Basic profit/(loss) per share (b)	Cent	0.1	(0.1)	0.5
Lost time incident (c)	Incidents	-	-	-
Geographical diversification	New assets	-	-	-

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a. Average production is calculated as the average daily production during the period/year
b. Basic profit/loss per ordinary share is calculated by dividing the net profit/loss for the year attributable to equity holders of the parent company by the weighted average number of ordinary shares during the period
c. Lost time incident relate to injuries where an employee/contractor is injured and has time off work (IOGP classification)

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Enquiries:

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Operations Review

Introduction

First semester 2024 was another dramatic period for Ukraine. Russia continued focusing its efforts on industrial infrastructure destruction, in particular, oil refineries and energy infrastructure. The ongoing missile attacks and the destruction of power generation plants have caused a severe shortage of electricity within Ukraine's energy system. This relentless targeting of critical infrastructure has significantly diminished the Country's power generation capacity, leading to frequent and prolonged electricity shortages.

Despite these challenges, the Group has managed to ensure oil production from the Blazhiv field without shutdowns. Through proper planning, robust safety measures, and efficient resource management, we have maintained consistent output levels, demonstrating our resilience and commitment to operational stability even in these circumstances.

In H1 2024, Cadogan employees in Ukraine continued to operate in the combined (remote/ office) work mode. Â To date, all our employees are safe. Local operating companies of the Group in Ukraine are qualified as of critical importance for Ukraine's economy functioning.
Â In this context, the Group has continued to focus on safely and efficiently operating the existing wells, on controlling its costs and on cash preservation while continuing to look for opportunities to grow and diversify its portfolio of activities.

Operations

E&P activity remained focused on maintaining and securing its activities for the new term and safely and efficiently producing from the existing wells within the Blazhiv oil field. During H1 2024, the average gross production rated at 370 bpd, which is 25% higher than in H1 2023 (298 bpd). Such significant increase in production is attributed to the fact that operations were not halted, unlike during H1 2023.

Operational excellence of the Group has been confirmed again by zero LTI or TRI[1], with a total over 1,809,000 manhours since the last incident, and the renewal of ISO 14001 & 45001 certifications for a new 3-year term.

CO2 emissions level in H1 2024 increased to the level of 147,26 tons of CO2,e/boe produced compared to 125,08 tons of CO2,e/boe for the same reporting period of the last year. The increase of the emissions level is caused by the increase of oil production and the CH4 conversion factor increase as established by UK government. The Company expects a significant decrease of annual gas emissions after commissioning of its gas-to-power plant.

In Italy, Exploenergy, was approved as a qualified gas operator for its projects (Reno Centese and Corsano) and is awaiting the go authorisation for its projects.

Trading

The Company had no operations for the first half of 2024.Â Cadogan continues to monitor the gas markets in Europe and Ukraine.

Proger

In February 2019, the Group entered in a 2-year loan agreement with Proger Management & Partners Srl ("PMP") with an option which Cadogan could exercise, with no obligation, to get a 33% equity interest in Proger Ingegneria Srl which in turn held at 31 December 2020 a 75.95% equity interest in Proger Spa. Proger is an Italian engineering company providing services in Italy and in different international areas.Â

Cadogan did not exercise the Call Option. In February 2021, Cadogan notified PMP that according to the Loan Agreement, the Maturity Date occurred on 25 February 2021, and as the Call Option was not exercised, PMP must fulfill the payment of EUR 14,857,350, being the reimbursement of the Loan in terms of principal and the accumulated interest at this Maturity Date. PMP is in default since 25 February 2021. End of March 2021, PMP requested an arbitration to have the Loan Agreement recognized as an equity investment contract, which is rejected by Cadogan as the terms of the Loan Agreement are clear and include the right to repayment at maturity if the Call Option is not exercised. Â

The Arbitration proceeding ended in July 2022.Â

The Arbitral Committee:

- Rejected Proger's principal claim, and declared that the Loan Agreement is valid and effective,
- Deemed to qualify the Call Option as a preliminary contract under condition, but
- Rejected Proger's claim ex art. 2932 Italian Civil Code, stating that it is impossible to give an award producing the same effects of a final contract ex art. 2932 Italian Civil Code,
- This is because of the duties established by the rules of the London Regulatory Authority and because of the need, possibly by both parties, to comply with the due proceedings before the formalization of the entry of Cadogan into the capital of Proger Ingegneria,
- Subordinated the stipulation of the final contract to the precedent completion of the proceeding and bureaucratic process as per the British rules, stating that, otherwise,
- There is the obligation on Proger Ingegneria to return the money received under the Loan Agreement.

Cadogan introduced an appeal, still pending with a next hearing on September 2025, on the qualification of the Call Option as a preliminary contract. Meanwhile, having taken note of the content of the Award of July 2022, Cadogan repeatedly invited Proger to implement the provisions of the Award. When the invitation remained unsuccessful, Cadogan with a formal notice contested Proger's refusal, arguing that it was in direct contrast with the clear and unequivocal provision of the Award, which expressly subordinates the possible transfer of shareholdings to the prior fulfilment of the formalities required by English law and procedures related to Cadogan as a listed company on the London Stock Exchange; and also opposing Proger for having behaved and continuing to behave in a manner that has made it definitely impossible to the occurrence of the condition precedent referred to in the above-mentioned Award.
According to the provisions of the aforementioned Award, the right to reimbursement of the amount covered by the Loan Agreement has arisen in favour of Cadogan, plus interest accrued, and of which Cadogan then demanded immediate payment.
Last November 2023, Cadogan had to initiate a second arbitration to assert its right to restitution and obtain Proger's condemnation of the consequent payment. The first audiences took place in May and June 2024 and were dedicated by the Arbitrators to find an amicable settlement to the controversy.

Financial position

Cash at 30 June 2024 was 15.1 million (14.2 million at 30 June 2023). The Group continuously monitors its exposure to currency risk. It maintains a portfolio of cash mainly in US Dollars ("USD") and EURO held primarily in the UK.

The Directors believe that the capital available at the date of this report is sufficient for the Group to continue its operations for the foreseeable future.

In H1 2024, the Group held working interests in an oil production licence in the West of Ukraine. It is operated by the Group and is located in the prolific Carpathian basin, close to the Ukrainian oil & gas distribution infrastructure. Â

The Group's primary focus during the period continued to be on cost optimisation and enhancement of current production, through the existing well stock and new drilling.

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Summary of the Group's licences (as of 30 June 2024)			
Working interest (%)	**Licence**	**Expiry**	**Licence type**
100	Blazhiv	November 2039	Production

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Below we provide an update to the full Operations Review contained in the 2023 Annual Report published on 07 May 2024.

Blazhiv licence

Through the reporting period the Group has been working to safely and efficiently producing from the existing wells located in the Blazhiv licence area. At the end of the reporting period, the average gross production rated at 370 bpd vs 298 bpd in H1 2023. All wells have been operational during the reported period without unscheduled stoppages.

In H1 2024, an independent expert completed Blazhiv field reserves re-assessment. As reported, the field contains 3.05 million boe of 3P reserves and additionally 0,64 million boe of 2C contingent resources associated with Blazhiv licence. The results of this assessment indicate a strong reserves base, highlighting our robust position and revealing significant potential for new development drilling.

In H1 2024, efforts were accelerated on the implementation of the gas-to-power project. The Group has placed a contract for a 0.85 MW gas-driven generator with a European producer, which is expected to be ready by the end of the year. This initiative is a strategic step towards enhancing our energy efficiency and sustainability, leveraging our gas resources to generate power and support our operations more effectively.

Service Company activitiesÂ

In H1 2024, Astro Service LLC, focused its activities on serving intra-group operational needs in wells' work-over/ re-entry operations, wells' survey as well as field on-site activities. Production and service activities will be presented solely as Exploration and Production segment result.

Financial Review

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Overview

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Income statement

In H1 2024, revenues increased to 5 million (H1 2023: 2.4 million) due to the increase of the realised price by 65% and the increase in the produced volumes of oil by 25%.

Trading business had no activities during the first half of 2024.

The cost of sales of the production segment consists of 1.5 million of production royalties (1.0 million), 0.7 million of operating costs (0.7 million), 0.4 million of depreciation and depletion of producing wells (0.3 million), and 0.07 million of direct staff costs for production (0.07 million).

Half year gross profit from production activities increased to 2.3 million (30 June 2023: decreased to 0.32 million), driven by increase in production and higher oil prices.

The Group recorded a 0.75 million interest on Proger Loan. Due to expected delays in the loan reimbursement, the Group recognised additional provision of 370 thousand. Please refer to note 11 for details.

Other administrative expenses were kept under control at 1.5 million (30 June 2023: 1.6 million). They comprise other staff costs, professional fees and expenses, Directors' remuneration and depreciation charges on non-producing property.

Balance sheet

At 30 June 2024, the cash position of 15.1 million (30 June 2023: 14.2 million) increased compared to the 14.2 million as at 31 December 2023.

The Property, Plant and Equipment ("PP&E") balance of 5.2 million at 30 June 2024 (30 June 2023: 6.4 million, 31 December 2023: 5.8 million) includes the development and production assets on the Blazhyvska licence and other PP&E of the Group.

Trade and other receivables of 0.4 million (30 June 2023: 0.2 million, 31 December 2023: 0.3 million) includes recoverable VAT of 5 thousand (30 June 2023: 0.2 million, 31 December 2023: 0.2 million), 0.35 million of other receivables and prepayments (30 June 2023: 0.1 million, 31 December 2023: 0.1 million).

The 1.5 million of trade and other payables as of 30 June 2024 (30 June 2023: 1.9 million, 31 December 2023: 1.4 million) represent 0.8 million (30 June 2023: 1.5 million, 31 December 2023: 0.6 million) of other creditors and 0.7 million of accruals (30 June 2023: 0.4 million, 31 December 2023: 0.8 million).

Cash flow statement

The Consolidated Cash Flow Statement shows positive cash-flow from operating activities of 1 million (30 June 2023: positive 0.1 million, 31 December 2023: negative 0.6 thousand). Cashflow, before movements in working capital, shows an outflow of 1.2 million (30 June 2023: inflow 0.9 million, 31 December 2023: inflow 0.6 million).

Group capital expenditure was 0.3 million of investment in electricity generating facilities on Blazhyv field.

Commitments

There has been no material change in the commitments and contingencies reported as at 31 December 2023 (refer to page 83 of the Annual Report).

Treasury

The Group continually monitors its exposure to currency risk. It maintains a portfolio of cash mainly in US dollars ("USD") in the UK and in Hryvnia (local currency) in Ukraine due to the obligations deriving from the martial law. Production revenues from the sale of hydrocarbons are received in the local currency in Ukraine, however, the hydrocarbon prices are linked to the USD denominated gas and oil prices. The martial law in Ukraine significantly limits the transfer of cash outside of Ukraine.

The cash held in Ukraine is held in the local currency (Hryvnia) and placed to deposits in subsidiaries of reputable international banks.

Going concern

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Interim Financial Statements. For further details, refer to the detailed presentation of the assumptions outlined in note 2(a) of the Interim Financial Statements.

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Cautionary Statement

The business review and certain other sections of this Half Yearly Report contain forward looking statements that have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report. However they should be treated with caution due to inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information and no statement should be construed as a profit forecast.

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Risks and Uncertainties

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There are a number of potential risks and uncertainties inherent in the oil and gas sector which could have a material impact on the long-term performance of the Group and which could cause the actual results to differ materially from expected and historical results. The Company has taken reasonable steps to mitigate these where possible. Full details are disclosed on pages 9 to 12 of the 2023 Annual Financial Report. There have been no changes to the risk profile during the first half of the year. The risks and uncertainties are summarised below.

War risks

- Missile attacks
- Occupation of territories
- Forced evacuations
- Cyber attacks

Operational risks

- Health, safety, and environment
- Climate change
- Drilling and work-over operations
- Production and maintenance

Subsurface risks

Financial risks

- Changes in economic environment
- Counterparty
- Default on the Proger loan repayment
- Commodity price

Country risk

- Regulatory and licence issues
- Emerging market

Other risks

- Risk of losing key staff members
- Risk of entry into new countries
- Risk of delays in projects related to dialogue with local communities

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Directors' Responsibility Statement

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We confirm that to the best of our knowledge:

(a)Â the Interim Financial Statements have been prepared in accordance with the UK-adopted IAS 34 `*Interim Financial Reporting*';

(b)Â the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);

(c)Â the interim management report includes a fair review of the information required by DTR 4.2.8RÂ (disclosure of related parties' transactions and changes therein); and

(d)Â the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4R.

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This Half Yearly Report consisting of pages 1 to 23 has been approved by the Board and signed on its behalf by:

Fady Khallouf
Chief Executive Officer
09 September 2024
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Consolidated Income Statement

Six Months ended 30 June 2024

		Six months ended 30 June		**Year ended 31 December**
Â	**Â**	**2024**	**2023**	**2023**
Â	**Â**	**'000 (Unaudited)**	**'000 (Unaudited)**	**'000 (Audited)**
Â	**Notes**		**Â**	
CONTINUING OPERATIONS	**Â**	**Â**	**Â**	**Â**

Revenue	3	4,952	2,414	7,550
Cost of sales	3	(2,671)	(2,099)	(5,391)
Gross profit	Â	**2,281**	**315**	**2,159**
Â	Â	Â	**Â**	Â
Administrative expenses	Â	(1,508)	(1,550)	(3,574)
Reversal of impairment of other assets	Â	-	-	56
Impairment of gas and oil assets	Â	(10)	(70)	218
Impairment of other assets	Â	-	-	(49)
Net foreign exchange (losses)/gains	Â	(542)	290	538
Other operating (losses)/income, net	Â	(1)	63	25
Operating profit /(loss)	Â	**256**	**(952)**	**(627)**
Â	Â	Â	**Â**	Â
Finance income	4	767	779	1,885
Profit/(loss) before tax	Â	**1,023**	**(173)**	**1,258**
Â	Â	Â	**Â**	Â
Tax (expense)/benefit	13	(805)	-	-
Profit/(loss) for the period/year	Â	**219**	**(173)**	**1,258**
Â	Â	Â	**Â**	Â
Attributable to:	Â	Â	Â	Â
Owners of the Company	5	219	(172)	1,259
Non-controlling interest	Â	-	(1)	(1)
Â	Â	**219**	**(173)**	**1,258**
Â	Â	Â	**Â**	**Â**
Profit/(loss) per Ordinary share	Â	**Cents**	**Cents**	**Cents**
Basic and diluted	5	0.1	(0.1)	0.5

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Consolidated Statement of Comprehensive Income
Six Months ended 30 June 2024

		Six months ended 30 June		Year ended 31 December
Â	**Â**	**2024 '000 (Unaudited)**	**2023 '000 (Unaudited)**	**2023 '000 (Audited)**
Â	**Â**		**Â**	
Profit / (loss) for the period/year	Â	**219**	**(173)**	**1,258**
Other comprehensive profit/(loss)	**Â**	**Â**	**Â**	**Â**
Items that may be reclassified subsequently to profit or loss	Â	**Â**	Â	Â
Unrealised currency translation differences	Â	(444)	41	(321)
Other comprehensive (loss) /profit	**Â**	**(444)**	**41**	**(321)**
Total comprehensive (loss) for the period/year	Â	**(225)**	**(132)**	**937**
Â	Â	**Â**	**Â**	**Â**
Attributable to:	Â	**Â**	**Â**	**Â**
Owners of the Company	Â	(225)	(131)	938
Non-controlling interest	Â	-	(1)	(1)
Â	Â	**(225)**	**(132)**	**937**

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Consolidated Statement of Financial Position

Six Months ended 30 June 2024

		Six months ended 30 June		Year ended 31 December
Â	**Â**	**2024 '000 (Unaudited)**	**2023 '000 (Unaudited)**	**2023 '000 (Audited)**
Â	**Notes**		**Â**	
ASSETS	Â	Â	Â	Â
Non-current assets	Â	Â	Â	Â
Intangible exploration and evaluation assets	Â	-	-	-
Property, plant and equipment	6	5,231	6,407	5,768
Right-of-use assets	Â	191	61	246
Deferred tax asset	Â	-	318	370
Â	Â	**5,422**	**6,786**	**6,384**
Current assets	Â	**Â**	Â	Â
Inventories	7	365	141	364
Trade and other receivables	8	355	233	310
Loan provided	11	16,959	16,441	17,074
Cash and cash equivalents	Â	15,141	14,195	14,155
Â	Â	**32,820**	**31,010**	**31,903**
Total assets	**Â**	**38,242**	**37,796**	**38,287**
Â	Â	Â	Â	Â
LIABILITIES	Â	Â	Â	Â
Non-current liabilities	Â	Â	Â	Â
Deferred tax liabilities	Â	(101)	-	-

Long-term lease liability	Â	(112)	-	(148)
Provisions	Â	(117)	(286)	(114)
Â	Â	(330)	(286)	(262)
Current liabilities	Â	Â	Â	Â
Trade and other payables	9	(1,487)	(1,938)	(1,366)
Short-term lease liability	Â	(85)	(65)	(87)
Current provisions	Â	(124)	(135)	(131)
Â	Â	(1,696)	(2,138)	(1,584)
Total liabilities	**Â**	**(2,026)**	**(2,424)**	**(1,846)**
Â	Â	**Â**	Â	Â
Net assets	**Â**	**36,216**	**35,372**	**36,441**
Â	Â	Â	Â	Â
EQUITY	Â	Â	Â	Â
Share capital	12	13,832	13,832	13,832
Share premium	Â	514	514	514
Retained earnings	Â	186,022	184,372	185,803
Cumulative translation reserves	Â	(165,741)	(164,935)	(165,297)
Other reserves	Â	1,589	1,589	1,589
Equity attributable to equity holders of the parent	**Â**	**36,216**	**35,372**	**36,441**
Non-controlling interest	Â	-	-	-
Total equity	**Â**	**36,216**	**35,372**	**36,441**

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Consolidated Statement of Cash Flows
Six Months ended 30 June 2024

			Â	**Â**
Â	**Â**	**Six months ended 30 June**		**Year ended 31 December**
Â	**Â**	**2024 '000 (Unaudited)**	**2023 '000 (Unaudited)**	**2023 '000 (Audited)**
Â	**Â**		**Â**	
Operating profit/(loss)		**256**	**(952)**	**(627)**
Adjustments for:		Â	**Â**	**Â**
Depreciation of property, plant and equipment		449	286	821
Impairment of inventories		-	-	44
Loss on disposal of property, plant and equipment		-	-	19
Reversal of impairment of VAT recoverable		(36)	-	(54)
Impairment of oil and gas assets		10	70	(218)
Impairment of receivables		-	-	3
Effect of foreign exchange rate changes		542	(290)	(538)
Operating cash flows before movements in working capital		**1,221**	**(886)**	**(550)**
Increase /(Decrease) in inventories		(3)	153	(131)
Increase /(Decrease) in receivables		121	145	(127)
Increase/(Decrease) in payables and provisions		(134)	496	238
Cash from operations		**1,205**	**(92)**	**(570)**
Income taxes paid		(228)	-	-
Interest received		-	199	-
Net cash inflow/(outflow) from operating activities		**977**	**107**	**(570)**
Â	**Â**	Â	**Â**	**Â**
Investing activities	**Â**	Â	**Â**	**Â**
Purchases of property, plant and equipment	Â	(334)	(33)	(58)
Purchase of shares in subsidiaries from minority shareholders	Â	-	(24)	-
Â	Â	Â	Â	Â
Interest received	Â	396	176	796
Net cash used in investing activities	**Â**	**62**	**119**	**738**
Â	**Â**	Â	**Â**	**Â**
Financing activities	**Â**	Â	**Â**	**Â**
Net cash from financing activities	**Â**	**-**	**-**	**-**
Â	Â	Â	**Â**	**Â**
Net increase (decrease) in cash and cash equivalents	**Â**	**1,039**	**226**	**168**
Effect of foreign exchange rate changes	Â	(53)	35	53
Cash and cash equivalents at beginning of period/year	Â	14,155	13,934	13,934
Cash and cash equivalents at end of period/year	**Â**	**15,141**	**14,195**	**14,155**

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Consolidated Statement of Changes in Equity

Six Months ended 30 June 2024

Â	**Share capital**	**Share premium account**	**Retained earnings**	**Cumulative translation reserves**	**Other reserves**	**Equity attributable to owners of the Company**	**Non-controlling interest**	**Total**
Â	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**
As at 1 January	**13,832**	**514**	**184,331**	**(164,976)**	**1,589**	**35,290**	**237**	**35,527**

2023								
Net loss for the period	-	-	(172)	-	-	(172)	(1)	(173)
Other comprehensive income\loss	-	-	-	41	-	41	-	41
Total comprehensive loss for the year	**-**	**-**	**(172)**	**41**	**-**	**(131)**	**(1)**	**(132)**
Acquisition of non-controlling interests	-	-	213	-	-	213	(236)	(23)
As at 30 June 2023	**13,832**	**514**	**184,372**	**(164,935)**	**1,589**	**35,372**	**-**	**35,372**
Net profit for the period	-	-	1,431	-	-	-	-	-
Other comprehensive income\loss	-	-	-	(362)	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**1,431**	**(362)**	**-**	**-**	**-**	**-**
As at 31 December 2023	**13,832**	**514**	**185,803**	**(165,297)**	**1,589**	**36,441**	**-**	**36,441**
Net profit for the period	-	-	219	-	-	219	-	219
Other comprehensive loss	-	-	-	(444)	-	(444)	-	(444)
Total comprehensive income for the year	**-**	**-**	**219**	**(444)**	**-**	**(225)**	**-**	**(225)**
As at 30 June 2024	**13,832**	**514**	**186,022**	**(165,741)**	**1,589**	**36,216**	**-**	**36,216**

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Notes to the Condensed Financial Statements

Six Months ended 30 June 2024

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1. General information

Cadogan Energy Solutions plc (the `Company', together with its subsidiaries the `Group'), is incorporated in England and Wales under the Companies Act. The address of the registered office is 6th Floor, 60 Gracechurch Street, London EC3V 0HR. The nature of the Group's operations and its principal activities are set out in the Operations Review on pages 7 to 8 and the Financial Review on pages 8 to 9.

This Half Yearly Report has not been audited or reviewed in accordance with the Auditing Practices Board guidance on `Review of Interim Financial Information'.Â Â

A copy of this Half Yearly Report has been published and may be found on the Company's website at https://www.cadoganenergysolutions.com.

2. Basis of preparation Â

The annual financial statements of the Group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition. These Condensed Financial Statements have been prepared in accordance with the UK-adopted IAS 34 *Interim Financial Reporting.*

The same accounting policies and methods of computation are followed in the condensed financial statements as were followed in the most recent annual financial statements of the Group except as noted, which were included in the Annual Report issued on 07 May 2024.

The Group has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

This consolidated interim financial information does not constitute accounts within the meaning of section 434 and of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 07 May 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was qualified as the auditors were unable to obtain sufficient and appropriate evidence to conclude as to whether the fair value of the Proger loan of 17 million was materially accurate.

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Â **(a)**Â Â Â ***Going concern***

The Directors have continued to use the going concern basis in preparing these condensed financial statements. The Group's business activities, together with the factors likely to affect future development, performance and position are set out in the Operations Review. The financial position of the Group, its cash flow and liquidity position are described in the Financial Review.

The Group's cash balance at 30 June 2024 was 15.1million (31 December 2023: 14.2 million).

The Directors have carried out a robust assessment of the principal risks facing the Group.

The Group's forecasts and projections, taking into account reasonably possible changes in trading activities, operational performance, flow rates for commercial production and the price of hydrocarbons sold to Ukrainian customers, show that there are reasonable expectations that the Group will be able to operate on funds currently held and those generated internally, for the foreseeable future.

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Notwithstanding the Group's current financial performance and position, the Board are cognisant of the actual impacts of the war situation in Ukraine. The Board has considered possible reverse stress case scenarios for the impact on the Group's operations, financial position and forecasts.Â Whilst the potential future impacts of the invasion of Ukraine by Russia are unknown, the Board has considered operational disruption that may be caused by the factors such as a) restrictions applied by governments, illness amongst our workforce and disruption to supply chain and sales channels; b) market volatility in respect of commodity prices associated with military and geopolitical factors.

In addition to sensitivities that reflect future expectations regarding country, commodity price and currency risks that the Group may encounter reverse stress tests have been run to reflect possible negative effects of war in Ukraine. The Group's forecasts demonstrate that owing to its cash resources the Group is able to meet its operating cash flow requirements and commitments whilst maintaining significant liquidity for a period of at least the next 12 months allowing for sustained reductions in commodity prices and extended and severe disruption to operations should such a scenario occur.

After making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and consider the going concern basis of accounting to be appropriate and, thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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(b) Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). The functional currency of the Company is US dollar. For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in US dollars, which is the presentation currency for the consolidated financial statements.

The relevant exchange rates used were as follows:

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1 Â£ = Â xUS	**Six months ended 30 June**		**Year ended 31 Dec**
Â	**2024**	**2023**	**2023**
Closing rate	1.26473	1.2663	1.2732
Average rate	1.2651	1.2336	1.2440
Â	Â	Â	Â

1 US = xUAH	**Six months ended 30 June**		**Year ended 31 Dec**
Â	**2024**	**2023**	**2023**
Closing rate	40.7683	37.2401	38.3480
Average rate	39.2932	37.1364	37.0867
Â	Â	Â	Â

1 Euro = xUS	**Six months ended 30 June**		**Year ended**
Â	**2024**	**2023**	**31 Dec 2023**
Closing rate	1.07177	1.0886	1.1038
Average rate	1.0812	1.0809	1.0817
Â	Â	Â	Â

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(c) Dividend

The Directors do not recommend the payment of a dividend for the period (30 June 2024: nil; 31 December 2023: nil).

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(d) Critical accounting judgments and estimates

Impairment indicator assessment for E&E assets

Where there are indications of impairment, the E&E assets concerned are tested for impairment. Where the E&E assets concerned fall within the scope of an established full cost pool, which are not larger than an operating segment, they are tested for impairment together with all development and production assets associated with that cost pool, as a single cash generating unit.

The aggregate carrying value of the relevant assets is compared against the expected recoverable amount of the pool, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves from that pool. Where the assets fall into an area that does not have an established pool or if there are no producing assets to cover the unsuccessful exploration and evaluation costs, those assets would fail the impairment test and be written off to the income statement in full.

Impairment losses are recognized in the income statement and are separately disclosed.

Impairment of PP&E

Management assesses the development and production assets for impairment indicators and performs an impairment test if indicators of impairment are identified. Management performed an impairment assessment using a value in use discounted cash flow model which required estimates including forecast oil prices, reserves and production, costs and discount rates.

Recoverability and measurement of VAT

Judgment is required in assessing the recoverability of VAT assets and the extent to which historical impairment provisions remain appropriate, particularly noting the recent recoveries against historically impaired VAT. In forming this assessment, the Group consider the nature and age of the VAT, the likelihood of eligible future supplies to VAT, the pattern of recoveries and risks and uncertainties associated with the operating environment.

Loan provided

The recoverability of the carrying value of the loan to PMP represents a significant accounting judgment. In making their assessment over estimated recoverability of the loan, management considered the projected outcome of arbitration, assessment of the security provided by the pledge over shares, and the delay in the recovery of the expected amount. As a result, management concluded that 17 million represents its best estimate of recoverable amount as at 30 June 2024 (2023: 17.1 million). For further detail please refer to note 11.

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3. Segment information

Segment information is presented on the basis of management's perspective and relates to the parts of the Group that are defined as operating segments. Operating segments are identified on the basis of internal assessment provided to the Group's chief operating decision maker ("CODM"). The Group has identified its executive management team as its CODM and the internal assessment used by the top management team to oversee operations and make decisions on allocating resources serve as the basis of information presented.

Segment information is analysed on the basis of the type of activity, products sold, or services provided. The majority of the Group's operations are located within Ukraine. Segment information is analysed on the basis of the types of goods supplied by the Group's operating divisions.

The Group's reportable segments under IFRS 8 are therefore as follows:

Exploration and Production

- E&P activities on the production licences for natural gas, oil and condensate

Service

- Drilling services to exploration and production companies
- Construction services to exploration and production companies

Trading

- Import of natural gas from European countries
- Local purchase and sales of natural gas operations with physical delivery of natural gas

The accounting policies of the reportable segments are the same as the Group's accounting policies. Sales between segments are carried out at market prices. The segment result represents profit under IFRS before unallocated corporate expenses. Unallocated corporate expenses include management and Board remuneration and expenses incurred in respect of the maintenance of Kiev office premises. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

The Group does not present information on segment assets and liabilities as the CODM does not review such information for decision-making purposes.

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As at 30 June 2024 and for the six months then ended the Group's segmental information was as follows:

Â	**Â Exploration and Production**	**Trading**	**Consolidated**
Â	**Â '000**	**'000**	**'000**
Sales of hydrocarbons	4,933	-	4,933
Other revenue	19	-	19
Sales between segments	-	-	-
Total revenue	**4,952**	**-**	**4,952**
Other cost of sales	(2,670)	(1)	(2,671)
Other administrative expenses	(196)	(25)	(221)
Impairment of oil & gas	(10)	-	(10)
Other operating costs	35	-	35
Finance income/costs, net	226	-	226
Segment results	**2,337**	**(26)**	**2,311**
Unallocated other administrative expenses	-	-	(1,287)
Other finance income, net	Â	Â	541
Net foreign exchange gains	Â -	Â -	(542)
Profit before tax	**Â -**	**-Â**	**1,023**

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As at 30 June 2023 and for the six months then ended the Group's segmental information was as follows:

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Â	**Exploration and Production**	**Trading**	**Consolidated**
Â	**'000**	**'000**	**'000**
Sales of hydrocarbons	2,410	-	2,410
Other revenue	4	-	4
Total revenue	**2,414**	**-**	**2,414**
Other cost of sales	(2,097)	(2)	(2,099)
Other administrative expenses	(204)	(22)	(226)
Impairment of oil & gas	(70)	-Â	(70)
Other operating costs	63	-	63
Finance income/costs, net	199	-Â	199
Segment results	**305**	**(24)**	**281**
Unallocated other administrative expenses	-	-	(1,324)
Other income/loss, net	-	-	580
Net foreign exchange gains	-	-	290
Loss before tax	**-**	**-**	**(173)**

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4. Finance income/(costs), net

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Â	**Six months ended 30 June**		**Year ended 31 December**
Â	**2024**	**2023**	**2023**
Â	**'000**	**'000**	**'000**
Interest expense on lease	(11)	(5)	(10)
Total interest expenses on financial liabilities	**(11)**	**(5)**	**(10)**
Interest income on cash deposit	396	375	798
Reversal of liability accrual	-	-	395
Total interest income on financial assets	**396**	**375**	**1,193**
Â	-	Â	Â
Interest on loan	381	354	757

Unwinding of discount on decommissioning provision	1	55	(55)
Total	**767**	**779**	**1,885**

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5. Profit/(loss) per ordinary share

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Profit/(loss) per ordinary share is calculated by dividing the net profit/(loss) for the period/year attributable to Ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the period/year. The calculation of the basic profit/(loss) per share is based on the following data:

Â **Profit /(Loss) attributable to owners of the Company**	**Six months ended 30 June** **2024** **'000**	 **2023** **'000**	**Year ended 31 December** **2023** **'000**
profit /(loss) for the purposes of basic (loss)/profit per share being net profit/(loss) attributable to owners of the Company	219	(172)	1,259
Â	**Â**	**Â**	**Â**
Â **Number of shares**	**Number** **`000**	**Number** **`000**	**Number** **`000**
Weighted average number of Ordinary shares for the purposes of basic profit/(loss) per share	244,128Â	Â 244,128Â	244,128
Â Â	**Â** **Cent**	**Â** **Cent**	**Â** **Cent**
Profit/(loss) per Ordinary share	**Â**	**Â**	**Â**
Basic	**0.1**	**(0.1)**	**0.5**

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6. Proved properties

As of 31 June 2024, the development and production assets balance which forms part of PP&E has decreased in comparison to 31 December 2023 by 9%, mainly due to depletion charge for the period.

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7. Inventories

As of 30 June 2024 inventories are almost at the same level of 365 thousand (30 June 2023: 154 thousand, 31 December 2023: 364 thousand).
The impairment provision as at 30 June 2024 of 1 million is held to reduce the carrying value of the inventories to net realisable value. No additional provision on inventories has been recognised for the first half 2024.

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8. Trade and other receivables

Â **Â**	**Â** **Â**	**Six months ended 30 June** **2024** **'000**	 **2023** **'000**	**Year ended 31 December** **2023** **'000**
VAT recoverable	**Â**	834	1,111	1,079
Impairment provision for VAT	**Â**	(829)	(999)	(918)
Prepayments	**Â**	326	62	81
Trade receivables	**Â**	29	66	68
Other receivables	**Â**	30	45	31
Impairment provision for bad debts	**Â**	(35)	(52)	(49)
Â	Â	**355**	**233**	**310**

VAT recoverable asset was realized through natural gas and crude oil sales during the first half of 2024. The Directors consider that the carrying amount of the other receivables approximates their fair value. Management expects to realise VAT recoverable through the activities of the business segments.

9. Trade and other payables

The 1.5 million of trade and other payables as at 30 June 2024 (30 June 2023: 1.9 million, 31 December 2023: 1.4 million) represent 0.8 million (30 June 2023: 1.5 million, 31 December 2023: 0.6 million) of other creditors and 0.7 million of accruals (30 June 2023: 0.4 million, 31 December 2023: 0.8 million).

10. Commitments and contingencies

There have been no significant changes to the commitments and contingencies reported on page 80 of the Annual Report.

11. Loan provided

In February 2019, Cadogan used part of its cash (Euro 13.385 million) to enter into a 2-year Loan Agreement with Proger Managers & Partners, with an option to convert it into a direct 33% equity interest in Proger Ingegneria, equivalent to an indirect 25 % equity interest in Proger. According to IFRS, the instrument has to be represented in our balance sheet at fair value.

In February 2021, Cadogan notified PMP that according to the Loan Agreement, the Maturity Date occurred on 25 February 2021. As the Call Option was not exercised, PMP must fulfil the payment of EUR 14,857,350, being the reimbursement of the Loan in terms of principal and the accumulated interest. PMP is in default since 25 February 2021. In case of default payment, the terms of the agreement provide for the application of an increased interest rate on the amount of the debt.

Since the Call Option was not exercised before the Maturity Date and the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Loan provided was reclassified from `Financial assets at fair value through profit and loss' to `Financial assets at amortized cost'.

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Â Â	**Financial assets at amortised cost**

Â	'000
As at 1 January 2023	**ÂÂÂÂÂÂÂÂÂÂÂ 15,825**
Interest	704
Change in provision	(350)
Exchange differences	ÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ 262
As at 30 June 2023	**ÂÂÂÂÂÂÂÂÂÂÂ 16,441**
Interest	753
Change in provision	(350)
Exchange differences	230
As at 1 January 2024	**17,074**
Interest	751
Change in provision	(370)
Exchange differences	(496)
As at 30 June 2024	**16,959**

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Proger Managers & Partners srl has failed to reimburse the Loan with the accumulated interests in full at the Maturity Date,25 February 2021. In case of non-reimbursement, the Loan carries an entitlement to an interest at a rate of 7.5% per year to be accrued on principle amount and accumulated interests at the Maturity Date until the total amount is paid. Starting from March 2021, Cadogan treats the Loan provided to PMP at historical cost-plus accrued interests and less provision.Â In August 2022, the Company was informed of the award of the arbitral proceeding which:

ÂÂÂÂÂ rejected Proger's principal claim and declared that the Loan Agreement is valid and effective,

ÂÂÂÂÂ deemed to qualify the Call Option as a preliminary contract under condition, but

ÂÂÂÂÂ rejected Proger's claim ex art.2932 Italian Civil Code, stating that it is impossible to give an award producing the same effects of a final contract ex art.2932 Italian Civil Code,

ÂÂÂÂÂ this because of the duties established by the rules of the London Regulatory Authority and because of the need, possibly by both parties, to comply with the due proceedings before the formalization of the entry of Cadogan into the capital of Proger Ingegneria,

ÂÂÂÂÂ subordinated the stipulation of the final contract to the precedent completion of the proceeding and bureaucratic process as per the British rules, stating that, otherwise,

ÂÂÂÂÂ there is the obligation on Proger Ingegneria to return the payment received under the Loan Agreement,

ÂÂÂÂÂ compensated all the expenses of the proceeding.

Proger refused to apply the requirements of the award and thus, Proger must reimburse the amount covered by the Loan Agreement plus interest accrued in the meantime. Cadogan is taking the necessary legal actions to recover these amounts. Cadogan initiated a second arbitration in November 2023 to assert its right to restitution and obtain Proger's condemnation of the consequent payments.

The recoverability of the Loan had been assessed in April 2024 for the purpose of Cadogan Annual Report 2023.

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12. Share capital

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Authorized and issued equity share capital (x000)

		30/06/2024		**31/12/2023**	
	Â	**Â**		**Â**	
	Â	**Number**	**'000**	**Number**	**'000**
Authorized Ordinary shares of Â£0.03 each		1,000,000	57,713	1,000,000	57,713
Issued Ordinary shares of Â£0.03 each		244,128	13,832	244,128	13,832

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Authorized but unissued share capital of Â£30 million has been translated into US dollars at the historic exchange rate of the issued share capital. The Company has one class of Ordinary shares, which carry no right to fixed income.

Issued equity share capital

	Â	**Â**	**Ordinary shares of Â£0.03**
At 31 December 2021	**Â**	**Â**	**244,128,487**
Issued during year	Â	Â	-
At 31 December 2022	**Â**	**Â**	**244,128,487**
Issued during year	**Â**	**Â**	**-**
At 31 December 2023	**Â**	**Â**	**244,128,487**
Issued during first-half year	**Â**	**Â**	**-**
At 30 June 2024	**Â**	**Â**	**244,128,487**

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13. Tax

Â	**Six months ended 30 June** Â		**Year ended 31-Dec**
Â	**2024**	**2023**	**2023**
Â	**'000**	**'000**	**'000**
Current tax	333	-	-
Deferred tax	471	-Â	Â -
Â	**805**	**-Â**	**-Â**

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The current income tax has been accrued on the profits of the oil extraction company LLC Usenco-Nadra. The deferred tax represents the amount of tax asset utilized during the first half of 2024.

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14. ÂÂÂ**Events subsequent to the reporting date**

The Group decided to accelerate its business diversification in electricity sector and to invest in new power generation opportunities in Ukraine up to an installed capacity of around 10 MW. Â The Group is launching several projects with the objective of being operational in Q4 2024.

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