RNS Number : 9347O
EnergyPathways PLC
30 June 2025

30 June 2025

EnergyPathways plc
("EnergyPathways" or the "Company")

Annual Results and Notice of AGM

EnergyPathways (AIM: EPP), an energy transition company, is pleased to announce the publication of its Annual Results for the year ended 31 December 2024 and Notice of Annual General Meeting.

Period Highlights:

- New Labour Government confirms its commitment to ambitious energy transition targets
- Roll out of strategy to develop MESH, to be the UK's largest integrated energy storage facility with total storage capacity of up to 20 TWh. MESH is to encompass gas storage, compressed air storage and hydrogen storage technologies to harness excess wind power to produce flexible dispatchable low carbon electricity at scale.
- Appointment of EnergyPathways engineering project team
- Submitted Marram gas development plan to NSTA based on decarbonised electrified operations powered by renewable energy.
- Submitted a Natural Gas and Hydrogen Storage licence application to NSTA along with request for compressed air storage and gas production licences and growth storage and production licences for Knox and Lowry gas fields to government regulators.
- Awarded strategic lead engineering partnership contract with Wood plc. The Company is engaging with various tier-1 entities to establish a consortium of energy-related companies to develop MESH. These comprise one of the world's largest developers of wind power, a 'Major' integrated oil and gas company, and an international market leader in energy generation and automation
- Signed Memoranda of Understanding with MCS Subsea Solutions Limited, Mermaid Subsea Services (UK) Limited and PDI for the provision of subsea FEED engineering, project support, procurement and offshore construction services
- Completed pre-feasibility engineering for gas storage, hydrogen storage and Long Duration Energy Storage (LDES) compressed air components of the MESH integrated energy storage facility
- Received various expressions of interest for project financing from private capital investors
- Loss for the period £1,203,671 (2023: £1,860,916). Cash at year end of £857,650 (2023: £494,658)

Post period-end:

- MESH development design selected following pre-FEED activities in conjunction with strategic partners
- Progress on MESH Hybrid Compressed Air Energy Storage project
- Zenith Energy Ltd. Engaged as well engineering department for EnergyPathways
- Preparation for application to MMO for compressed air storage licence
- Subscription by existing shareholders and Directors raising £743,692

Notice of AGM

The Company's Annual General Meeting ("AGM") will be held at 10.00 a.m. on 31 July 2025, at the offices of Buchanan, 107 Cheapside, London EC2V 6DN.

To be valid, proxy votes must be received by the Company's registrar, Share Registrars, as soon as possible and in any event no later than 10.00 a.m. on 29 July 2025.

A copy of the Notice of AGM, together with the Annual Report, will be posted to shareholders on 30 June and will be available to view free of charge on the website of the Company at www.energypathways.uk.

Commenting on the results and outlook, CEO Ben Clube said:

"This has been a transformative year for the Company. Having started the year with ambitions to develop the Marram gas field as a small-scale low carbon footprint gas development, the Company has now matured a project of national significance and of major scale that can make a material contribution to the UK government's ambitious energy transition targets.

"This MESH project has significant value potential for our shareholders. When developed, MESH will be the UK's largest energy storage facility with potential to store up to 20 TWh of energy, equivalent to 7% of the UK's annual electricity demand. MESH will provide long duration energy storage (LDES) at scale - a critical missing piece in the UK's electricity system puzzle. MESH will use compressed air storage which to harness the UK's excess wind power which is being wasted and costing consumers billions of pounds per year. MESH will provide a secure supply of gas to bolster the UK's energy security and energy independence. MESH will be able to deliver affordable flexible low carbon power generation over multiple days.

"Investors, policymakers and energy users alike are increasingly recognising the potentially significant value of MESH and its ability to help transition the UK's energy system with low emissions, reliable supply and affordable energy. In the year ahead, the EnergyPathways team is absolutely focused on the Company's mission: delivering affordable, low-carbon, integrated energy solutions to meet the growing demand for clean energy."

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the contents of this announcement.

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

Enquiries

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For further information on EnergyPathways visit www.energypathways.uk and @energy_pathways on X (formerly Twitter).

Investor Engagement with EnergyPathways

Engage with us by asking questions and seeing what other shareholders have to say. Navigate to our Interactive Investor website here: https://energypathways.uk/link/weYE4e

Chairman's Statement

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

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

Financial Results

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

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

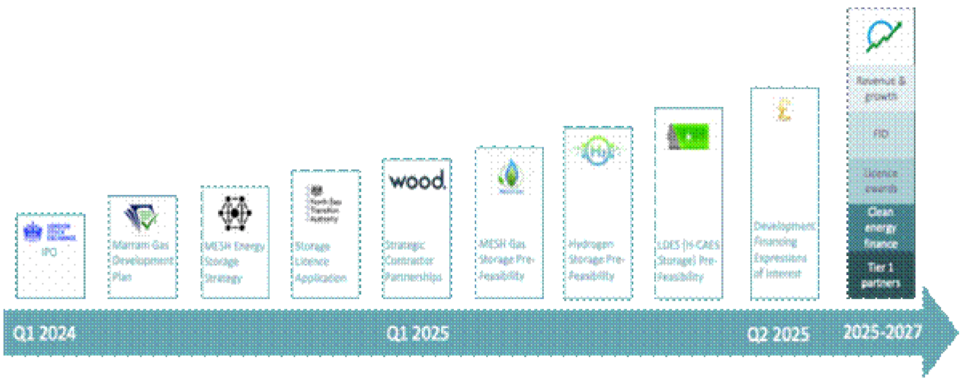
Backdrop

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

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

The Pivot

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



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

The Company has explored multiple sources of project finance. In October 2024, we announced a Convertible Loan Agreement with

Global Green Asset Financing Limited, an innovative new fund specifically designed to support new businesses in the Energy Transition space. We continue to explore other sources of project financing that would be available alongside this facility, once we have been granted the requisite licences.

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

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

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

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

Investor understanding of the Company's acceleration of the MESH project has led to significant liquidity of the Company's shares. Certain investors, in particular those that were shareholders of Dial Square Investments Plc, have sold their shares, having made significant gains. Meanwhile, we have welcomed many new shareholders who recognise the scale of MESH and the excellent growth opportunities now available to our Company.

Looking forward

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

Investing in the foundations for growth

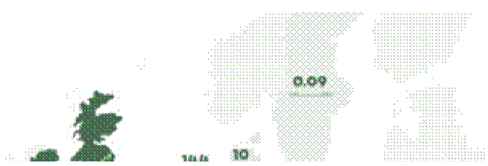
We have invested in the skills, experience and vision of our technical and operational team, whom I commend; Peter Nicholls, Derek Grimmer, Kim Hosgood, James Poole and Simon Nicol. This team, led by our CEO, Ben Clube, with the support of fellow executive director, Graeme Marks, has worked tirelessly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

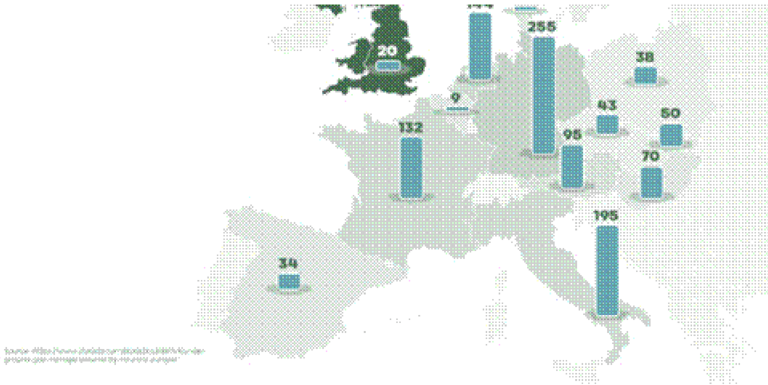
We are now focused on fine-tuning our business model, maximising the underlying technologies, identifying other technologies and other locations where we will be able to develop additional growth projects similar to MESH whilst forging new partnerships and joint ventures to facilitate growth.

Business Outlook

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

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





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

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

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

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

Mark Steeves
Chairman

27 June 2025

CEO's Report

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

Building a leading position in the energy storage sector

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

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

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

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

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

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

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

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

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

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

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

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

More energy storage is needed for reliable power

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

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

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

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

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

A pragmatic 'ready to go' solution

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

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

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

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

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

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

Ben Clube
Chief Executive Officer

27 June 2025

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

	Note	2024 £	2023 £
Administrative expenses	5	(1,072,289)	(596,376)
Pre-acquisition license expenses		(123,562)	(35,048)
Operating Loss		(1,195,851)	(631,424)
Net finance costs	6	(860)	(737)
Listing costs		(6,960)	(213,485)
Reverse acquisition expense	4	-	(1,015,270)
Loss before tax		(1,203,671)	(1,860,916)
Taxation	9	-	-

Loss for the period		(1,203,671)	(1,860,916)
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Other comprehensive income		-	-
Total comprehensive income		(1,203,671)	(1,860,916)
Earnings per share (pence) basic and diluted	10	(0.75)	(2.55)

All operations are continuing.

The notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

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

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

The notes form part of these financial statements.

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

Signed on behalf of the Board of Directors by:

Max Williams

Finance Director

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

	Note	Ordinary Share capital	Share premium	Performance share capital	Share based payments reserve
		£	£	£	£
Balance as at 31 December 2022		14,333	1,092,667	1,510	43,200
Loss for the period and total comprehensive income		-	-	-	-
Transfer to retained earnings	4	(14,333)	(1,092,667)	(1,510)	-
Recognition of EnergyPathways plc equity at reverse acquisition	18	265,500	628,281	-	-
Issue of shares for acquisition of subsidiary	18	680,139	2,040,417	-	-
Issue of shares for services	18	133,527	400,580	-	-
Issue of shares - share subscription	18	500,000	1,500,000	-	-
Share issue costs	18	-	(117,326)	-	14,000
Issue of warrants	19	-	-	-	202,000
Transfer between reserves	19				(83,200)
Balance as at 31 December 2023		1,579,166	4,451,952	-	176,000
Loss for the period and total comprehensive income		-	-	-	-
Issue of shares for services	18	28,388	46,112	-	-
Issue of shares - exercise of warrants	18	77,400	274,200	-	-
Issue of options	19	-	-	-	178,000
Transfer between reserves	19	-	-	-	(66,000)
Balance as at 31 December 2024		1,684,954	4,772,264	-	288,000

The notes form part of these financial statements.

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

	Note	Ordinary Share capital	Share premium	Share base payment reserve
		£	£	£
Balance as at 28 February 2023		265,500	628,281	
Loss for the period and total comprehensive income		-	-	
Issue of shares for acquisition of subsidiary		680,139	2,040,417	
Issue of shares for services	18	133,527	400,580	
Issue of shares - share subscription	18	500,000	1,500,000	
Share issue costs	18	-	(117,326)	
Issue of warrants	19	-	-	176,
Balance as at 31 December 2023		1,579,166	4,451,952	176,
Loss for the period and total comprehensive income		-	-	
Issue of shares for services	18	28,388	46,112	
Issue of shares - share subscription	18	77,400	274,200	
Issue of warrants	19	-	-	178,
Transfer between reserves	19	-	-	(66,(
Balance as at 31 December 2024		1,684,954	4,772,264	288,

The notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

There were no significant non-cash transactions in the year to 31 December 2024.

The notes form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year to 31 December 2024 £	Year to 31 December 2023 £
Cash flows from operating activities			

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

There were no significant non-cash transactions in the year to 31 December 2024.

The notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

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

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

2. Summary of significant accounting policies

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

2.1. Basis of preparation

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

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

2.2. Basis of Consolidation

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

The Company has two subsidiaries as follows:

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

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

2.3. Going concern

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

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

2.4. Changes in accounting policies

2.4.1. New standards, amendments to standards and interpretations

i) New and amended standards adopted by the Group

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

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

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

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

2.5. Foreign currency

2.5.1. Functional and presentation currency

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

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

2.5.2.Transactions and balances

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

2.6. Taxation

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

2.7. Intangible assets

Exploration and evaluation expenditures (E&E)

The Group applies the successful efforts method of accounting for oil and gas assets, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Statement of Comprehensive Income.

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

2.8. Impairment of non-financial assets

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

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

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

2.9. Financial Instruments

2.9.1 Initial recognition

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

2.9.2 Classification

Financial assets at amortised cost

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

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

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

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

Financial liabilities at amortised cost

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

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

2.9.3. Derecognition

A financial asset is derecognised when:

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

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

2.9.4 Impairment

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

2.10. Property, plant & equipment

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

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

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

2.11. Trade and other receivables

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

2.12. Cash and cash equivalents

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

2.13. Share capital

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

2.14. Share premium

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

2.15. Trade payables

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

2.16. Finance income and finance costs

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

2.17. Earnings per share

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

2.18. Operating segments

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

2.19. Share Based Payments

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

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

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

3. Significant accounting estimates and judgements, estimates and assumptions

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

Recoverable value of intangible assets (refer to note 11)

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

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

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

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

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

Fair value of share-based-payments

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

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility

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

4. Reverse acquisition and admission to AIM

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

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

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

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

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

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

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

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

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

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

4. Reverse acquisition and admission to AIM (continued)

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

£

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

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

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

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

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

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

5. Administrative expenses

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

6. Finance income & finance costs

	Group 2024 £	Group 2023 £
Finance income		
Interest received	365	72

Interest received	365	72
Finance costs		
Interest expense	(1,225)	(809)
Net finance costs	(860)	(737)

7. Auditor's Remuneration

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

8. Staff numbers and costs

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

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

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

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

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

9. Taxation

Analysis of charge for the period:

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

9.1 Taxation reconciliation

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

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

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

10. Earnings per share

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

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

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

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

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

11. Intangible assets

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

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

12. Property, plant & equipment

Property, plant & equipment - Group

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

13. Trade and other receivables

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

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

14. Cash and cash equivalents

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

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

15. Loan to subsidiaries

Company:

	EPL	EPISL	Total
	£	£	£
As at 31 December 2023	200,000	355,801	555,801

Loan drawdowns	331	1,561,845	1,562,176
Repayments	-	(209,776)	(209,776)
As at 31 December 2024	200,331	1,707,870	1,908,201

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

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

16. Investment in subsidiaries

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

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

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

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

17. Trade and other payables - due within one year

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

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

18. Ordinary share capital and share premium

Group

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

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

Company

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

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

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

18. Ordinary share capital and share premium (continued)

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

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

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

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

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

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

19. Warrants & Options

Share based payments reserve

Group & Company

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

19. Warrants & Options (continued)

19.1 Warrants

EnergyPathways Plc

	As at 31 December 2023	Granted	Exercised	As at 31 December 2024
Founder	7,500,000	-	(4,200,000)	3,300,000
Broker:	437,500	-	-	437,500
	75,000	-	-	75,000
	915,000	-	(915,000)	-
Broker performance:	500,000	-	-	500,000
	1,250,000	-	(625,000)	625,000
Advisor	1,579,165	-	(750,000)	829,165
Management	6,000,000	-	(1,250,000)	4,750,000
Warrants total	18,256,665	-	(7,740,000)	10,516,665
Weighted average exercise price - pence	4.0	-	5.0	4.0

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

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

19. Warrants & Options (continued)

19.1 Warrants (continued)

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

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

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

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

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

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

19. Warrants & Options (continued)

19.1 Warrants (continued)

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

<u>Other share based payments</u>

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

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

19. Warrants & Options (continued)

19.2 Options

EnergyPathways Plc

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

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

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

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

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

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

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

20. Related Party Transactions

20.1 Group

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

20.2. Key management personnel

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

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

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

20.3. Company

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

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

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

21. Financial instruments

The Company holds the following financial instruments:

Financial assets

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

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

Financial liabilities

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

22. Financial risk management

22.1. Financial risk factors

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

Risk management is carried out by the executive management team.

a) Market risk

The Group is exposed to market risk, primarily relating to interest rate, foreign exchange and commodity prices. The Group does not hedge against market risks as the exposure is not deemed sufficient to enter into forward contracts. The

Group has not sensitised the figures for fluctuations in interest rates, foreign exchange or commodity prices as the Directors are of the opinion that these fluctuations would not have a significant impact on the Financial Statements at the present time. The Directors will continue to assess the effect of movements in market risks on the Group's financial operations and initiate suitable risk management measures where necessary.

22 . Financial risk management (continued)

b) Credit risk

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

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

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

c) Liquidity risk

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

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

Contractual maturity analysis as at 31 December 2024

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

Contractual maturity analysis as at 31 December 2023

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

22 . Financial risk management (continued)

22.2. Capital risk management

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

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

23. Capital Commitments & Contingent Liabilities

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

24. Ultimate controlling party

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

25. Events after the reporting period

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

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

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

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

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

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

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

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

26. Copies of the Annual Report

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

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