SERICAENERGY

ANNUAL REPORT 2024

CONTRIBUTING RESPONSIBLY TOWARDS MEETING THE **WORLD'S ENERGY NEEDS THROUGH THE SAFE AND EFFICIENT PRODUCTION OF HYDROCARBONS**

WHAT'S IN THIS YEAR'S REPORT

Strategic Report

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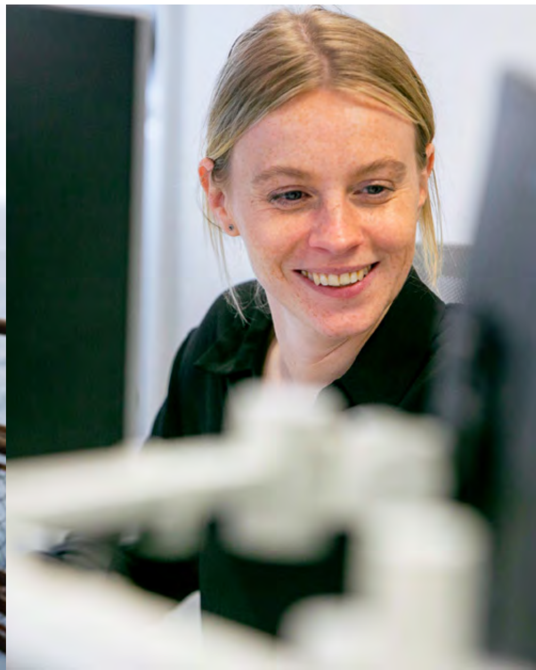
A leading UK North Sea focused company



Serica is proud of its contribution towards the United Kingdom's energy security and economic prosperity, with the Bruce Hub delivering around 5% of total domestic gas production.

The North Sea is of key importance to the economy, sustaining over 200,000 jobs and supporting communities across the UK. Serica alone has spent over £1 billion with British companies, and paid over £500 million in corporate taxes since 2021, a contribution that can continue for many years to come with an appropriate fiscal and regulatory environment.

Who we are and what we do

Production from two major hubs supports material cash generation and shareholder returns for years to come

Even split of oil and gas, with **Bruce Hub gas c.5% of UK total production**

Focused on safety and operational delivery

Successful drilling programme at Triton with production enhancement and cash to come

Embedded ESG culture and transparent reporting

Material 2C resources, with the clear potential to convert to reserves

Robust balance sheet **supporting growth and returns**

A balanced and diverse portfolio with growth potential

200+

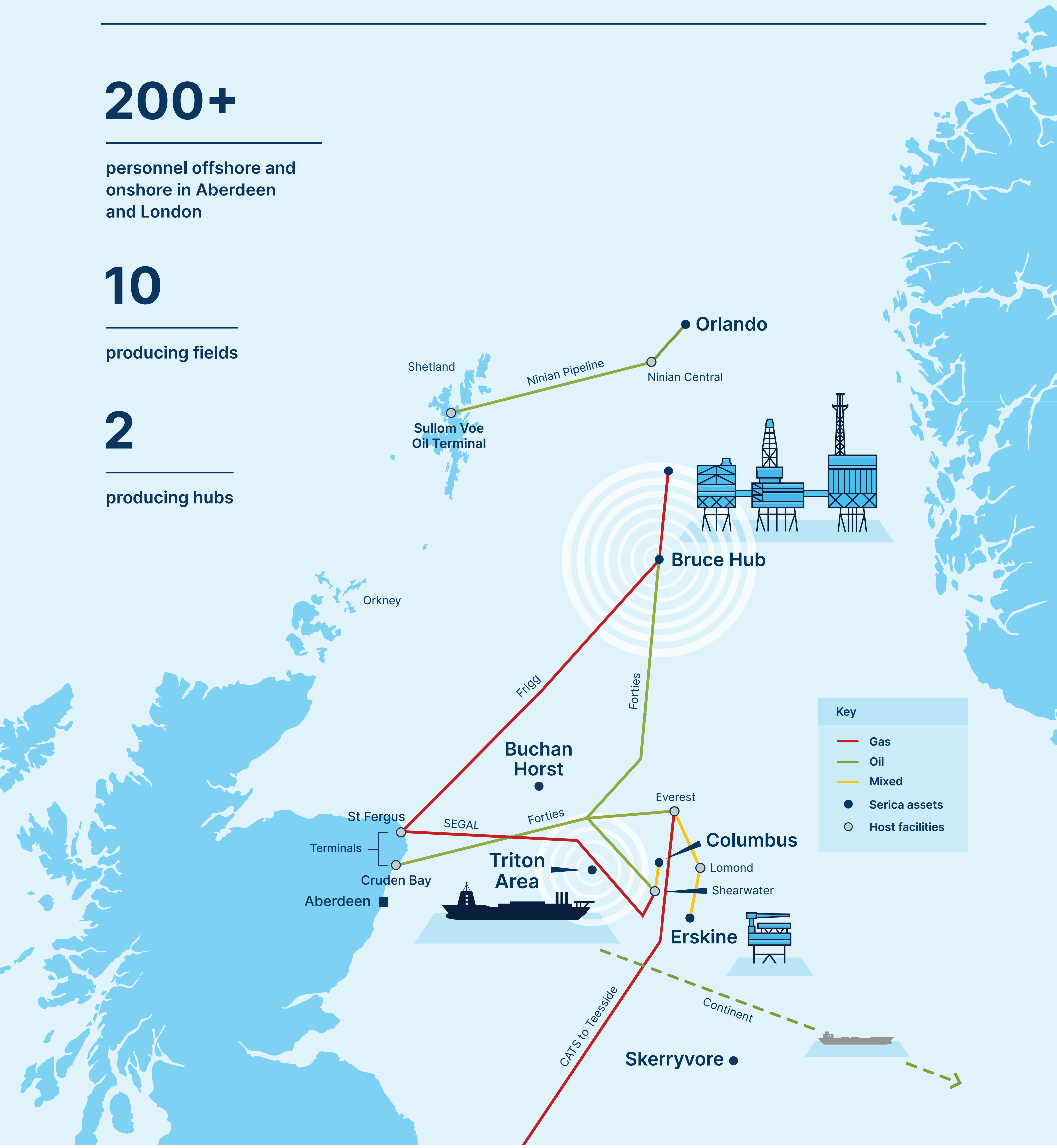
personnel offshore and onshore in Aberdeen and London

10

producing fields

2

producing hubs



CHAIR'S STATEMENT

> **"Serica is well positioned in the current environment,** primed to take advantage of the opportunities ahead"

Dear Shareholder

I am pleased to introduce my second set of results as the Chair of Serica Energy. 2024 was a year in which we accomplished a great deal, but it was not without its challenges both internally and externally. It was a year in which we delivered a tremendously successful drilling programme, but we experienced unplanned outages that hit our production, and of course meant that our revenues did not benefit as they should have done. It was also a year in which uncertainty about government policies dominated the political landscape for operators in the UK North Sea, something on which there have been recent tentative signs of changing for the better. During the year, we also saw a significant change in the management team, and I am confident that we have the right team to drive the Company forward and thrive in the face of current challenges.

UK political challenges

The adverse impact of multiple increases and extensions to the Energy Profits Levy ('EPL') in the last few years can be seen in the decline of production and activity in the UK North Sea. During 2024 the new Labour Government was formed, promising a further increase in the tax burden for UK oil and gas producers further eroding investor confidence in the long-term prospects of the basin. Although a small increase in the overall tax rate to 78% did materialise, the government listened to the industry's representations and preserved 100% first-year tax allowances for capital investment. This was essential with the alternative being a rapid curtailment of a valuable national resource.

The energy debate is sometimes posited as a choice between domestically produced oil and gas and renewable sources. The fact is that the UK needs all of the above. Homegrown oil and gas supports quality jobs in our communities, enhances the UK's security, enables an equitable energy transition, and generates government tax revenues. Serica alone has paid over £500 million of tax during the last five years.

Between now and achieving net zero in 2050, the Climate Change Committee's energy transition pathway estimates that the UK will need 13-15 billion barrels equivalent of oil and gas, during which period the UK is projected to import more than half its essential oil and gas requirements. Although production from the UK North Sea is in decline, the steepness of that decline is in part due to government policies over recent years. Of the barrels that the UK needs, only an estimated four billion are set to be produced in the North Sea, worth an estimated value of £200 billion to the UK economy. This figure could rise to seven billion barrels with supportive fiscal and regulatory frameworks in place, generating a further estimated £150 billion for the UK. Oil and gas in the UK North Sea remains a very valuable national resource and it is common sense to prioritise its exploitation over imports.

At the time of writing, the UK Government has recently launched two formal consultations on UK North Sea licensing and taxation. In addition, we await the outcome of the consultation on guidance for Environmental Impact Assessments for new projects. The combined impact of these three processes will be pivotal in determining the future of the North Sea and we hope that the government pursues policies that are consistent with, rather than effectively negate, the decision to retain full first-year tax allowances for investment.

I am proud of the role Serica is playing in the country's energy debate. We have been and will continue to be at the forefront of the industry in speaking up in favour of homegrown oil and gas. A Town Called Bruce, the film we helped create with the GMB, illustrated the positive impact that we and our peers have on jobs and communities throughout the UK. As someone who has spent over three decades in the industry, I found the film both moving and inspiring. My thanks go to all those who contributed to creating the film. It can be found on our website and I thoroughly recommend a watch.

Heading into 2025, I am more positive on the direction of government policy than I was a year ago, but we are not out of the woods yet.

A new phase of Serica Energy, with a new team

We continue to remain prudent in how we allocate capital, and indeed are adjusting our framework in this regard with these results, focusing our capital spend where we see investment in our organic portfolio delivering rapid returns. Early production from the first two wells of the five due to be drilled in the Triton area has delivered excellent technical results and is a testament to our team's capabilities. A key focus is now on working with the operator of the Triton FPSO to make sure that we translate the excellent subsurface performance into sustaining strong production and cashflow.

Serica is continuing to evolve as a company. We started with our AIM listing some 20 years ago this year, with a very small team, trying and succeeding in growing the Company through innovative transactions. We are now moving into a new phase where we are cementing ourselves as a proven operator, focused on safety, operational delivery and GHG emissions reduction, and looking for other opportunities to become the operator of more assets, diversifying our portfolio and making it more robust, while retaining a balanced commodity mix. In this respect, it is fitting that we are also looking to move our listing to the main LSE market later this year.

As we move into this phase, the Board was delighted to appoint Chris Cox as CEO. Chris joined in July, bringing the experience of running a multi-asset business, understanding the necessary maintenance of similarly mid-to-late life fields, and delivering organic growth and building companies.

As we seek to grow further, we were also very pleased that Martin Copeland joined the business as CFO. Martin has the ability, energy and experience to identify and execute value-accretive M&A transactions, with the Parkmead acquisition an excellent example of a small but smart transaction, to optimise and deliver value from our portfolio. The importance of increasing our scale, but above all the diversification of our sources of production and revenue base, has been made only more apparent given the operational challenges we witnessed in Q4 2024 and the early part of 2025. We are continuing our drive for further diversification of our asset base, which we believe will allow us to deliver a more predictable and reliable financial performance – but we will only transact if we are convinced that doing so will deliver value to Serica's shareholders.

Building a stronger company

There remain challenges ahead, but I am confident that Serica is in a stronger position today than at any other point in its history. We have assets with the potential to generate significant cash, an attractive production mix of oil and gas, and a highly experienced management team and board, with a strategy of optimising mid-to-late life assets in a way that has the potential to deliver significant shareholder value.

34,600

boepd production in 2024

19p/share

total dividend relating to 2024
(paid and proposed)

We continue to be very active in pursuing multiple M&A opportunities in both the UK North Sea and other geographies, firmly focused on deals that we believe will be accretive to shareholder value. As we seek to diversify and further strengthen the Company, we intend to retain a strong balance sheet to keep us resilient to uncertain future events, with the expectation of material cash generation going forward and multiple organic opportunities in which to allocate capital. Our confidence in our future prospects supports the ongoing payment of a substantial dividend, and the Board is pleased today to confirm a final distribution in respect of 2024 of 10 pence per share, bringing the total dividend for 2024 to 19 pence per share and overall shareholder distributions equivalent to 23 pence per share, in line with returns related to the 2023 financial year, when we also factor in the inaugural share buyback executed during the year

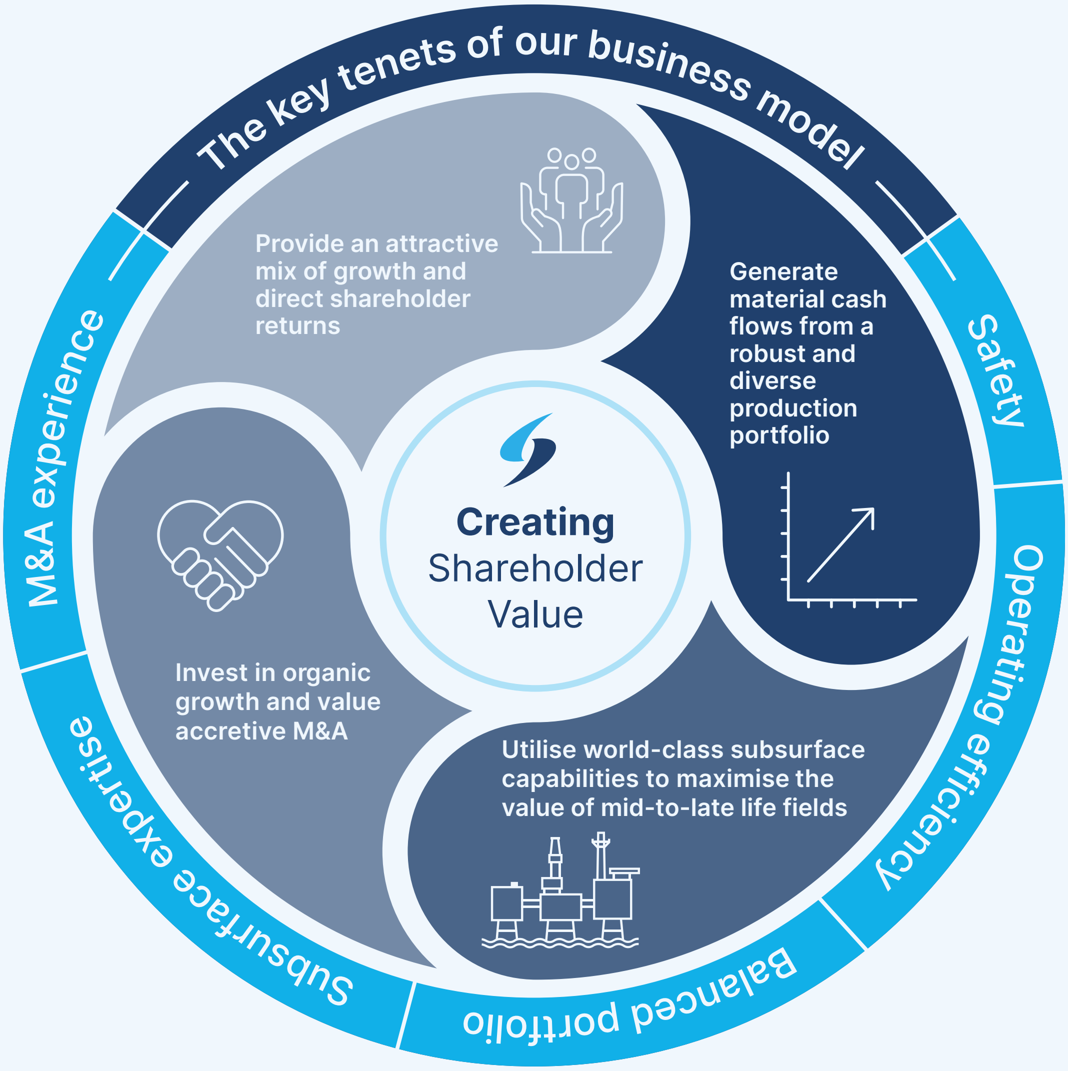
The prudent rebalancing of our dividend reaffirms our commitment to material direct shareholder returns, takes into account the deferred revenues due to operational issues in 2024, and ensures that we retain liquidity to take full advantage of the many organic and inorganic opportunities ahead. As we do this, work is ongoing regarding a potential move from the AIM, which would increase our visibility and bring our investment story to the widest possible pool of investors. Serica is well positioned in the current environment, and I firmly believe that the best is yet to come.

David Latin
Chair
31 March 2025

Our business strategy

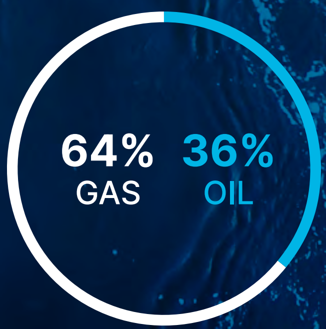
Serica's strategy supports our goal of delivering value to shareholders through a mix of share price growth and direct shareholder returns

A proven strategy for the creation of shareholder value

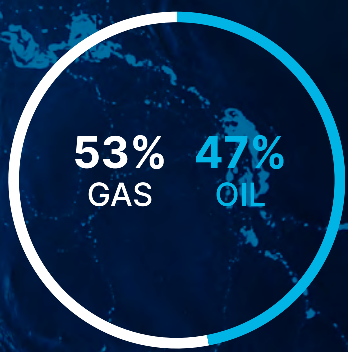


Serica specialises in generating shareholder value from mid-to-late life assets, with subsurface expertise able to unlock reserves and optimise production in order to extend the life of fields.

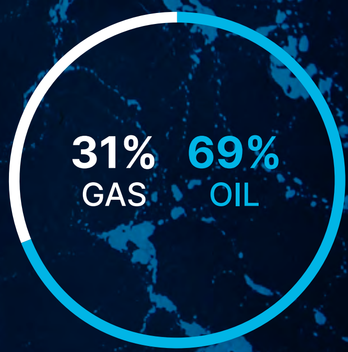
With a focus on safety, Serica aims to operate fields efficiently across an increasingly diverse portfolio, with a mix of oil and gas, delivering growth and resilient cash generation that supports long-term shareholder returns.



Production
34,600 boepd



2P reserves
117.5 mmboe

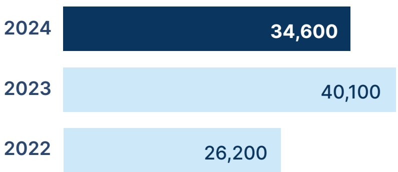


2C resources
88.7 mmboe

Key performance indicators

Key performance indicators ('KPIs') provide measurable benchmarks that allow stakeholders to assess strategic progress and the health of a company. Our revised KPIs offer a clear view of how well Serica is achieving its goals, and sum up progress in core areas at a glance.

Production
(boepd)



Definition

Production is measured in barrels of oil equivalent produced per day, with gas production converted accordingly.

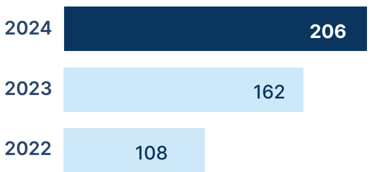
Relevance

Production from Serica fields constitutes the source of all revenue generation, and illustrates the performance of both the subsurface and facilities.

Performance in 2024

While the first few months of 2024 saw robust production, issues with the gas compressor at Triton resulted in downtime in both May and the second half of the year. This reduced operational efficiency outside planned maintenance at Triton to 58% from 80% in 2023. Pump failure at the Bruce Hub in Q4 also impacted the overall production figure, and resulted in a decline year-on-year despite positive early results from the Triton drilling programme.

Reserves and resources
(mmboe)



Definition

Comprises proven and probable reserves (2P) and the best estimate of contingent resources (2C).

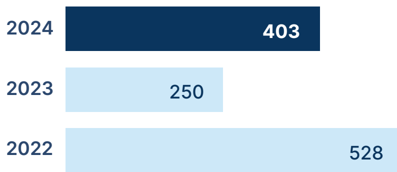
Relevance

Illustrates long-term sustainability of Serica's production, and potential within the portfolio. Serica aims to extend the life of mature hydrocarbon fields through utilising our subsurface expertise to identify resources and then convert them to reserves, maximising life of field production. The Company also aims to add barrels through acquisition.

Performance in 2024

Serica's assets contain 117.5 mmboe of oil and gas 2P reserves net to the Company as of 31 December 2024, with a broadly even split between oil and gas. The reduction in reserves reflects production of 12.0 mmboe in 2024, as well as the result of a reassessment of well performance and opportunities across the portfolio, notably reserves relating to the potential SCE/SCW infill wells on BKR reducing by 9.5 mmboe. With the addition of 30 mmboe from The Greater Buchan Area, and other prospects across the portfolio being high-graded, 2C resources increased significantly from 21.5 mmboe to 88.7 mmboe.

Cash flow from operations after tax
($ million)



Definition

Cash generated from operations, less current tax, excluding adjustments in respect of prior years.

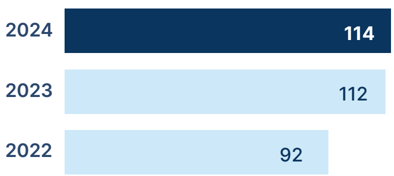
Relevance

Illustrates Serica's operational cash flow and financial performance in a high-tax environment, representative of the cash generation of the business prior to discretionary decisions regarding capital allocation.

Performance in 2024

Despite operational issues at the Triton FPSO impacting production and revenues, cash flow from operations after tax increased on the prior year to $403 million in 2024, as a result of a significantly lower current tax charge in 2024 due to group relief effects resulting from the Q4 Triton performance.

Shareholder returns
($ million)



Definition

Return of capital to shareholders via dividends attributable to the calendar year, and share buy-backs.

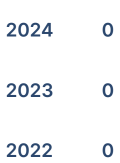
Relevance

Serica aims to offer shareholders a mix of growth and returns, and is committed to returning value to shareholders through a reliable and sustainable dividend, supplemented by share buy-backs. The level of returns illustrates underlying performance and cash flow prospects.

Performance in 2024

Serica announced a 2024 final dividend of 10 pence per share, equating to an estimated $50 million. This reflects confidence in future cash flows, while prudently rebalancing our capital allocation approach to give us increased flexibility over the medium-term to allocate capital to the areas where it will deliver best value for shareholders. The adjustment will allow us to invest in the exciting drilling and development programmes in our portfolio and be opportunistic in accretive M&A, all while retaining our highly competitive shareholder distributions.

Lost time incident rate
(per million hours)



Definition

Any work-related injury at operations under the direct control of Serica's management system which results in a person being unfit for work on any day after the day of occurrence, measured in number of LTIs per million man hours worked.

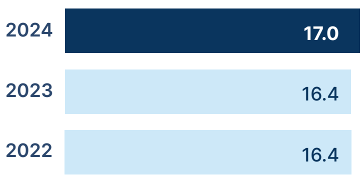
Relevance

HSE is of primary importance to Serica, and the Company aims for continuous improvement of our HSE performance, providing a safe working environment for our staff.

Performance in 2024

We were pleased to report another year meeting our aim of zero LTIs. This does not mean that we are complacent, and Serica has put in place and is already activating a detailed Process Safety Improvement Plan for 2025.

Carbon intensity
(kgCO_2/boe)



Definition

The amount of CO_2 emitted per unit of hydrocarbon produced, reported as kilograms of CO_2 per barrel of oil equivalent (boe) exported from the Bruce platform.

Relevance

Serica contributes responsibly towards meeting the UK's energy needs through the energy transition, producing oil and gas with emissions below the North Sea average. For 2025, the company has set a net producing portfolio target of <20 kgCO_2/boe.

Performance in 2024

Scope 1 emissions from the Bruce installation totalled 200,221 tonnes of CO_2, the lowest level of operating emissions over the last six years, except for 2023, when an extended summer shutdown for planned maintenance caused a significant drop. An ambitious carbon intensity target of 15.5 kg CO_2/boe for the Bruce installation in 2024 was narrowly missed due to plant instability in the latter half of the year, with the carbon intensity being 17.0 kgCO_2/boe, still below the UKCS average of 21 kg CO_2/boe (NSTA).

Having joined Serica in July, it would be fair to say that there have already been some ups and downs, and a couple of things that have surprised me.

The first is the quality of the subsurface properties of our asset base. The number, and quality, of the opportunities for drilling more wells and accessing reserves at both BKR and in the Triton area is exceptional given the maturity of the assets and the fact that they have been operated in the past by major companies.

I have also been delighted with the team that we have in place to mature and deliver these opportunities. We effectively have the best of both from Serica and the team acquired from Tailwind, some of whom I was delighted to know from when I worked with them at BG. They are great at what they do, with the right people in the right roles, deploying key technologies in the right way, and they can be a real differentiator going forward. The tremendous results of the Triton drilling campaign illustrate what can still be achieved in delivering growth in our basin.

Of course, what we have not seen to date is our high-quality subsurface assets delivering appropriate production, cash flows, and in turn value to our shareholders. This has been disappointing and, put simply, our assets are not producing what they could be.

While the majority of these issues have been on Triton, where Serica is not the operator, we are doing everything we can to work with the operator to ensure, as far as possible, that the issues that have caused the poor uptime of the FPSO do not happen again. The value we have created through the drill-bit is very much there, but it is being left in the ground, and we need to, and will, do more to stop this from happening.

Delivering value from mid-to-late life assets

Serica has the ability to continue delivering value from our portfolio of mid-to-late life assets, and the team is working hard to strengthen further a culture of performance excellence. This starts with safety, and everyone taking pride of ownership of their sphere of influence. The leadership team is totally committed to the safe running of operations, and we firmly believe that excellence in this area will also help deliver the production performance of which our asset base is so clearly capable.

This aspect was the other main surprise to me on coming into the Company – just how much more can be achieved from our current asset base if it can be made to run to its true potential. To date, there have been too many outages at Triton, and at BKR there is also very much the potential to do more and to optimise production. But this is a good problem to have – it is clearly far preferable to have a positive subsurface, with work to be done on facilities, than it is to have great facilities and bad rocks. We know the issues we face, and how to fix them – in contrast, you can't fix what nature has dealt you under the ground.

I have spent most of my career dealing with and managing the challenges of mid-to-late life assets, and it is not always straightforward. Facilities are designed to handle a particular flow rate and a particular type of fluid at a particular pressure, and these change over time. By the time they get to late life, fields are often producing a fraction of the fluid volumes for which they were designed, a lot of water may be coming through, and lower pressures mean facilities don't perform in the same way. These assets need care and attention, including detailed, well-planned and executed maintenance programmes. The operator needs to get the basics right, make sure everything runs within appropriate and optimised parameters, replace what is needed before it fails, and it is then entirely possible to ensure that the facilities are able to run safely and efficiently often well past their original design lives. This is hard, focused work but it is deliverable. We have the hydrocarbons, and we have the potential to continue supporting UK North Sea production for many years to come.

As part of our drive to increase reliability and performance, we are refining our structure in terms of operational roles and making sure the right people are laser focused on the right things. Amongst other high-quality appointments in key strategic roles, we are set to take on a Production Optimisation Manager imminently, tasked with helping to convert the subsurface quality into optimised production and cash flows.

The Triton area drilling campaign is a great illustration of the quality of our people. We have completed four wells out of five on Triton, with four positive results, and we will work hard to get the facilities functioning as they should to deliver this new production reliably. Given the age of the fields, to have multiple wells come in that exceed pre-drill expectations and produce clean oil really is a fantastic outcome. We are confident that the fifth one to come, Belinda, will also be a good well, and we are excited by the value that could be unlocked now that the same subsurface team is turning its attention to the wider portfolio.

Opportunities ahead

We have announced today a material increase in our 2C resources to 89 mmboe, and the work done on our BKR hub to identify opportunities is not yet complete. At BKR our initial focus is on Bruce. Re-processed 3D seismic data is helping to unlock Bruce potential, and the team has built the first full field subsurface map and 3D simulation model. We have already identified multiple drilling opportunities, and while not all of those will turn out to be economic, as we do more work on them and run simulation models, we will high-grade the opportunity set throughout this year to create options for 2026 and beyond. No new wells have been drilled on Bruce since 2012 and new techniques and technologies can help access previously undrained and untargeted areas, and I look forward to updating you on our plans for BKR as they come together later in the year.

Given the ongoing lack of clarity over the long-term fiscal regime pending the outcome of the current consultations, our focus is largely on maturing possible infill drilling programmes, where these promise a similarly rapid payback to our Triton area drilling campaign. The retention of first year allowances in the Autumn Budget has allowed us to accelerate spend on resilience enhancement measures at both the Bruce Hub and on the Triton FPSO, and the Flare Gas Recovery project at Bruce qualifies for the decarbonisation allowance, meaning its c.$10 million cost will be more than fully offsetable against our tax liability. This will help our ongoing efforts regarding GHG emissions, with our carbon intensity from Bruce of 17.0 kgCO_2/boe in 2024 remaining below the UKCS average of 21 kg CO_2/boe.

However, should the government provide clarity on a long-term fiscal and regulatory environment that supports the UK North Sea in providing a homegrown solution to the UK's hydrocarbon demand, then we have larger projects in the portfolio with the potential to deliver organic growth that would offset natural decline in our portfolio into the next decade.

Our next development project could be Kyle. Kyle is a redevelopment of an old field that was abandoned because its host infrastructure was removed. We were awarded the licence in the 33rd licence round run by the last government in October 2023, and it is a classic example of the kind of hidden potential that we hope the ongoing licensing consultation will address. Kyle was a new licence for us, but it has discovered hydrocarbons able to add material value to an existing hub, and we very much hope that the government will continue to allow new licences in similar circumstances. Kyle is very close to Triton and can be easily tied back via a single well development with the potential to convert over 11 mmboe of 2C resources into reserves. Wells in the reservoir have produced oil from it in the past and were still producing when the field was abandoned. Beyond Kyle, we have options in the Buchan Horst redevelopment, and what we hope to be multiple further exciting drilling opportunities around Bruce.

Resilience through diversification

As we seek to deliver organic growth, further asset diversification would also be a real positive for us, reducing the extent of our vulnerability to any future operational issues at one of our two main hubs. The chance to achieve further diversification from our existing portfolio is therefore attractive, while we continue to seek meaningful additions through M&A. Our current focus is on the UK, where we are well placed to act as a consolidator in what remains a buyer's market. The soon to be completed Parkmead E&P acquisition was a small deal but one that adds real value to Serica. We think there is more to come in the UK. We are also keen to find value creating opportunities to provide geographical diversification that, despite the improving tone of government policy signals, will reduce our dependence on a single political jurisdiction.

As we continue to run the rule over multiple opportunities, we will also take care of our base business and make sure that our assets run better than they clearly have in 2024 and 2025 year to date and realised the value of our current portfolio. To realise our ambitions in M&A, we are aware that we need to prove to our shareholders that we are a top-tier operator who can be trusted to utilise your capital to deliver value from other assets. And we will.

Material cash generation

With all assets producing, our portfolio is capable of delivering well over 50,000 boepd on any given day. Issues at Triton during the first quarter which, albeit different, compound on the challenges of Q4 2024, mean that we have been a long way from our production potential in the first quarter, and our production guidance for 2025 has today been set at a revised range of 33,000 to 37,000 boepd. Given the potential flow rates, a period of stable production will help us to strive for the top end of this range.

With a robust gas price and stable oil price, and our sizeable carried forward loss position at Triton providing a tax shelter from Corporation Tax and Supplementary Charge, we are confident that future production can deliver material free cash flow. This should enable us to fund our organic growth prospects, while also allowing us to continue delivering healthy returns to our shareholders.

Chris Cox
Chief Executive Officer
31 March 2025

> "Our work has delivered a **material upgrade in resources,** with the clear potential to move them from 2C to 2P as work continues to mature opportunities"

Reserves and resources

Serica's assets contained 117.5 mmboe of 2P oil and gas reserves net to the Company as of 31 December 2024 (31 December 2023: 140 mmboe), with a broadly even split between oil (55.1 mmboe) and gas (62.4 mmboe). 2P reserves include, for the first time, 5.6 mmboe of gas that will be produced to fuel production assets.

As at 31 December (mmboe)*	2P 2024	2P 2023	2C 2024	2C 2023
Bruce Hub	**69.8**	84.1	**33.3**	21.3
Triton Hub	**41.8**	49.1	**16.4**	-
Other Production Assets	**5.9**	7.1	**9.0**	9
Greater Buchan Area	**-**	-	**30.0**	-
Total	**117.5**	140.3	**88.7**	30.3

* boe figures have been determined using field specific calorific values for gas. The methodology has been updated from previous years, which used an industry standard conversion factor for gas from all fields

The reduction in reserves reflects production of 12 mmboe in 2024, as well as the result of a rigorous reassessment of well performance and opportunities across the portfolio. This, combined with the continued uncertainties of the fiscal and regulatory backdrop, resulted in the deferral of planned drilling of the SCE/SCW wells on BKR, with 2P reserves reduced by 9.5 mmboe. However, the same technical reassessment has high-graded other potential prospects, albeit not to a level of maturity necessary to constitute reserves as at 31 December 2024.

The result of the subsurface work undertaken in 2024 has though delivered a material upgrade in resources, with the clear potential to move a proportion of these from 2C to 2P as work continues to mature opportunities towards investment decisions. We are now reporting 88.7 mmboe of 2C resources (31 December 2023: 30.3 mmboe), of which the Greater Buchan Area, into which our farm-in transaction completed in February 2024, comprises 30.0 mmboe. Notable other opportunities across the portfolio include the addition of 11.1 mmboe relating to the Kyle redevelopment, and work at Bruce has resulted in the Company booking an additional 11.8 mmboe of 2C resources – with work ongoing that has the potential to see this figure increase further and/or be converted to reserves.

The Company continues to pursue a returns-led approach to organic investment, investing in its assets to add value through increased production, decarbonisation through reduced emissions, and the extension of field life. The current work programme, with its focus on the five-well Triton drilling campaign, has the ability to sustain production above an annual average of 40,000 boepd well into 2026. Plans for the resumption of drilling around BKR, and potentially the redevelopment of Kyle and Buchan Horst, can boost reserves, increase production, and further illustrate our ability to identify value-adding opportunities in a mature basin, and in turn create significant shareholder value.

Production net to Serica (boepd)

	2024	Pro forma 2023
Bruce Hub	**19,800**	19,100
Triton Hub	**9,000**	14,100
Other Assets	**5,800**	6,900
Total	**34,600**	40,100

Bruce Hub

Bruce Field – Blocks 9/8a, 9/9b and 9/9c, Serica 98% and operator
Rhum Field – Blocks 3/29a, Serica 50% and operator
Keith Field – Block 9/8a, Serica 100%

Production at the Bruce Hub averaged 19,800 boepd in 2024, a small increase on 2023. Production was robust in H1, with the Bruce Hub averaging 23,400 boepd ahead of the summer maintenance programme. Q4 was then impacted by a short period of unscheduled downtime on the Bruce platform, related primarily to a subsea intervention and consequent pause in production necessary to ensure enhanced longer-term production reliability on the Rhum field.

On a field level, the Bruce Hub 2024 LWIV campaign undertaken with the Helix Well Enhancer was successfully completed in May, and the summer programme of Bruce field platform work included a range of activities designed to enhance production as well as routine integrity monitoring. Production at Bruce averaged 6,000 boepd in the year (2023: 6,500 boepd).

A number of minor projects are set to be undertaken in 2025 which will help improve resilience and efficiency, all managed by our soon to be appointed Production Optimisation Manager, helping to maximise the performance of BKR.

Looking further ahead, extensive subsurface work is ongoing to identify and rank opportunities for infill drilling. A number of opportunities have been uncovered, not all of which are included in the 2C resources of 33.4 mmboe now booked on Bruce. Work will continue to high-grade these prospects and deliver a drilling programme, with the potential for drilling to resume on the field from late 2026, which would be the first since 2012.

The Rhum field produced consistently and in line with expectations, with minimal capital work, in the first half of 2024. Necessary subsea intervention work to install a hydraulic override tool and address an issue with the R3 well resulted in Q4 not meeting our expectations. Average field production in 2024 totalled 13,800 boepd (2023: 12,500 boepd) of gas net to Serica. Limited capital expenditure is expected at Rhum in 2025, with well scale removal to improve well delivery under consideration.

Work in H1 2025 is focused on improving production rates, with an operational failure on the productive R3 well impacting production in March from the field. Work to increase resilience will now be undertaken ahead of the resumption of production from the K1 well on the Keith field, which has not produced since 2022.

The annual maintenance shutdown at the Bruce Hub will take place in Q3 and is scheduled to last for 12 days.

Triton Hub

Bittern 64.63%, Evelyn 100%, Gannet E 100%, Guillemot West & North West 10%, Belinda 100%

The Triton Hub experienced a mixed 2024 – where positive subsurface results were achieved from infill well drilling, but production was disappointing due to a number of unplanned outages that resulted in a year-on-year average production decline from 14,100 boepd to 9,000 boepd.

The first shutdown in May followed a trip on the single gas export compressor that was available, a weakness that continued throughout 2024, causing another significant outage in Q4 commencing from 26 October. Production was also adversely impacted by the summer shutdown for annual maintenance work on Triton overrunning by three weeks.

Unfortunately, problems have continued into the start of 2025, as issues resulting from Storm Éowyn caused production to be suspended at the end of January. Safety critical maintenance was scheduled following damage to a storage tank, and then integrity issues were discovered in pipework which is used to inject inert gas into the cargo tanks. Following an investigation into the causes, Dana inspected all piping and valves in the inert gas/gas free venting system to the cargo oil tanks, resulting in a more significant work scope being undertaken to replace whole sections of pipework in this system on the FPSO.

In order to reduce overall downtime this year, following discussions with Dana, the decision was made to bring forward the scheduled summer maintenance programme and carry it out concurrently with the ongoing work. Through integrating the work programmes it removes the downtime inherent in shutting down and restarting the plant for a separate maintenance period, which alone adds around two weeks of production potential. The work scope for the maintenance programme has been optimised to fit the current schedule, and production is expected to resume in June and then have no planned downtime for the remainder of the year.

Immediately prior to this late-January shutdown, production from Triton achieved rates of 25,000 boepd net to Serica, with production from wells at Guillemot North West and Evelyn still to come. An amendment to the mode of operation in start up of the gas export compressors appears to have solved the repeated issue with the gas seal system that impacted 2024. The second compressor will also be brought into commission once the FPSO is back up and running and this, together with the current work being completed, should help to deliver more consistent and reliable uptime, and hence production rates, going forward.

Serica continues to work closely with the operator, Dana, to ensure that maintenance work is delivered in a way that will see enhanced reliability at Triton. Serica employees have been reviewing the plans of the operator's team, which has itself been enhanced in recent months. Discussions also continue with Dana regarding options for the future of the FPSO, with a view to securing a lasting improvement in the operating performance. As confirmed by a third-party review undertaken by the engineering firm Kent, the FPSO itself is structurally sound, with no material issues found with its key systems, those being the double hull, turret or swivel, and with continued and timely maintenance the Triton FPSO has the potential to produce to 2035 and potentially beyond.

The outages have meant that Serica's production has not yet truly benefitted from the tremendous results of the first wells in the five-well Triton drilling campaign.

The first well completed was the B6 horizontal well (a sidetrack from the B1 well) on the Bittern field, which entered production in September at a rate of over 5,000 boepd net to Serica. This very positive result was then followed by the Gannet GE05 well, which was tied in to the Triton FPSO on 25 October, under budget and ahead of time, and was brought onto stable production at a rate of over 6,000 bopd after the late 2024 outage period, in January.

The outage of the FPSO in Q1 2025 did not adversely affect the drilling work. The W7Z well on the Guillemot North West field is set to be brought onto production following the resumption of production on the FPSO, and the EV02 on the Evelyn field, drilled on time and under budget, is set to follow shortly after restart. EV02 has shown similarly promising signs to the other wells in the campaign, a further endorsement of our subsurface team's ability to enhance production and deliver value from mid-to-late life fields.

The COSL Innovator rig has now moved to drill the final well in the campaign, the BE01 well on the Belinda field (SQZ: 100%). Drilling began on 20 March and the well is forecast to enter production in early Q1 2026, following the drilling and installation of subsea infrastructure required for Belinda as a new field development.

Other Production Assets

Erskine Field – Blocks 23/26a (Area B) and 23/26b (Area B), Serica 18%

Erskine averaged 1,200 boepd net to Serica in 2024 (2023: 1,325 boepd), in what was very much a year of two halves. Production issues during H1 2024 led to production averaging 500 boepd net to the Company, following a compressor problem on the host Lomond platform. Production was re-established in early May, but taken offline shortly thereafter for the planned Lomond turnaround. Since the restart of production on 26 August, the field produced consistently at a rate of well over 2,000 boepd net to Serica. A late life compression project to extend the life of the field is planned to be carried out this year.

Columbus Field – Blocks 23/16f and 23/21a (part), Serica 75% (operator)

During the first half of 2024, Columbus production was steady, averaging 1,800 boepd net to Serica in H1. Following maintenance in Q3, which resulted in no production in that quarter, production resumed in October, averaging 2,000 boepd in Q4 and 1,400 boepd for 2024 as a whole (2023: 2,180 boepd).

Orlando Field – Block 3/3b, Serica 100%

Orlando produced steadily in 2024, averaging 3,300 boepd net to Serica (2023: 3,500 boepd). Production has also begun steadily in Q1, ahead of a scheduled shut-in of 28 days, originally planned for late October for annual maintenance on its host platform Ninian, which began in March 2025.

Development

Kyle Redevelopment (P2616), Serica (Operator) 100%

The Kyle Redevelopment, located in Block 29/2c, is a previously producing oilfield, 20 km southeast of Triton, which was shut-in in 2020 solely due to the decommissioning of the Banff FPSO host facility. Kyle presents a potential redevelopment opportunity with a single horizontal well tied-back to Triton via Bittern, similar to other Triton tie-backs.

Ongoing technical work since Serica was awarded the licence in the 33rd Licence Round in October 2023 has led to an enhanced understanding of the subsurface, and our work to date has upgraded the Company's view of the potential of the asset. Subsurface and front-end design work tenders are now set to be issued later this year. With the appropriate fiscal and licensing environment, there is the potential for first oil in 2028 on a project that could be approximately twice the size of Belinda, carrying over 11 mmboe of 2C resources.

Greater Buchan Area – Blocks 20/5a, 205d, 21/1d & 21/1a, Serica 30%

In February 2024 Serica completed the acquisition of a 30% working interest in the Greater Buchan Area ('GBA') licences P.2498 and P.2170 with co-venture partners Jersey Oil & Gas (20%) and NEO Energy (50% and operator). The GBA encompasses several proven oil and gas accumulations – including Buchan Horst – and exploration prospects, some 150 km north-east of Aberdeen in the Outer Moray Firth.

Buchan Horst is one of the largest remaining undeveloped fields on the UKCS, with an estimated 22.7 mmboe of 2C resources net to Serica, and the potential for 10,000 boepd peak net production. The development project would support an estimated 1,000 jobs in the UK and includes the possibility of powering the facilities from offshore wind to achieve UKCS leading low carbon emissions.

The viability of the project depends in large part on the future UKCS fiscal and regulatory regimes which are currently subject to government consultations.

Exploration assets

Skerryvore – Blocks 30/12c (part), 30/13c (split), 30/17h, 30/18c and 30/19c (part), Serica 70% working interest and operator

The P2400 Licence is located in the Central North Sea, 60 km south of the Erskine field. Serica will take on the operatorship of the asset on completion of our acquisition of Parkmead's 50% holding in the licence, with CalEnergy holding the remaining 30%. The commitment work programme includes drilling an exploration well on the Skerryvore prospect by the end of September 2025. However, given the lack of clarity regarding the future fiscal and licensing regime, the joint venture has applied for an extension to the licence period.

"The UK's domestic oil and gas industry can be **a crucial bridge to the future** – boosting energy security, generating home-grown jobs and supporting an offshore supply chain that services all sources of energy"

Serica worked collaboratively with a variety of stakeholders to support positive change and progress in key areas. These included our partners, peers, industry bodies, suppliers, government, and regulators.

Introduction from the CEO

At Serica, we want future generations to benefit from the global energy transition. It is our firm belief that the UK's domestic oil and gas industry can be a crucial bridge to that future – boosting energy security, generating home-grown jobs and supporting an offshore supply chain that services all sources of energy.

We are playing our part in the energy transition through a commitment to the North Sea Transition Deal, reducing GHG emissions from our assets, transparent reporting of ESG performance, supporting the development of new energy technologies and positively influencing the wider industry.

I am proud to be leading a company with clear values, with the importance of acting in the right way prevalent throughout the organisation. I am pleased to reaffirm our commitment to these values, retaining positive ESG performance as a key indicator of our success as a business, as we continue to help meet the world's energy needs through the safe and efficient production of hydrocarbons, supporting the communities in which we operate.

Our 2024 ESG Report is part of our commitment to transparent reporting which I encourage you to read.

A year of progress

2024 was another important year in our ESG journey.

We are aligned to the North Sea Transition Deal, a deal backed by the UK Government, regulator and industry to reach a net-zero UKCS basin by 2050, with interim targets to reduce CO_2 emissions by 10% by 2025, 25% by 2027, 50% by 2030 and 100% by 2050 from the 2018 baseline. Our contribution to this basin-wide emissions reduction target from our operated Bruce Hub at the end of 2024 is a reduction of 21% relative to 2018 on a CO_2 basis. To continue this momentum, during 2024 we progressed key projects in our emissions reduction plan, namely a major gas compression upgrade and the first project phase of flare gas recovery. These projects are expected to be delivered in 2025 and 2026 respectively.

In 2024, our scope 1 emissions from the Bruce installation totalled 200,221 tonnes of CO_2, the lowest level of operating emissions over the last six years, except for 2023. During 2023 the installation was subject to an extended summer shutdown for planned maintenance. We also set an ambitious carbon intensity target of 15.5 kg CO_2/boe for the Bruce installation in 2024. Unfortunately, as a result of plant instability in the latter half of the year, this target was narrowly missed, with the carbon intensity being 17 kgCO_2/boe. This was still below the UKCS average of 21 kg CO_2/boe ('NSTA').

2025 will be another important year for Serica as we plan to deliver several emissions reduction projects on the Bruce installation. In particular, successful implementation of the gas compression upgrade project has the potential to reduce carbon emissions by 10,000-15,000 tonnes per year on a like-for-like production basis.

To ensure continued focus on operational environmental performance, the Serica Board has set the following 2025 Key Performance Indicators:

1. BKR Scope 1 emissions <210,000 tonnes of CO_2
2. Company carbon intensity (net) <20 kgCO_2/boe

	2024	2023	2022	2021	2020	2019
CO_2 emission (tns)	200,221	179,447	218,567	208,868	204,648	241,503
Carbon Intensity (kgCO_2/boe)	17.0	16.4	16.4	17.8	17.5	16.7

Greenhouse Gas ('GHG') Emissions Disclosure

Our Scope 1 emissions are those generated by the Serica operated Bruce installation to provide power and compression to produce and export gas and oil from the Bruce, Keith and Rhum fields. This includes fuel gas consumption, diesel usage, flared and vented gas.

The Bruce installation qualifies for the UK Emissions Trading Scheme ('ETS') and so our emissions are reported, audited and verified in line with scheme requirements. In 2024 our qualifying UK ETS emissions were 200,221 tonnes of CO_2. Energy consumption on Bruce in 2024 was 930 GWh compared to 18,600 GWh in exported energy supply to the UK.

Scope 2 emissions make up less than 0.01% of our total emissions and refer to the indirect GHG emissions generated from purchased or acquired electricity, steam, heat, and cooling (GHG Protocol). We calculate this by taking the electricity invoices for our London and Aberdeen offices and converting the energy usage (KWh) into CO_2e using conversion factors set out in the "Greenhouse gas reporting: conversion factors 2024" (Department for Energy Security and Net Zero, 2024). Using the location-based method, our total Scope 2 emissions totalled 30 tonnes of CO_2e in 2024. Using the market-based method, our Scope 2 emissions came to 22 tonnes of CO_2e.

Serica's 2024 ESG Report provides more detailed information on our Scope 1, 2 and 3 emissions for 2024 and previous years. More details on the emissions reduction projects and plans for 2025 and beyond are also presented.

Collaborating to accelerate progress

During 2024 we engaged with our partners in support of emissions reduction associated with the Triton FPSO asset, in which Serica holds a non-operated interest, to develop and agree the project plan and resources targeting emissions reduction from power generation and achieve zero routine flaring.

We continue to be actively involved in a variety of industry-wide programs to reduce GHG emissions from the UKCS, including:

- Emissions reduction action plan group (Asset Stewardship Taskforce)
- Atmospherics technical group and Decarbonisation Forum (OEUK)
- Accelerate Deployment (Technology Leadership Board)

During 2024 we contributed to the development of an industry-wide standard set of sustainability pre-qualification questions, which will be used by North Sea operators, raising the profile of ESG performance in the supply chain. This is due to launch in 2025.

We regularly interact with vendors to Serica on ESG issues. As a result, in 2024 we have seen a number of the smaller supply chain companies that we use take steps to reduce their environmental footprint with regards to waste management and emissions.

A continued focus on Health and Safety

Protecting the health, safety and wellbeing of everyone who works for us is our primary focus. To support that overarching responsibility, we delivered a number of notable successes through 2024 on process safety improvement, control of work, and the delivery of training programs designed to build and sustain our organisational competence and capability. Against the backdrop of these successes, however, we also faced a number of challenges relating to our safety performance. These challenges, and the learnings from them, have been used to frame and inform our way forward in 2025.

While our performance in relation to recordable injuries and LTIs on Bruce continues to be admirable, our process safety performance has not been what we had hoped. Turning this performance level around is a key focus area for the whole organisation through 2025. Further detail on our efforts can be found in our ESG Report.

Empowering employees

Serica continues to take pride in a culture that empowers employees to help deliver projects that support our commitment to the United Nations Sustainable Development Goals. In relation to biodiversity, we increased our support for local schemes by becoming a River Dee Guardian and co-sponsoring the Northeast Bird Box project. The latter will see 2,000 bird boxes delivered to schools across Northeast Scotland by 2025.

Our staff-led committees continue to positively impact local communities, donating £169,117 to causes across the UK and collectively raising thousands more through fundraising activities such as the Cateran Yomp and Ride the North. In terms of education, we sponsored science and technology initiatives such as TechFest's Mathematics Masterclass Series and repeated Serica's Summer Placement Programme.

Regarding Diversity and Inclusion, we were proud to become a Disability Confident Committed employer. We continued to support our D&I partner organisations such as the Association for Black and Ethnic Minority Engineers and Autism and Neurodiversity North Scotland. Serica achieved the Gold Armed Forces Covenant Award, recognising the work done both internally and across industry to support veterans.

Governance

Serica's Sustainability Committee is appointed by the Board to assist in fulfilling its responsibility to review and provide oversight of the Company's strategies, goals, policies, performance and disclosures related to sustainability and ESG matters.

During 2024, the Board held a dedicated ESG session focusing on emerging regulations, reporting requirements and climate risks and opportunities.

Following best practice, the Company conducted a Double Materiality Assessment to identify and prioritise material topics.

FINANCIAL REVIEW

> **"We retain a strong balance sheet** and an outlook that promises material free cash flow, enabling us to drive growth and deliver returns for shareholders"

Our financial performance in 2024 was impacted by the production issues experienced at Triton, which resulted in a material loss of production and revenue, albeit that our after tax results benefited from a substantial reduction in the tax charge in 2024 as compared to 2023.

Combining this with a year of material capital expenditure on our new wells in the Triton area 2024 was essentially neutral on a free cash flow basis. However, even though Q1 2025 has also witnessed unrelated production downtime at Triton, we view these as temporary issues that should not impact Serica's ability to continue delivering on our strategy. We retain a strong balance sheet with very low net debt and decommissioning liabilities, and an outlook that generates material free cash flow in coming years, enabling us to have capital allocation optionality to sustain our production and deliver returns for shareholders while retaining resilience for unforeseen events.

Capital allocation priorities

The United Kingdom continues to have an oil and gas tax rate that is unsuitable for a mature oil and gas basin, and the industry urgently needs clarity regarding the future regime to enable long-term investments to be made with confidence. The implementation of the new regime cannot wait, as the government currently intends, until 2030. Serica will be playing its part in responding to the recently launched consultations on the future tax regime and licensing and we expect to learn the outcome of these as well as the already concluded environmental consents consultation later in the year. Until this uncertainty is removed, we will remain prudent in our capital allocation, focused on completing the tax-efficient, short-cycle investments in our portfolio which are delivering rapid returns.

Our investment in 2024 and continuing into 2025 has focused on the Triton drilling campaign, where individual wells can pay back comfortably within a year. In 2024, $260 million pre-tax capex was allocated towards drilling at Triton as well as some well intervention activity at BKR and certain pre-FID costs on our E&E assets. We are very pleased with the drilling results funded by this investment, and once steady production from the Triton FPSO is restored the wells drilled in 2024 will boost production and revenues.

Although the new government increased the headline tax rate to 78% and removed the EPL Investment Allowances, the Autumn Budget did importantly retain first year capital allowances at 100%. The retention of full expensing (in common with all other sectors of the UK economy) means that short-cycle investments will likely continue to deliver positive returns, and we expect them to remain a key component of our capital allocation priorities going forward. We expect pre-tax capex to be in the range of $220-250 million in 2025, with the majority of spend focused on the continuation of the Triton drilling programme, including the more extensive subsea work required for our Belinda development, where drilling has just commenced. Our subsurface team continue to mature other opportunities across the portfolio, especially in the Bruce area, and we are hopeful of being able to mature further infill opportunities enabling us at least to offset natural decline in the near-term.

The combined effect of our investment programme and the associated capital allowances, together with continuing to retain over $1 billion pool of ring-fence losses, materially benefitted our tax position in 2024. Although the blended headline tax rate in 2024 increased to 75.5% from 75% in 2023, as a result of the 3% increase in the EPL rate from 1 November, our book tax rate reduced from 66% in 2023 to 42% in 2024. Although we paid cash tax in 2024 of $153 million (2023: $348 million) our current tax charge for the year, before adjustment in respect of prior years, was reduced to only $14 million (2023: $226 million). This sharply reduced current tax charge reflected the impact of investment and capital allowances but, most materially, for the first time, also incorporated group relief for in year losses of the subsidiaries which hold our Triton area field interests being applied against the tax charge at our BKR entity.

The combination of these effects has also meant that our tax loss pool remained essentially unchanged at just over $1 billion dollars at 31 December 2024 (2023: $1 billion). In addition, following completion of the Parkmead acquisition we would expect to extend this tax shield by approximately a further $250 million of carried forward tax losses.

We now expect our loss pool to provide shelter for our Triton production through to the end of the decade and will continue to explore options to accelerate this use where possible.

Robust balance sheet

Our balance sheet remains robust, with material cash generation expected once we have Triton back onstream, enabling us to combine investment in sustaining and growing production with maintaining our strong track record of returning capital to shareholders. The resilience of this strategy for the delivery of shareholder value was illustrated in 2024, as we returned $132 million to investors, inclusive of dividends and share buyback, while investing approximately twice that amount in the portfolio, notwithstanding the production challenges we experienced especially in the latter part of the year.

Our liquidity position remains comfortable following the December redetermination of our RBL as well as available cash, and gives us material optionality over our expenditure, as we continue to invest in organic growth and seek M&A that will deliver further value to shareholders.

Change in presentational currency

Following the acquisition of Tailwind, which completed in March 2023, and the refinancing of the Group's RBL in January 2024, as communicated at the time of our 2024 half-year results, the Directors elected to change the Group's presentational currency from Pounds Sterling to US Dollars with effect from 1 January 2024. The Group believes that the presentational currency change will give investors and other stakeholders a clearer understanding of Serica's performance over time and align with the presentational currency of its peers. As a result of this change, the results for the year ended 31 December 2023 and the balance sheet as at 31 December 2023 have been restated in US Dollars ($).

Further analysis of the summary metrics provided in the Summary Financial Information table below is detailed in the following pages of this Financial Review.

Summary Financial Information	Units	2024	2023	PF 2023
Production and sales realised prices				
Production	boepd	**34,600**	35,200	40,100
Sales volumes	mmboe	**12.2**	12.3	14.4
Natural Gas (net of NTS system charges)	p/th	**76**	93	94
Crude Oil	$/bbl	**75**	71	67
NGLs	$/MT	**491**	455	453
Income Statement			Restated	Restated
Revenue	$ million	**727**	789	917
EBITDAX[1]	$ million	**379**	475	n/a
Profit before taxation	$ million	**160**	380	n/a
Profit after taxation	$ million	**92**	128	n/a
Basic earnings per share	cents	**24**	35	n/a
Other key financial figures				
Capital expenditure[2]	$ million	**278**	99	n/a
Operating cashflow	$ million	**452**	470	n/a
CFFO less current tax[1]	$ million	**403**	242	n/a
Dividends paid in year	$ million	**113**	110	n/a
Share buyback	$ million	**19**	–	–

1 See Reconciliation of non-IFRS measures for further detail.

2 Capital expenditure includes decommissioning costs

Production for 2024 was 34,600 boepd, compared to 35,200 boepd for 2023 and 40,100 boepd for 2023 on a pro forma basis. The 2 million boe lower annual production as compared to the 2023 Pro Forma level, largely reflected the operational challenges we experienced with the Triton FPSO. Realised sales prices for gas for the period were lower than for 2023, averaging 76 pence per therm (2023 pro forma: 94 pence per therm), although realised oil prices were slightly higher in 2024 averaging $75/bbl (2023 pro forma: $67/bbl).

Serica generated EBITDAX of $379 million in 2024 compared to $475 million for 2023 and a profit before taxation down nearly 60% to $160.5 million for 2024 compared to $380.4 million for 2023. However, after a materially lower tax charge of $68.1 million (2023: $252.6 million), profit after tax for the year was down by just under 30% to $92.4 million compared to $127.8 million for 2023.

Sales revenues

Revenue	Units	2024	Restated 2023	Restated PF 2023
Total revenue	$ million	**727**	789	917
Gas Sales	$ million	**375**	431	445
Crude Oil	$ million	**317**	332	446
NGLs	$ million	**35**	26	26

The total 2024 sales revenue was $727.2 million, compared to pro forma 2023 sales revenue of $917.2 million. The reduction in like for like sales is largely driven by the impact of 2024 Triton unplanned outages, which resulted in over 2 million bbls lower volumes of oil sales as well as a lesser impact from marginally lower realised commodity prices, primarily driven by the reduction in NBP market prices and realised gas prices.

Sales comprised gas revenue of $374.7 million (PF 2023: $445.0 million), oil revenue of $317.5 million (PF 2023: $446.6 million) and NGL revenue of $35.0 million (PF 2023: $25.6 million). The fall in gas revenue was driven by lower realised pricing (76 pence per therm as compared to 94 pence per therm PF 2023) while the like-for-like oil revenue was down by almost 30% reflecting oil production down nearly 40% partially offset by higher realised oil prices ($75.4 per barrel as compared to $66.8 per barrel PF 2023). Like-for-like NGL revenues were up by 36%, with 25% higher sales volumes as well as higher realised prices for NGLs ($491 per metric tonne as compared to PF 2023: $453 per metric tonne).

Total product sales volumes for the period comprised approximately 386.7 million therms of gas (PF 2023: 379.6 million therms), 4.2 million lifted barrels of oil (PF 2023: 6.7 million barrels), and 70,872 metric tonnes of NGLs (PF 2023: 56,630 metric tonnes). This amounted to overall sales volumes some 2 million boe lower in the period of 12.2 million boe (PF 2023: 14.4 million).

Gross profit

The gross profit for 2024 was $223.2 million compared to $382.1 million for 2023. Overall cost of sales of $504.0 million compared to $406.8 million for 2023. This comprised $337.3 million of field operating and lifting costs (2023: $281.6 million), movements in oil over/underlift increased to a credit of $20.6 million (2023: credit of $11.5 million), and $187.3 million of non-cash depletion charges (2023: $136.3 million).

Cost of sales	Units	2024	Restated 2023
Total operating costs	$ million	**504**	407
Field operating costs	$ million	**330**	273
Lifting costs/other	$ million	**8**	9
Movement in over/underlift	$ million	**(21)**	(11)
DD&A	$ million	**187**	136

The increase in total operating costs largely reflected a full year contribution from the enlarged business including Tailwind as compared to 2023, with a significant proportion of fixed element costs. Absolute field operating costs as reported were approximately 20% higher than 2023, largely reflecting a full year of the combined business. This translated into $/boe of $26 as compared to approximately $21 for 2023, with the increased unit rate mainly resulting from reduced production due to the unplanned Triton Area shut-ins during 2024.

EBITDAX, operating profit before net finance costs and tax

EBITDAX for 2024 was $379 million compared to $475 million for 2023.

Operating profit to EBITDAX[1]	Units	2024	Restated 2023
Operating profit	$ million	**186**	400
Add back DD&A and depreciation	$ million	**188**	136
Add back E&E costs	$ million	**2**	13
Add back/(Deduct) unrealised hedging	$ million	**32**	(25)
Deduct contract revenue – other	$ million	**(31)**	(30)
(Deduct)/add back transaction costs and other	$ million	**(2)**	19
Add back share-based payments	$ million	**4**	4
Deduct gain on acquisition	$ million	**–**	(42)
EBITDAX[1]	$ million	**379**	475

1 See Reconciliation of non-IFRS measures for further detail.

The operating profit for 2024 was $186.5 million compared to $399.9 million (inclusive of a gain on acquisition of $41.9 million on the Tailwind transaction) for 2023.

Net hedging expense of $43.5 million (2023: $5.8 million income) comprised unrealised hedging losses of $31.8 million (2023: gains of $25.3 million) and realised hedging losses of $11.7 million (2023: $19.5 million losses). Unrealised hedging losses arose from the non-cash movement in valuation of Serica’s 2024 period-end commodity hedge positions, with the main contributor being mark to market of gas price derivatives which were entered into during 2024 to manage commodity price risks and to comply with minimum hedging requirements under the Group’s RBL facility. Realised hedging expense during 2024 primarily related to out of the money UKA Emission Trading Scheme (‘UKA ETS’) carbon price swaps which have now rolled off.

Contract revenue of $31.3 million (2023: $30.0 million) arose from the partial unwind of an underlying revenue offtake contract that was fair valued in connection with the Tailwind acquisition in 2023. An original liability of $66.7 million was recognised which is released to the Income Statement across 2023, 2024 and 2025 as the underlying contract unwinds, with the final unwind impact of $5.4 million to be reflected in 2025.

Administrative expenses for 2024 of $21.6 million reflected a full year period of the enlarged group activities compared to $24.5 million for 2023. The 2023 comparable period also had additional separately disclosed transactions costs of $12.5 million relating to fees and other transaction costs associated with the Tailwind acquisition.

Profit before taxation and profit after taxation for the period

Profit before taxation for 2024 of $160.5 million (2023: $380.4 million) included a $2.5 million charge arising from an increase in the fair value of financial liabilities (2023: $9.4 million charge), $13.9 million of finance revenue (2023: $16.8 million) and $37.4 million of finance costs (2023: $26.9 million).

Finance revenue of $13.9 million (2023: $16.8 million) primarily represented interest income earned on cash deposits and decreased as a result of lower average cash balances held in the period compared to 2023. Finance costs of $37.4 million (2023: $26.9 million) included interest payable and other financing fees on the RBL facility, as well as the non-cash discount unwind on decommissioning provisions and other minor finance costs. The increase reflects the full period of interest charges and fees on the RBL in 2024 compared to the shorter post-acquisition period in 2023.

The 2024 taxation charge of $68.1 million (2023: charge of $252.6 million) comprised current tax charges, before adjustment in respect of prior years, of $14.1 million (2023: $225.8 million), and a deferred tax charge of $54.2 million (2023: $24.4 million). The sharply reduced current tax charge reflected the materially lower profit before tax but also the group benefiting, for the first time, from the application of in year group relief effects.

Reported and Effective tax rate	Units	2024	Restated 2023
Profit before tax	$ million	**160**	380
Current tax	$ million	**14**	228
Deferred tax charge	$ million	**54**	24
Tax charge for the period	$ million	**68**	252
Book tax rate	%	**42%**	66%
Applicable ring-fence aggregate tax rate	%	**75.5%**	75%

Overall, profit after taxation for 2024 was $92.4 million compared to a profit after taxation of $127.8 million for 2023. This resulted in an earnings per share of 24 cents (2023: 35 cents) after taking into account the weighted average number of ordinary shares in issue.

Group balance sheet

Serica retains a robust balance sheet with a conservative adjusted net debt to EBITDAX ratio of 0.22x as at 31 December 2024. This position of balance sheet strength and ample liquidity gives the group flexibility in capital allocation including the ability to fund its ongoing capital investment programmes while continuing to support distributions to shareholders.

Assets	31 December 2024 $ million	Restated 31 December 2023 $ million
E&E	**20**	2
PP&E	**992**	906
Deferred tax asset	**55**	107
Inventory	**15**	14
Trade and other receivables, financial assets	**164**	177
Corporate tax receivable	**71**	–
DSA Security	**–**	35
Cash & cash equivalents	**148**	335
Total Assets	**1,465**	**1,576**

Equity and liabilities	31 December 2024 $ million	Restated 31 December 2023 $ million
Equity	**797**	834
RBL borrowings, drawn amounts	**231**	271
RBL unamortised fees	**(12)**	–
Provisions	**146**	149
Financial liabilities	**124**	93
Corporate tax payable	**–**	68
Contract liabilities	**5**	37
Trade and other payables, lease liabilities	**174**	124
Total Equity and Liabilities	**1,465**	**1,576**

Total property, plant and equipment increased from $905.8 million at year end 2023 to $991.6 million at 31 December 2024.

PP&E additions comprised book capital expenditure including accruals during 2024 of $264.0 million across the Triton Area ($200.0 million) and BKR ($54.3 million) asset hubs and Erskine field ($9.7 million). These were partly offset by depletion charges for 2024 of $188.3 million.

The net deferred tax asset of $55.1 million at 31 December 2024 compares to $107.1 million at year end 2023. This comprised the recognition of deferred tax assets in relation to tax losses and future relief available on decommissioning of $577 million, partially offset by deferred tax liabilities of $522 million arising on PP&E balances. Deferred tax liabilities arising upon the Group's PP&E balances will be released in future periods as those balances are depleted. The overall reduction in Net Deferred Tax Assets of $52.0 million as compared to 2023 largely arose from increased deferred tax liabilities recognised on higher PP&E balances and reflecting the increase in the EPL rate from 35% to 38%, and a reduction in the deferred tax asset recognised on the Group's oil revenue contract liability which substantially unwound during the year.

Decommissioning security advances of $35.1 million at 31 December 2023 were recovered and added to cash balances during H1 2024 when replaced shortly after completion of the new RBL facility by security in the form of letters of credit issued under the new financing facility.

The decrease in cash balances from $335.4 million at 31 December 2023 to $148.5 million at 31 December 2024 reflected cash flow from operations of $452 million offset by $153 million of cash tax payments, capital and abandonment expenditures paid of $278 million, $113 million of dividend payments, $19.0 million in respect of our inaugural share buyback programme conducted between April and June and $52.5 million on debt repayments in the period.

Current trade and other payables increased to $168.3 million at 31 December 2024 from $121.7 million at the end of 2023 reflecting the higher payable balances in relation to the Group's capital and decommissioning expenditure and higher deferred revenue in respect of certain revenue contracts. The UK corporation tax payable reversed from the prior year to a receivable of $71.0 million at 31 December 2024 (31 December 2023: $68.3 million payable) and reflects a recovery of overpayments of corporation tax, supplementary charge, and the EPL in respect of 2024 resulting primarily from the application of group tax relief.

Derivative financial liabilities of $42.4 million at 31 December 2024 represent the mark to market valuation of gas and oil hedging swap and collar products in place at the year end. New gas and oil hedging arrangements were entered into during 2024 to manage commodity price risks where management considered this prudent and/or available on attractive market terms and to comply with minimum hedging requirements under the Group's RBL.

Contract liabilities of $5.4 million at 31 December 2024 (31 December 2023: $36.7 million) reflect the outstanding portion of an underlying revenue offtake contract that was fair valued in connection with the Tailwind acquisition in March 2023. An original liability of $66.7 million was recognised in 2023 which is released to the Income Statement across 2023, 2024 and 2025 as the underlying contract unwinds.

Non-current financial liabilities of $81.9 million (31 December 2023: $82.8 million) comprise remaining deferred consideration projected to be paid under the BKR acquisition agreements of $49.7 million (31 December 2023: $44.9 million) and royalty liabilities of $32.2 million (31 December 2023: $37.9 million) for amounts payable to third parties under the terms of Triton asset acquisitions previously made by Tailwind. Current financial liabilities at 31 December 2023 reflected the final contingent consideration payment of shares issued in March 2024 in respect of the Tailwind acquisition.

Provisions of $146.0 million (31 December 2023: $148.8 million) predominantly relate to future decommissioning obligations and are split between current balances of $nil million (31 December 2023: $16.5 million) as decommissioning activities were undertaken during the year, and non-current balances of $146.0 million (31 December 2023: $132.3 million). The small decrease from the prior year was mainly due to expenditure in the period on the completed Arthur field programme partially offset by a charge from the unwinding of the discount applied. Increases were partially offset by currency translation adjustments.

Interest bearing loans of $219.1 million at 31 December 2024 represent drawn amounts of $231.0 million net of unamortised facility fees of $11.9 million under the $525 million RBL facility entered into in January 2024 which replaced the previous RBL facility assumed with the Tailwind acquisition (31 December 2023: $271.2 million).

The initial drawdown under the new RBL facility was $283.5 million (covering a repayment of $271.2 million for the previous RBL and $12.3 million of interest and new facility fees) in January 2024 and a repayment of $52.5 million was made in February 2024. The redetermined total amount available for drawdown under the facility at 31 December 2024 was at a level capped by the facility size of $525 million.

Overall, net assets have decreased from $834.2 million at year end 2023 to $796.5 million at 31 December 2024.

The increase in share capital from $245.3 million to $245.5 million arose from shares issued following the exercise of share options and the nominal value of shares issued for the Tailwind acquisition, while the decrease in other reserves from $37.7 million to $37.5 million arose from share-based payments related to share option awards. The merger reserve of $286.6 million in the consolidated Group accounts arose in connection with the shares issued for the 2023 Tailwind acquisition.

Cash balances and future commitments

Current cash position and price hedging

At 31 December 2024 the Group held adjusted net debt of $82.5million as compared to adjusted net cash of $99 million at 31 December 2023.

Adjusted Net Cash/(Debt)	31 December 2024 $ million	Restated 31 December 2023 $ million
Interest bearing loan	**(219)**	(271)
Add back unamortised fees	**(12)**	–
Cash & cash equivalents	**148**	335
DSA Security	**–**	35
Adjusted Net (debt)/cash	**(83)**	99

As at 27 March 2025, the Company held cash and cash equivalents of $141 million and debt drawings of $231 million.

Hedging

Serica carries out hedging activity to manage commodity price risk, to meet its contracted arrangements under its RBL facility and to ensure there is sufficient funding for future investments. Serica held the following instruments as at 31 December 2024:

Oil hedges

		2025				2026		
Weighted Average	Units	Q1–25	Q2–25	Q3–25	Q4–25	Q1–26	Q2–26	Q3–26
Put Net	$/bbl	–	–	–	–	–	–	–
Swap price	$/bbl	68	75	75	75	75	–	–
Collar floor net	$/bbl	68	69	68	68	69	–	–
Total weighted average	$/bbl	68	69	69	69	70	–	–
Collar ceiling	$/bbl	96	88	88	86	86	–	–
Hedged Volume	Kboe/d	10	6	6	5	4	–	–

Gas hedges

		2025				2026		
Weighted Average	Units	Q1–25	Q2–25	Q3–25	Q4–25	Q1–26	Q2–26	Q3–26
Put Net	p/therm	–	–	–	–	–	–	–
Swap price	p/therm	84	87	86	90	94	–	–
Collar floor net	p/therm	80	70	70	82	82	64	–
Total weighted average	p/therm	81	82	81	85	85	64	64
Collar ceiling	p/therm	125	121	121	135	135	99	99
Hedged Volume	Kboe/d	4	6	5	7	6	5	5

Included in the Q1 2025 hedged volumes are volumes at fixed pricing under oil offtake agreements for approximately 0.4 million barrels at an average price of $61 per barrel. These legacy hedges were applied to an individual oil tanker lifting from the Triton area FPSO and fully utilised during January 2025.

Field and other capital commitments

Serica's planned 2025 investment programme includes two remaining wells from the 2024-25 drilling campaign in the Triton Area (Evelyn Phase 2 (EV02) and Belinda) and further capital work on the Bruce facilities including resilience upgrades as well as a flare gas recovery project.

At 31 December 2024, the Group had commitments for future capital expenditure relating to its oil and gas properties which relate primarily to the remaining Triton Area well programme (including EV-02 and Belinda), other Triton area work (including a new water injection line) and other capital works on Bruce. The Group's only significant exploration commitment work programme includes drilling an exploration well on the Licence P2400 (Skerryvore) prospect by the end of September 2025. Given the lack of clarity regarding the future fiscal and licensing regime, the joint venture has applied for an extension to the licence period.

Cash projections are run periodically to examine the potential impact of extended low oil and gas prices as well as possible production interruptions. Serica currently has substantial net cash resources and relatively low operating costs per boe which means that the Company is well placed to withstand such risks and its capital commitments can be funded from existing cashflow in most scenarios.

Other

Asset values

At 31 December 2024, Serica's market capitalisation stood at $660 million based upon a share price of 135.2 pence which exceeded the net asset value of $796.5 million. By 28 March 2025 the Company's market capitalisation had increased to $697 million.

Business risk and uncertainties

Serica, like all companies in the oil and gas industry, operates in an environment subject to inherent risks and uncertainties. The Board regularly considers the principal risks to which the Group is exposed and monitors any agreed mitigating actions. The overall strategy for the protection of shareholder value against these risks is to carry a broad portfolio of assets with varied risk/reward profiles, to apply prudent industry practice, to carry insurance where both available and cost effective and to retain adequate working capital.

Serica has built a strong working capital reserve which is available to respond to a range of risks including production interruptions, severe commodity price falls and unexpected costs. To supplement this, the Group carries business interruption insurance to mitigate the impact of ongoing operating costs over sustained periods of production shut-in beyond an initial sixty days, where caused by events covered under such policies. The Group also uses price hedging instruments to help manage field revenues where considered cost effective and to meet minimum hedge requirements under its debt financing facility.

The introduction of the Energy Profits Levy in May 2022 and its subsequent increases and extensions has increased the perceived risk of fiscal instability for UK oil and gas producers. The UK government is conducting consultations on future fiscal and regulatory regimes for the upstream sector in the UK, which are further sources of uncertainty. Serica monitors UK government policies and routinely participates in relevant consultation processes.

The principal risks currently recognised and the mitigating actions taken are as follows:

Investment Returns: The Group seeks to invest in a portfolio of oil and gas assets and acreage capable of delivering returns to shareholders. This is principally conducted through acquisitions of development or producing assets to which it can add further value, efficient operations and organic investment. Delivery of this business model carries a number of key risks.

Risk	Mitigation
Business conditions may deteriorate and stock market support may be eroded, lowering investor appetite and hindering fundraising	• Management regularly communicates its strategy to shareholders • Focus is placed on building a diverse and resilient asset portfolio capable of offering investment options throughout the business cycle • Serica has an RBL debt facility with a diverse group of international banks to end 2029.
Each investment carries its own risk profile and no outcome can be certain	• Serica aims to avoid over-exposure to individual assets, to identify the associated risks objectively and mitigate these where practical

Operations: Operations may not go according to plan leading to damage, pollution, cost overruns or poor outcomes.

Risk	Mitigation
Production may be interrupted generating significant revenue loss whilst costs continue to be incurred	• The Group seeks to diversify its revenue streams • Management determines and retains an appropriate level of working capital and liquidity • The Group carries business interruption cover
Safety may be compromised or control of wells may be lost	• Safe operating procedures are applied and updated as appropriate • Emergency response planning is carried out and rehearsed regularly
Asset integrity of the production facilities may cause production or HSE disruptions	• Strict adherence is applied to Group 'Integrity Management Framework' and 'Performance Standards' • The Group runs a comprehensive maintenance programme and assurance process
Third party offtake routes may experience restrictions or interruptions. Full availability in certain systems may depend upon production from other fields	• The Group aims to diversify its exposure to offtake routes where possible • The Group carries business interruption cover
Capital programmes may be delayed and costs may overrun	• Planned programmes incorporate the potential impact of normal delays and overruns • The Group retains working capital reserves
The Company is reliant upon its IT systems to maintain operations and communications	• The Group employs specialist support • Protection against external intrusion is incorporated within the system and tested regularly
Excessive flaring causes increased emissions and exceeds guidelines	• Close monitoring of flaring is conducted and targets set • Work is ongoing to eliminate routine flaring from assets

Personnel: The Group relies upon a pool of experienced and motivated personnel to conduct its operations and execute successful investment strategies

Risk	Mitigation
Key personnel may be lost to other companies	• The Remuneration Committee regularly evaluates incentivisation schemes to ensure they remain competitive • The Group seeks to build depth of experience in key functions to ensure continuity
Personal safety may be at risk in demanding operating environments, typically offshore	• A culture of safety is encouraged throughout the organisation • Responsible personnel are designated at all appropriate levels • The Group maintains up-to-date emergency response resources and procedures

Political and commercial environment: World share and commodity markets and political environments continue to be volatile

Risk	Mitigation
Tax rates and allowances may be varied at short notice, significantly reducing retained income and adding risk to future investment planning	• Management will utilise investment incentives where available and consider geographical diversification
Volatile commodity prices mean that the Group cannot be certain of the future sales value of its products	• Planning and forecasting considers downside price scenarios • Oil and gas floor price hedging is utilised where deemed cost effective • Price mitigation strategies are considered at the point of major capital commitment
Sanctions imposed by the U.S. government may threaten continuing production from the Rhum field	• The U.S government via OFAC has provided licences and written assurances enabling services to be provided without breaching U.S. sanctions. A new OFAC License and secondary sanctions assurance was received in February 2025 and runs until 28 February 2027 • Serica operates comprehensive controls to ensure compliance with the terms of the OFAC license • The renewal process is initiated well in advance of renewal dates
The UKCS licensing regime under which Serica's operational rights and obligations are defined may be subject to future change	• Serica maintains regular communication with the relevant UK government departments and regulatory authorities • The Group participates in relevant UK government consultations
Serica's reputation may be damaged by operational incidents or adverse publicity impacting its share price, ability to raise finance or sustain operations	• The Group seeks to comply with all relevant legislation and regulations • The Group applies safe operating procedures and adheres to good governance practices
Climate change brings operational and reputational risks	• The Group operates responsibly and seeks to comply with all relevant legislation and regulations • Further details on the risks, mitigations and associated disclosure requirements, are covered in the following section on 'TCFD'.

Task Force for Climate-related Financial Disclosures ('TCFD')

Details of Serica's ESG strategies directed towards reducing carbon emissions and contributing to the UK's Net Zero target are described on pages 16 and 17 and in the Company's separate ESG Report.

Acting responsibly is one of Serica's core values and is reflected throughout its business activities. Climate-related risk management is increasingly integrated into executive decision-making and is factored into Serica's strategic objective to grow its business.

The TCFD framework aims to formalise the implementation and reporting of financial disclosures related to climate change. Serica has reviewed guidance issued by the TCFD regarding the identification, management and reporting of climate-related financial risks and has continuously developed its capabilities to analyse and report climate-related risks.

This disclosure has been made on a voluntary basis and is not yet in full alignment with all 11 recommendations of the TCFD. The Company supports the release and implementation of the IFRS S1 and S2 standards and, in 2025, Serica will look at further enhancing its climate-related risk reporting in line with the IFRS standards, addressing gaps in its disclosure.

Governance

The Serica Board of Directors comprises highly experienced oil and gas industry professionals and is ultimately responsible for the governance and management of climate change and climate-related risks and opportunities.

The Board recognises climate change as a material risk to Serica with potential financial implications. It understands that responding to the risks associated with climate change and building resilience is integral to the long-term success of the Company.

It reviews major risks regularly, receives updates from its committees and takes direct reports from key personnel. It sets general policy related to climate risks and opportunities, identifies where further actions are required and delegates authorities accordingly. This includes progress on emissions reduction, general environmental performance, developments in climate-related regulation and cost impacts.

At the end of 2024, there were five committees with accountabilities relating to climate-related risks and opportunities:

- The Sustainability Committee reports to the Board on the effectiveness of the Company's ESG programmes and the management of climate-related risks and opportunities. The Committee also reviews Serica's environmental performance for both operated and non-operated assets and has input into metrics and targets used to measure environmental performance. The Committee aids in steering Serica's long-term decarbonisation strategy ensuring that emissions reduction projects are progressing in a timely manner.
- The Health, Safety and Environment Committee reports to the Board on the effectiveness of the Company's HSEQ programme and ensures that risks, including environmental or carbon-related hazards, are fully assessed and appropriately mitigated. In addition, this committee ensures that all personnel, including contractors employed by the Company, are fully aware of their HSE responsibilities and have been properly trained.
- The Audit Committee reviews the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems. They approve the statements to be included in the Annual Report concerning internal control, financial risk management, including the assessment of principal risks and emerging risks, climate-related financial disclosures and the viability statement.
- The Remuneration Committee determines employee compensation packages and bonus structures which incorporate incentives to deliver climate-related objectives.
- The Nominations Committee ensures that Serica's Board and Executive team have the right skills to manage the company's risks and execute its strategic vision. It also assists in evaluating the performance of the Board, recruitment and succession planning.

Serica's ESG Team provides information to the Board on climate-related topics and issues, such as government policy, changes to relevant legislation and insights from the energy industry. This information may be provided directly in Board papers or via the quarterly Sustainability Committee meetings. During 2024, ESG was both the subject of a dedicated agenda item for a Board meeting and separately as part of the Board's corporate strategy day.

The Senior Leadership Team is kept up to date on climate-rated issues during the weekly management team meeting. Members of Serica's Senior Leadership Team are also a part of industry forums and taskforces. These groups are run by industry bodies and regulators providing members with updates on current and upcoming legislation and expectations, as well as creating the opportunity to hear from peers and other external organisations about their activities. Serica is represented on the OEUK (Offshore Energies UK) and NSTA ESG Forums and relevant information is shared within Serica as appropriate.

Strategy

The Company's focus remains on acquiring or developing oil and gas assets, extending the producing lives of mid-to-late life assets and developing additional reserves where this can be done with a low incremental carbon footprint, typically by utilising existing processing and export facilities.

Serica aligns with the UK government's commitment to achieving Net Zero emissions by 2050. Although our current assets are estimated to cease production well before 2050, Serica takes into account the emissions reduction targets of the North Sea Transition Deal when making strategic decisions.

Serica uses the risk categories recommended by the TCFD to identify and assess climate-related risk and opportunities: namely transition risks, including policy, legal, technology, market changes, and physical risks resulting from event driven (acute) or longer-term (chronic) shifts in climate patterns. Risks are assessed in line with Serica's internal risk management practices. The most material climate related risks form the basis of the Company's Climate Risk Register, which is reviewed by the Sustainability Committee.

The UK relies on oil and gas imports for around half its requirements. While this situation exists, oil and gas produced in the UK North Sea plays a valuable role in protecting the country's energy security while also contributing to economic growth and quality jobs. Domestic production, especially of gas, also offers a lower carbon source of energy than certain other fuels including imported LNG.

Serica also recognises, however, the opportunities that may be presented by the transition to a low carbon economy. Below is a table summarising the actions Serica has taken to apprise itself of such opportunities.

Opportunity Area	Opportunity Description	Opportunity Exploitation Actions
Markets and Resilience	Strengthening of relationships with key stakeholders, including investors, banks, regulators, government bodies, industry associations, employees, and communities. This could enhance access to funding and sustain ongoing investor support as well as assist in the identification of new developments, and acquisition opportunities and maintain heightened social licence to operate	The company actively works with ESG Rating Agencies to ensure that it's scoring accurately reflects performance The company transparently reports sustainability information in line with several internationally recognised frameworks Serica's Group Investor Relations Manager has an ongoing dialogue with existing and potential shareholders to understand their expectations The company has representatives on both regulator and industry body forums and takes an active role in these groups
Products, Services and Resource Efficiency	Third parties may seek to sell upstream oil and gas assets to redirect investment, creating potential acquisition opportunities for Serica	Serica pro-actively seeks UKCS M&A opportunities
Products, Resource Efficiency and Markets	Fiscal incentives or government funding may be available for in technology and carbon reducing activities	Serica evaluates emissions reduction initiatives and technologies that could qualify for investment incentives (eg, Decarbonisation Allowance) Serica monitors trends and potential opportunities in the CCUS and other energy transition businesses that might complement its core E&P business.
Products, Resource Efficiency and Markets	Collaboration with other asset and infrastructure owners may lead to innovative solutions such as sharing power sources and area electrification schemes	Serica is a participant among many other upstream operators in the WINTOG Programme, which aims to assess the feasibility of fully/ partially powering offshore installations via the grid or using wind turbine generators Serica remains engaged in INTOG developments in the CNS area, relevant to the potential Buchan Horst development Serica has engaged in identifying, screening and assessing low carbon power opportunities with other Operators

Further work will be undertaken in 2025 to inform Serica's understanding of the opportunities arising from the energy transition.

Scenario Analysis

The TCFD recommends that business resilience to climate risks should be assessed through scenario analysis. Scenarios can either by exploratory or normative, whereby they begin with an end goal, i.e. limiting global temperature rise to 1.5°C, and then model the steps that society, industry, governments, etc. must take in order to achieve it. The scenarios describe the impact on factors such as supply, demand, regulations, taxes and commodity pricing.

Serica has modelled the economic impact on its business of comparative levels of oil, gas and carbon prices under three scenarios described in the 2024 International Energy Agency ('IEA') World Outlook:

1. Net Zero – accelerated emissions reduction to achieve Net Zero emissions in the energy system by 2050
2. Stated Policies – slower progress based upon existing governmental policies – limiting targets missed
3. Announced Pledges – all current targets and announced pledges are met by countries with temperature-limiting targets narrowly missed.

The results of this quantitative economic scenario analysis confirmed that Serica's business model remains valid in the Stated Policies and Announced Pledges scenarios. There is, however, a major reduction in the value of the Company's assets in the Net Zero scenario. These results are reflected in Serica's current strategy which includes a focus on short cycle investments and M&A which prioritises producing assets over long-term developments.

Serica will continue to use scenario analysis to test its resilience under different climate scenarios.

Climate Risk Management

Serica's Executive Leadership Team ('ELT') is structured and empowered to ensure that the Board has the necessary information to understand and assess risks and opportunities, including those presented by climate change.

Serica's ESG and Business Innovation Manager reports directly to a member of the ELT and is responsible for the development the ESG Policy and implementation of the ESG Strategy, of which climate risk management is an integral part.

Serica's risk management policies underline the identification, assessment and mitigation of climate-related risks. Serica uses an Operating Risk Management Framework and risk assessment matrix to capture, rank and manage significant risks.

Having assessed climate-related risks the Company either identifies specific mitigating actions and programmes or, where such specific responses are not considered feasible, builds likely financial impacts into valuations and planning.

As Serica's climate-related risk identification and management programme progresses, regular updates are provided to the Board and where appropriate added into the Company's enterprise level risk register which is reviewed regularly.

Serica's existing assets are all currently projected to cease production within the next fifteen years. Accordingly, the Company has primarily targeted its considerations of climate-related risks and opportunities over the short and medium-terms. Serica have defined the time period for short, medium and long-terms risks as:

- Short-term risks: 1 – 3 years
- Medium-term risks: 4 – 9 years
- Long-term risks: 10+ years

Transition Risks:

Transition risks include the policy, legal, technology, and market changes required to deliver the energy transition and adaptation to the impacts of climate change.

Serica has identified transition risks as of growing importance for its business model.

TCFD Risk Category	Risk	Potential Consequences	Perceived impact timescale	Mitigations
Reputation	Negative perception of the oil and gas industry by external stakeholders	External opposition to petroleum licenses and consents leading to decreased future production, revenue and supply chain capacity Negative impacts on workforce management/ planning (e.g. employee attraction/retention/job security)	Short-term	Serica advocates publicly for the positive impact the domestic upstream sector has on economic growth, jobs, local communities, government finances and production emissions Serica is an active member of OEUK and Brindex, which promote the Industry across the UK Serica reports transparently and follows internationally recognised ESG reporting guidelines
Market	Sources of finance including equity markets and debt providers may be harder to access or become more expensive	Lenders reduce funding available to exploration and production companies and this may impact debt terms and/or debt capacity Organisations with poor ESG commitments, disclosures and performance can expect to see materially reduced lending appetite over time Less debt capacity and increased cost of debt may lead to reduced asset and company valuation	Short-term	Management engages with potential sources to anticipate their ESG compliance requirements Serica seeks to retain a range of alternative financing options Potential funding cost increases and loan structures (i.e. sustainability led loans) are considered when planning investments Serica has put in place a six-year financing facility with a group of international banks Serica ensures prudent with commitments with banks (eg ESG Commitments, such as Net Zero targets) Serica maintains a strong balance sheet with high cash reserves

TCFD Risk Category	Risk	Potential Consequences	Perceived impact timescale	Mitigations
Market	The transition away from carbon-based power generation and transport fuels	Stranded oil and gas reserves Increase in unit operating costs due to falling oil and gas sales and increases in the cost of carbon emissions Abrupt and unexpected shifts in energy pricing i.e the rise of LNG supply diluting natural gas prices in the UK Re-pricing of assets (e.g. fossil fuel reserves, land valuations, securities valuations) Accelerated decommissioning costs arising from permanent cessation of production	Medium to Long-term	The impact of the value of future reserves is lower for later periods of production due to discounting and so has less impact on Net Present Value Serica's oil and gas reserves are evenly split between oil and gas mitigating the risk of demand for one commodity over another Serica closely follows industry related commodity price forecasts and trends from numerous sources and is able to hedge resources Serica runs climate related scenario analysis to test the impact of different climate scenarios on its business model Commercial terms of past transactions are designed to limit Serica's exposure to decommissioning liabilities
Policy and Legal	Legal challenge to decisions to approve new UKCS field developments	Delay in executing development projects. Potential inability to execute development projects.	Short to Medium-term	All such risks factored into development decisions Serica considers investing overseas to dilute its UKCS exposure
Policy and Legal	Increased carbon costs through higher prices for carbon credits and removal of free allowances	Increased operating costs may erode financial returns and the longevity of field lives	Medium-term	Serica aims to deliver ERAP projects to reduce carbon emissions and reduce need for ETS allowances Serica and its Partners hedge ETS allowances when prices are low Serica works with non-operated partners to decarbonise assets
Policy and Legal	Failure of Serica and/or its Operating Partners to conform with the OGA Plan/ Inventory requirements	Early COP of outlying assets that do not meet requirements and/or are emitting above the industry average Fulfilling the OGA Plan requirements may result in increased costs	Medium-term	Serica aims to deliver ERAP projects to reduce carbon emissions from its operated facilities and reduce need for ETS allowances Serica supports the creation and execution by operators of ERAPs for its non-operated assets Asset emissions profiles are considered in potential M&A transactions

TCFD Risk Category	Risk	Potential Consequences	Perceived impact timescale	Mitigations
Market and Reputation	The range of potential assets or company acquisitions may be restricted by ESG considerations	Reduced revenues due to lower production Limited Business Development opportunities Reputation damage if new acquisitions are believed to be not aligned with the Group's commitments	Short to Medium-term	Management considers the emissions profiles of potential acquisition targets and the mitigating actions that it can implement Serica prioritises opportunities to deliver low carbon intensity production into the UK market compared to imports Serica considers investing overseas to dilute its UKCS exposure
Market and Reputation	Poor ESG performance of the operators of Serica's non-operated assets damages Serica's value and reputation	Economic value of assets damaged Standing of Serica with regulatory authorities harmed Public profile of Serica harmed	Short to Medium-term	Serica closely monitors performance of Joint Venture operators Serica share emissions reduction plans and case studies with Partners Serica reviews and monitors Environmental KPIs of assets and project future carbon intensities to understand future trends from across its portfolio to help identify potential outliers
Policy, Legal, Reputation	Lack of awareness of climate related issues, regulations or responsibilities could result in disputes, fines or litigation in the UK and abroad	Increased costs resulting from fines and judgments Damage to the Group's reputation as a result of fines or litigation cases Negative impacts on workforce management/ planning (e.g. employee attraction/retention)	Short to Medium-term	Board and senior management are updated with information on climate and ESG topics and regulations Serica subscribes to Weston Compliance Services provides updates on relevant emerging UK regulations Serica engages with key industry bodies and regulators such as OEUK and NSTA Legislation associated with potential M&A locations are reviewed

Physical Risks:

Physical risks resulting from climate change can result from event driven (acute) or longer-term (chronic) shifts in climate patterns:

- Acute – More extreme weather may threaten or disrupt operations, in particular major storms or exceptional wave conditions;
- Chronic – Increased severity of weather patterns may cause ongoing or regular disruption, including supply chain logistics efficiency, asset structural integrity, operational uptime, and offshore development schedules. These risks may need to be highlighted in Serica's future transactions.

TCFD Risk Category	Risk	Potential Consequences	Perceived impact timescale	Mitigations
Chronic Physical	More extreme weather patterns may threaten or disrupt operations or supply chain	Reduced revenue due to transport difficulties and supply chain interruption due to extended shutdowns Increased operating costs due to delays within the supply chain and capital costs associated with project delays	Medium to Long-term	Serica seeks to maintain robust transport and supply chains Operations plans such as for drilling, diving and seismic include contingencies for adverse weather Serica looks to identify technologies that reduce exposure to weather disruptions Serica plans work scopes around weather (eg maintenance shutdowns take place in the summer)
Acute Physical	Extreme weather events could significantly damage an asset	Write-offs and early retirement of existing assets Increased capital costs (e.g., damage to facilities) Reduced revenues from lower sales/output from extended shutdowns Increased insurance premiums and potential for reduced availability of insurance on assets in 'high-risk' locations	Long-term	The Company operates under a Severe Weather Action Plan The impact of extreme climatic conditions such as exceptional waves are incorporated into risk management scenarios Serica maintains customary insurance cover

Impact of climate-related risks and opportunities on business, strategy, financial planning:

Serica's management considers climate-related strategic and financial risks in both its existing asset portfolio and future business growth, including potential acquisitions. The below table highlights how the identified climate-related risks and opportunities have impacted areas such as Serica's operations and services and supply chains.

Area	Description of impact/change
Access to capital	Management has engaged with potential finance sources to anticipate ESG compliance requirements and sought alternative financing options Serica has considered potential funding cost increases and loan structures when planning investments
Operations	Resource allocation to produce and implement an Emissions Reduction Action Plan (ERAP) for the Bruce Hub aimed at reducing emissions in line with targets set out in the North Sea Transition Deal Extensive interaction with operator regarding emissions reduction initiatives for the Triton FPSO Increased tracking of performance metrics relating to emissions, flaring, waste, and discharges to sea
Acquisitions or Divestments	Management has evaluated the emissions profiles of potential acquisition targets to assess the impact these may have on Serica's emissions and carbon intensity performance
Products and Services	Carbon costs have impacted production costs and are additional factor to be considered in assessing future investments and the long-term viability of existing assets
Investment in research and development (R&D)	Serica has contributed, through a combination of cash and in-kind support, to a number of Research and Development (R&D) initiatives aimed at exploring opportunities for investment in decarbonisation technology
Adaptation and mitigation activities	Capital investment and technical support for efficiency and decarbonisation projects relating to Serica's assets Review of potential opportunities arising from the energy transition
Supply Chain and/or Value Chain	Increased time and cost are deployed to meeting the increasing regulatory requirements and market expectations for the disclosure of ESG and climate-related information relating to the supply and value chains

Metrics and Targets

The framework for assessing Serica's climate-related risks is aligned with Serica's enterprise-level risk assessment matrix. This matrix looks at the potential frequency of a risk occurring and the potential financial impact this may have on the organisation. Once its likelihood and potential financial impact has been determined, it is given a risk rating, which is then used by Serica to rank the risks. Efforts to mitigate risks are concentrated on those potential events ranked highest in terms of their chance of occurrence and impact.

Carbon emissions data is collected from Serica's assets, including operated and non-operates facilities. Serica assures this data for consistency and comparability. It is used to monitor compliance with emissions regulation, operating permits and consents associated with Serica's assets, all of which are located in the UKCS. It also enables performance to be benchmarked, potentially identifying the scope for further meaningful and achievable emissions reductions.

Serica is fully aligned with the emission reduction targets as set out in the North Sea Transition Deal, which commits the UK oil and gas industry to reduce absolute basin emissions by 10% by 2025, by 25% by 2027, 50% by 2030, and become Net Zero by 2050 from a 2018 baseline. Serica also supports the World Bank's target of reaching zero routine flaring by 2030.

Serica sets annual emissions targets as part of its annual bonus scheme. Performance against these targets is directly linked to the remuneration of our staff and executives. Serica has implemented ESG bonus linked targets since 2021.

In 2024, the bonus linked intensity target was:

- Bruce Hub Carbon Intensity < 15.5 kg CO_2/boe in 2024

At the end of 2024, a carbon intensity of 17kgCO_2/boe as result of production in the second half of the year being lower than expected. Further details about emissions performance can be found on page 17.

In 2025, Serica will continue to tie emissions reduction initiatives to its remuneration and corporate bonus scheme and has implemented the following emissions related targets:

- BKR Scope 1 emissions < 210,000 tonnes of CO_2
- Company carbon intensity (net)< 20 kgCO_2/boe

The above targets are a mix of absolute and intensity based and cover the full 2025 calendar year.

Serica also has a suite of other environmental targets and KPIs used to monitor its performance. These include average daily flaring volumes, percentage of waste diverted from disposal, volume of general waste generated and quantity of oil in produced water that is discharged to sea. Performance against these targets is monitored regularly and reported across the organisation.

Serica's Scope 1, 2 and 3 emissions will be presented within its 2024 ESG Report.

Alignment to the TCFD Recommendations

This Alignment Table provides information as to the alignment of Serica Energy's reporting with the Task Force on Climate-related Financial Disclosures ('TCFD'), implementing the recommendations of the Task Force on Climate-related Financial Disclosures (2021 report). The information herein is associated with the 2024 calendar year. This Alignment Table was produced by Sustain:able.

Serica understands that climate change resilience is integral to the long-term success of its organisation. Serica has used the TCFD recommendations to further develop its climate-related strategies, programmes, and reporting. While its reporting is not in full alignment with the TCFD requirements at this stage, Serica will focus on maturing its reporting process to further enhance its climate-related risk reporting in line with the IFRS standards and will continue to evaluate scenario analyses to support strategic planning and capital allocation.

Governance		Disclosure Alignment	Reporting Location
a	Describe the board's oversight of climate-related risks and opportunities	Full	Page 29
b	Describe management's role in assessing and managing climate-related risks and opportunities	Full	Page 31

Serica fully aligns with the TCFD Governance reporting recommendations. Both its board and management teams recognise climate change as a material risk to Serica with potential financial implications. As such, climate-related risks and opportunities are integrated into board and management accountabilities and decision making. Regular reviews, evaluations and discussions are part of Serica's proactive approach to manage climate change and further organisational resilience.

Strategy		Disclosure Alignment	Reporting Location
a	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	Full	Pages 31-34
b	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Partial	Page 35
c	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Partial	Page 30

Serica partially aligns with the TCFD Strategy reporting recommendations. Its disclosure of a is generally aligned with the guidance. Serica is in partial alignment with b and c.

Risk Management		Disclosure Alignment	Reporting Location
a	Describe the organisation's processes for identifying and assessing climate-related risks	Full	Page 30
b	Describe the organisation's processes for managing climate-related risks	Partial	Page 30
c	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Full	Page 30

Serica partially aligns with the TCFD Risk Management reporting recommendations. Serica aligns with the Risk Management guidelines regarding the reporting of our procedures for identifying, evaluating, and mitigating climate-related risks and how they are integrated into its risk management strategy (a and c). It provides an account of its methodology for determining materiality, including climate-related risks, within the company, which outlines the relative importance of climate-related risks in relation to other risks in its materiality matrix. It includes reference to transition and physical risks and opportunities; however, it does include a comprehensive evaluation of all the risks included on pages 31-34).

Metrics and Targets		Disclosure Alignment	Reporting Location
a	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Partial	Page 35
b	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	Full	Page 35
c	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Full	Page 35

Serica partially aligns with a of the Metrics and Targets recommendations and fully aligns with the scope disclosures of component b as well as the target setting of part c of the guidance. While our disclosure of climate-related metrics includes GHG emissions, air emissions and others, our reporting does not include the complete range of metrics outlined in Tables A1.1 and A2.2. We also do not disclose our internal carbon prices for confidentiality reasons.

Section 172 statement

The Directors' statement under Section 172 of the Companies Act 2006 is included on pages 73 to 74.

Additional information

Additional information relating to Serica can be found on the Company's website at www.serica-energy.com and on SEDAR at www.sedar.com.

The Strategic Report has been approved by the Board of Directors

On behalf of the Board

Chris Cox
Chief Executive Officer
31 March 2025

BOARD OF DIRECTORS

David Latin, Non-Executive Chair, joined the Board on 7 December 2021, initially serving as an Independent Non-Executive Director. He was later appointed Non-Executive Chair in June 2023, succeeding Antony Craven Walker upon his retirement. Additionally, Mr. Latin temporarily took on the role of Interim CEO from 24 April 2024, to 1 July 2024, until the appointment of Chris Cox as permanent CEO.

Mr Latin has over 30 years' experience in Upstream Exploration and Production. He worked at BP for 18 years, where he was responsible for the BKR assets for 6 years and then held a number of senior VP and global/regional business roles. He was later OMV Group Senior Vice President for E&P in NW Europe, Africa and Australasia during which time he was responsible for building significant businesses in the UK (sold to Siccar Point Energy) and in Norway.

Committees: Nominations Committee (Chair). During his tenure as Interim CEO (24 April 2024 – 1 July 2024), Mr. Latin stepped down from the Nominations Committee and served as a member of the Health, Safety & Environmental ('HSE') Committee, Reserves Committee, and Sustainability Committee.

Key External Appointments: None

Chris Cox, Chief Executive Officer, joined the Board on 1 July 2024. Mr Cox has over forty years' experience in oil and gas in a wide range of roles with Majors and Independents. For the last two decades he has been leading complex multi-asset and multi-country businesses including as CEO of Spirit Energy, Interim CEO at Capricorn Energy and Chairman of Kellas Midstream. Mr Cox has experience as a non-executive director of both private equity and publicly listed companies, most recently with Nostrum Oil and Gas. Mr Cox holds a BSc in Petroleum Engineering from Imperial College, London.

Committees: HSE Committee, Reserves Committee, and Sustainability Committee

Key External Appointments: None

Martin Copeland, Chief Financial Officer, joined the Board on 5 February 2024. Mr Copeland was previously a Principal at energy advisory firm Kirk Lovegrove & Co. Ltd and has over 30 years' experience in oil and gas financing and advisory roles across a number of investment banks. His more recent transaction related experience includes advising Premier Oil on their reverse takeover by Chrysaor to create Harbour Energy, advising JX Nippon on the sale of their UKCS business to Neo Energy and advising Tailwind Energy on their sale to the Company in 2022.

Committees: None

Key External Appointments: None

Kate Coppinger, Senior Independent Non-Executive Director, joined the Board on 22 April 2020. Ms. Coppinger has over 20 years' investment banking experience. Ms Coppinger's career includes roles at Canadian Imperial Bank of Commerce, Harrison Lovegrove and Managing Director at Standard Chartered in the Oil and Gas team responsible for origination and execution of transactions for European clients. Her global M&A transaction experience spans Asia through to South America with particular emphasis on the North Sea.

Committees: Remuneration Committee (Chair), Audit Committee and Nominations Committee.

Key External Appointments: Star Energy plc

Jérôme Schmitt, Independent Non-Executive Director, joined the Board on 1 July 2022. Mr Schmitt has over 30 years' experience in the energy and mobility sector, with particular emphasis across Finance, Sustainability and Business streams. Mr Schmitt was the Head of M&A and Chief Sustainability officer at TotalEnergies and Chairman of OGCI Executive Committee until 2021. He was responsible for developing and financing gas value chain projects in Middle East & Asia and created and led the Net Zero Businesses division of TotalEnergies.

Committees: Sustainability Committee (Chair) and HSE Committee

Key External Appointments: Bramble Energy Limited

Michiel Soeting, Independent Non-Executive Director, joined the Board on 1 February 2023. Mr Soeting is a chartered accountant, qualified in both the Netherlands and the United Kingdom, he has extensive financial expertise, strong governance, risk management and regulatory compliance experience. Mr Soeting has over 30 years' experience in the audit and financial service sector, he was the former global lead partner and global head of energy & natural resources at KPMG.

Committees: Audit Committee (Chair), Remuneration Committee and Reserves Committee

Key External Appointments: Veon Ltd

Robert Lawson, Non-Executive Director, joined the Board on 23 March 2023. Mr Lawson represents Mercuria Holdings ('Mercuria') (a major shareholder of the Company) which was agreed following the acquisition of Tailwind Energy Investments Ltd. Mr Lawson spent a large part of his career with BP in various roles including Commercial Vice President for BP's Refining and Marketing Segment then becoming the Global Head of Mergers and Acquisitions. He was Executive Vice President and a member of the Board at Mercuria Energy Group from end 2022 to 2025 and left Mercuria to take up the role of Chief Executive & Secretary at Marylebone Cricket Club.

Committees: Nominations Committee

Key External Appointments: Marylebone Cricket Club

Guillaume Vermersch, Non-Executive Director, joined the Board on 23 March 2023. Mr Vermersch also represents Mercuria. Mr Vermersch started his career with Arthur Andersen in Paris. His career includes roles at ING/BBL Bank and CIB in Geneva and Paris and as head of the Credit and Finance Risk department of Sempra Oil Trading for Europe and Asia where he was responsible for defining, implementing and monitoring the full scope of the Sempra Energy credit and financial strategies, from trading business requirements to banking, finance and risk management responsibilities to support the oil and energy division's expansion. He is the group chief financial officer and a group board member of Mercuria Energy Group.

Committees: None

Key External Appointments: Mercuria Energy Group

Kaat Van Hecke, Independent Non-Executive Director, joined the Board on 17 July 2023. Ms Van Hecke has over 25 years' experience in the petrochemicals and oil and gas business, she has held positions with ExxonMobil, Shell, OMV and Nostrum in Belgium, the Netherlands, Nigeria, Russia, Austria and Kazakhstan. Ms Van Hecke was previously MD and Senior Vice President OMV Austria E&P and interim CEO at Nostrum Oil and Gas, she is also a Non-Executive director of Glover Gas & Power BV/ Axxela Ltd.

Committees: HSE Committee (Chair), Reserves Committee (Chair) and Audit Committee

Key External Appointments: Glover Gas & Power B.V/Axxela Limited

Sian Lloyd Rees, Independent Non-Executive Director, joined the Board on 17 July 2023. Ms Rees' career includes roles at Halliburton Corporation, Oracle Corporation and Aker Group and most recently as UK MD of Aker Horizons and Mainstream Renewable Power responsible for growing a renewable energy portfolio in offshore wind and hydrogen. Ms Rees has over 30 years' experience in the Oil and Gas, IT and Renewable Energy industries, she is also a Non-Executive director and co-chair of OEUK, non-executive director for the Net Zero Technology Centre and non-executive director of Port of Aberdeen.

Committees: Remuneration Committee and Sustainability Committee

Key External Appointments: OEUK, Net Zero Technology Centre Ltd, Port of Aberdeen

Directors that stood down or retired during 2024

Mitch Flegg, Chief Executive Officer, retired from the Board on 23 April 2024.

Andy Bell, Chief Financial Officer, stepped down from the Board on 5 February 2024.

Malcolm Webb, Senior Independent Non-Executive Director, retired from the Board on 27 June 2024.

DIRECTORS' REPORT

The Directors of the Company present their report and the Group financial statements of Serica Energy plc for the year ended 31 December 2024.

Principal activities

The principal activity of the Company and its subsidiary undertakings ('the Group') is to identify, acquire, explore and subsequently exploit oil and gas reserves. Its current activities are located in the United Kingdom.

Business review and future developments

A review of the business and the future developments of the Group is presented in the Strategic Report (including a Chief Executive Officer's Review, a Review of Operations and Financial Review) and Chair's Statement (all of which, together with the Corporate Governance Statement, are incorporated by reference into this Directors' Report).

Engagement with employees, suppliers, and customers

Information regarding Serica's engagement with employees, suppliers and customers is included in the Directors' statement under Section 172 of the Companies Act 2006 on pages 73 to 74.

Results and dividends

The profit for the year was $92,429,000 (2023: $127,757,,000).

The Directors are recommending the payment of a final dividend by the Company of 10 pence per share for the year to 31 December 2024, see note 11 (2023: 14 pence per share). Subject to shareholder approval at the AGM, this will be payable on 25 July 2025 to shareholders registered on 27 June 2025 with an ex-dividend date of 26 June 2025.

Financial instruments

The Group's financial risk management objectives and policies are discussed in note 22.

Events since balance sheet date

There are no post balance sheet events.

Directors and their Interests

The following Directors have held office in the Company since 1 January 2024 to the date of this report:

David Latin
Mitch Flegg *(stepped down on 23 April 2024)*
Chris Cox *(appointed 1 July 2024)*
Andrew Bell *(retired 5 February 2024)*
Martin Copeland *(appointed 5 February 2024)*
Malcolm Webb *(retired 27 June 2024)*
Kate Coppinger
Jérôme Schmitt
Michiel Soeting
Robert Lawson
Guillaume Vermersch
Kaat Van Hecke
Sian Lloyd Rees

The Directors who held office at the end of the financial year had the following interests in the ordinary shares of the Company according to the register of Directors' interests:

	Class of share	Interest at end of year	Interest at start of year (or date of appointment if later)
David Latin	Ordinary	218,567	45,000
Chris Cox	Ordinary	432,027	–
Martin Copeland	Ordinary	62,500	–
Kate Coppinger	Ordinary	–	–
Jérôme Schmitt	Ordinary	9,100	–
Michiel Soeting	Ordinary	42,300	42.300
Robert Lawson	Ordinary	–	–
Sian Lloyd Rees	Ordinary	2,114	–
Kaat Van Hecke	Ordinary	–	–
Guillaume Vermersch	Ordinary	–	–

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of other Group companies.

No rights to subscribe for shares in or debentures of Group companies were granted to any of the Directors or their immediate families, or exercised by them, during the financial year except as indicated below.

Details of share awards that have been granted to certain Directors under the Serica Energy plc Share Option Plan 2005 ('Serica 2005 Option Plan') and under the Serica Energy plc Long-Term Incentive Plan (the 'LTIP') are included in note 25.

Greenhouse gas ('GHG') emissions

Information regarding Serica's GHG disclosure is included in the Environmental, Social and Governance ('ESG') section on pages 16 and 17, with further details in our ESG Report.

Auditor

A resolution to reappoint Ernst & Young LLP, as auditor will be put to the members at the annual general meeting.

Disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed above. So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Board

Chris Cox
Director
31 March 2025

CORPORATE GOVERNANCE STATEMENT

Chair's Corporate Governance Statement:

The Corporate Governance section of our report outlines the Company's comprehensive framework, designed with clearly defined responsibilities and accountabilities, to safeguard long-term shareholder value. As Non-Executive Chair, it is my role to collaborate with my fellow Board members to ensure the Company upholds high governance standards and maintains structures and processes that support effective decision making.

As a Board, we firmly believe that good corporate governance is fundamental to building a successful and sustainable business. This requires strong leadership, a healthy corporate culture, robust systems, and a sound understanding of risk. It is essential that the Board brings together a diverse range of skills, ensuring we are well positioned to seize new opportunities.

A key focus in 2024 has been developing our leadership capabilities. We have made significant progress in strengthening the Board's composition, particularly with the appointments of Chris Cox as Chief Executive Officer and Martin Copeland as Chief Financial Officer. I am proud of the strong and diverse Board we have assembled, which combines an excellent mix of skills and experience relevant to Serica's challenges and opportunities.

The Company has a robust governance structure in place, which will underpin its growth and drive future success.

This report, together with the reports of the Audit, Nominations, Remuneration, Reserves, Health, Safety and Environment, and Sustainability Committees, seeks to demonstrate our commitment to high standards of governance.

In 2018, the Company adopted the Quoted Companies Alliance ('QCA') Corporate Governance Code 2018. Following the updates introduced by the 2023 Quoted Companies Alliance Corporate Governance Code ('2023 QCA Code '), the Company chose to comply as far as possible with the updated code earlier than required to maintain the highest possible standards of governance.

The directors believe that the 2023 QCA Code, with its updates, continues to be the most appropriate recognised governance framework for the Company at this stage. The 2023 QCA Code provides a robust framework to support the Company in maintaining strong governance standards, embedding its governance culture, and building a successful and sustainable business for the benefit of all stakeholders.

The QCA has 10 principles which the Company is required to adhere to and to make certain disclosures both within this report and on its website. This has been updated to comply, as far as possible, with the 2023 QCA Code. The Company's website disclosures can be found at www.serica-energy.com

Work is ongoing regarding a potential move from the AIM to the Main Market of the LSE in 2025. As part of this process, a comprehensive review was conducted to identify and address areas requiring enhancement to ensure full compliance with the UK Corporate Governance Code 2024. The review concluded that the Company already has a robust corporate governance framework in place, supported by significant progress made over recent years. This foundation positions the Company well to meet many of the requirements of the UK Corporate Governance Code.

However, a few areas were identified that require enhancement to achieve full compliance in preparation for a potential move. One of the key areas for improvement is workforce engagement, and initiatives to strengthen this are already underway. Additionally, the establishment of a formal Remuneration Policy was highlighted as a priority, and FIT Remuneration Consultants have been engaged to assist with its development.

The Board is fully aware of the necessary enhancements and is committed to addressing them. Progress has already been made in many areas, reflecting the Company's dedication to achieving the highest standards of corporate governance.

The success of the Company relies on a united Board dedicated to delivering value for shareholders while upholding high standards in employee welfare, safety, corporate governance, and environmental stewardship. These principles are fundamental to ensuring the long-term sustainability and growth of the business.

Maintaining strong relationships and actively engaging with shareholders remains a top priority and is integral to the Company's success. The Board is committed to offering numerous opportunities for investors to engage with both the Board and Executive Directors. Executive Directors engage regularly with shareholders and analysts, including after the announcement of key financial statements, at conferences, and hold meetings with major shareholders throughout the year to strengthen these key relationships. Shareholders were also invited to participate in the Annual General Meeting, promoting transparency and open dialogue, our commitment to which was emphasised through the appointment of a Group Investor Relations Manager.

The Company is fully committed to the Quoted Companies Alliance (QCA) Code's ten principles of corporate governance, embedding these within the business's core foundations. These principles are:

QCA Code Principle Number	QCA Code Principle	Disclosure
One	**Establish a purpose, strategy and business model which promotes long-term value for shareholders.**	a) Explain the Company's purpose, business model and strategy including key challenges in their execution.

Comment

a) See page 6, the Strategic Report on pages 1 to 37 and the Company's website.

The Company's purpose is to contribute responsibly towards meeting the world's energy needs through the safe and efficient production of hydrocarbons.

It operates in the upstream oil and gas exploration, development, and production sector and is therefore exposed to political, operational, commercial, commodity pricing, and hazard risk. The Company's strategy is to maintain a portfolio of diverse assets which enables it to manage the risks, the financial requirements, and take advantage of the growth opportunities in the business. It does this both by an active programme of acquisition and divestment where possible to balance risk and potential whilst also seeking to optimise operating costs and procedures to improve performance and by identifying where new technologies can enhance value. The Company strives to maintain a forward looking, professional and safety conscious culture in all that it does as this also provides essential checks and balances and underpins a value creative environment to the benefit of all stakeholders.

QCA Code Principle Number	QCA Code Principle	Disclosure
Two	**Promote a corporate culture that is based on ethical values and behaviours**	a) Describe the desired company culture within the strategic report. How is the desired corporate culture supportive of the Company's purpose, strategy, and business model? How is the tone from the top (board, chief executive, and senior management) supportive of this culture? How does the board assess and monitor corporate culture and how were any actions which notably deviated from what is expected addressed?

Comment

a) The corporate culture of the Company is established within the Board of directors and communicated to the Company by the CEO and senior management through a regular series of internal meetings and supporting processes. By this means the Company's strategy, objectives and approach to health, safety, environmental and diversity issues are communicated to all employees with the Board maintaining full oversight.

The Company operates a full feed-back system directly to the Chair, CEO or Senior Independent Director (SID) which provides the mechanism to enable the Company to become aware of any deviation from the Company's ethical values.

QCA Code Principle Number	QCA Code Principle	Disclosure
Three	**Seek to understand and meet shareholder needs and expectations**	a) Describe the shareholder engagement activities, including the topics discussed and actions taken in response. b) Provide appropriate quantitative and qualitative reporting of a company's environmental and social matters to meet investor needs and expectations

Comment

a) The Company engages with its shareholders through regulatory news flow, providing financial results on a half yearly basis, operational updates to maintain information on overall performance, additional news flow when there is a material deviation from the operational updates, releases relating to matters of material importance to the Company's business and releases of a regulatory nature.

The Company maintains an informative and regularly updated website at www.serica-energy.com through which shareholders can obtain copies of the Company's annual report, interim report, ESG report and other regulatory documents and regulatory news service releases. The website includes copies of all presentations made from time to time to analysts, shareholders and the general market and includes a facility under which shareholders may submit questions or make comments relating to the Company's business. Whenever possible the Company endeavours to respond to enquiries.

The Company's AGM is a regular opportunity for shareholders to meet with the Company and receive a corporate presentation. There is also an opportunity for shareholders to ask questions after the presentation, during the formal business of the meeting and informally following the meeting. The Board pro-actively engages with investors on governance matters.

The Chair, CEO and the CFO are together responsible for shareholder liaison and a listening board for shareholders. In all communications with shareholders and the general market the Company maintains strict compliance with the requirements of the AIM Rules and Market Abuse Regulations.

b) See the ESG Report published on the Company's website and the ESG report.

Four	**Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success.**	a) Describe the environmental and social issues that the board has identified as being material to the company with reference to its purpose, strategy, and business model. b) Set out any relevant associated KPIs that are used for tracking performance on such matters and, where relevant, key forward-looking targets that have been established.

Comment

a) The Company annually reviews and updates an ESG Materiality assessment which relies on stakeholder engagement activities throughout the reporting year and incorporates insights from experts across the business. The assessment covers the materiality of topics, ranging from economic and environmental considerations to social aspects and potential human rights implications. Material environmental issues include, GHG Emissions, Environmental Compliance, Waste, Water and Effluents. Material social topics include, Occupational Health and Safety, Diversity and Equal Opportunities, Training and Education and Employment practices. More information can be found in the ESG report.

b) The Company is aligned to the emission reduction targets as set out in the North Sea Transition Deal, which commits the UK oil and gas industry to reduce absolute production emissions by 10% by 2025, by 25% by 2027, by 50% by 2030, and become Net Zero by 2050 from a 2018 baseline. The Company also supports the World Bank's target of reaching zero routine flaring by 2030.

Since 2021, the Company has set annual emissions targets as part of its annual bonus scheme. Performance against these targets is directly linked to the remuneration of its employees, senior management and executives.

In 2025, the Company will continue to tie emissions reduction initiatives to its remuneration and corporate bonus scheme and has implemented the following emissions related targets:

The Company also has a suite of other environmental targets and KPIs used to monitor its performance, these include the average daily flaring volumes, the percentage of waste diverted from disposal, the volume of general waste generated and quantity of oil in produced water that is discharged to sea. Performance against these targets is monitored on a regular basis and performance is reported across the organisation.

Five	**Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation**	a) Describe how the board has embedded effective risk management, internal controls and assurance activities in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective. b) Risk and control information should be disclosed as required in the strategic report and corporate governance statements, including the non-financial reporting narrative. c) Explain the Company's governance around climate-related risks and opportunities; the process for identifying, assessing and managing climate-related risks and how these processes are integrated into the Company's overall risk management framework. d) Explain how the audit committee has monitored and formally considered auditor independence during the corporate reporting cycle.

Comment

a) The Company's approach to the management and identification of risk is set out in the Business Risks and Uncertainties section of the Strategic Report on pages 25 to 27.

The Company encourages a culture of risk awareness and management at all levels throughout the Company. Risks are reviewed by the Board at every Board meeting and, at executive level, the Company employs outside advisors to assess and advise on risk when it is felt additional third-party expertise is required.

Through the HSE and Audit Committees and the feedback provided by these committees to the Board via verbal and/or written reports and accessible minutes, the Board maintains a full and active awareness of operational and financial risks and the assurances that effective control systems are in place.

b) See Business Risks and Uncertainties section of the Strategic Report on pages 25 to 27.

c) The ESG team work on the process of identifying climate-related risks. More information can be found in ESG report.

A dedicated Sustainability Committee was set up in 2023 and reports to the Board on climate-related risks and issues. The Board discusses climate-related risks on a regular basis.

d) The Audit Committee formally assesses the independence of the Company's auditors on an annual basis, there has been a rotation of audit partners after five years to ensure independence is maintained. An audit tender policy was put in place during 2023 which will continue to support auditor rotation and independence

Six	**Establish and maintain the board as a well-functioning, balanced team led by the chair.**	a) Identify each director and describe the relevant experience, skills, and capabilities that each director has brought to the board's agenda during the year. b) Explain how the board contains (or will contain) the necessary mix of experience, skills, and capabilities – including with reference to diversity characteristics c) Identify those directors who the board considers to be independent; where there are grounds to question the real, or perceived independence of a director, this must be explained. d) Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors) and any restrictions on both executives and non-executives with respect to assuming external roles. e) Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director. f) Where performance-related remuneration for non-executive directors has been introduced, the company must disclose how it has consulted its shareholders and how their support was obtained.

Comment

a) Information on each of the directors as at 31 March 2025 is provided on pages 38 to 40. All their details can be found on the Company's website.

b) The make-up of the Company's Board of directors has kept pace with transformational changes made by the Company within the last few years with the introduction of new experience and skill-sets complementing those already on the Board. By this means the Board is continuing to refresh and enhance its performance.

The Board of directors covers a wide range of experience and skills. To meet the requirements of an independent upstream oil and gas exploration, development and production company these experiences and skills must cover financial, legal, operational and technical knowledge experience of risk management and growth in the independent sector and of public markets.

Each of the directors on the Board, Executive, Independent Non-Executive Directors ('INEDs') and Non-Executive Directors ('NEDs'), have considerable experience and all have demonstrated skills which are complementary, independent and sufficient to cover all of the requirements of the Board.

All directors have extensive and complementary skills, knowledge and experience covering all facets of the business which requires both entrepreneurial and custodian oversight.

As the Company continues to grow its business and to refresh the Board the Nominations Committee maintains oversight of the Company's requirements to ensure that the make-up of the Board is kept in line with the Company's needs and provides a mix of experience, skills, personal qualities and capabilities appropriate to the task. These include full consideration to maintain a healthy diversity where this is possible, including gender and ethnic diversity.

c) The Board as at 31 March 2025 comprises of Non-Executive Chair, CEO, CFO, five INEDs (all are considered independent in terms of character and judgement) and two NEDs The Board is aware of the need to maintain and build upon this balance of backgrounds and to maintain a diversity of talent through succession planning as the Company further develops and the needs of its business grows.

Kate Coppinger, Jérôme Schmitt, Michiel Soeting, Kaat Van Hecke and Sian Rees are INED's and considered to be independent.

For full background refer to 'Board Composition' on page 49 and the Company's website.

d) The Executive directors are expected to devote substantially the whole of their time to their duties with the Company. INEDs and NEDs have a lesser time commitment which is set out in their letter of appointment. It is anticipated that INEDs and NEDs will each dedicate 12 days a year in addition to their duties as Board members and as members from time to time of Board committees.

There is no formal policy restricting the directors external appointments, however, the Nominations Committee (and Board) review external appointments and time commitments at least annually, and each director discusses with the Chair any proposed additional appointments prior to being appointed.

e) See page 51.

f) NEDs nor INEDs are not awarded any performance related pay.

Seven	**Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up to date experience, skills and capabilities**	a) Explain how each director keeps their skillset up-to-date, setting out how the company provides the necessary resources for updating and developing each director's knowledge and skills. b) Set out any board sub-committees that have been established to facilitate more focused discussions and/or oversight of particular subject matters. c) Where the board or any committee has sought external advice on a significant matter, this must be described and explained. d) Where external advisers to the board or any of its committees have been engaged, explain their role.

Comment

a) The directors are provided with an AIM Rule briefing from the Company's Nominated Advisor on an annual basis along with dedicated sessions on varying topics from the Company's legal advisors.

The Company's lawyers attend meetings and deliver updates and training to the Board as a whole and individual directors as and when required.

The Audit Committee has requested that the Company's auditor provide details of training that the Audit Committee members may find useful to develop their knowledge further and for them to keep up to date with changes in auditor and accounting regulations, standards and areas of focus.

The Board is aware that there is a need for a structured training plan for all directors. One training plan already in place is the 'Major Accident Awareness Training' course at the Spadeadam facility in north east England. One of the Company's key objectives is to ensure the highest possible standards of Process Safety Awareness. Process Safety is seen as a Company-wide responsibility to prevent major accidents from occurring. All directors will undergo this training which demonstrates the significance of the hazards faced in the industry and the critical importance of Process Safety.

b) The Audit Committee assists with the Board's oversight of the integrity of the financial reporting and the independence and performance of the Company's Auditor.

The Reserves Committee meets prior to the publication of the annual results. The Committee is a sub-committee of the Audit Committee and meets to review the reports of the independent reserves auditors.

The Nominations Committee is responsible for monitoring the overall effectiveness of the Board and its Committees, proposing to the Board new nominees for election as directors to the Board, determining succession plans and for assessing directors on an ongoing basis.

The Remuneration Committee meets to consider all material elements of remuneration for executive directors and senior management, including remuneration policy, share incentive plans and other employee incentive schemes.

The HSE Committee is responsible for matters affecting health, safety and the environment.

The Sustainability Committee is responsible for matters relating to emissions reductions and climate change.

Details of the Terms of Reference for all committees can be found on the Company's website.

c) During 2024, the Board and committees have used a number of external professional advisers in respect of various segments of its business where it was felt that external advice was required.

The Remuneration Committee engaged remuneration consultants to assist in various matters relating to executive remuneration and packages. Further details can be found in the Remuneration Committee report.

The Nominations Committee engaged a leadership advisory firm to assist with executive and non-executive search.

d) The directors have access to the Company's Nominated Advisor, company secretary, lawyers and appointed remuneration consultants and are able to obtain advice from other external bodies as and when required.

The management team and directors are in regular dialogue with the Company's Nominated Adviser. The Nominated Adviser provides ongoing advice on matters pertaining to the Company's compliance with the AIM Rules for Companies.

The Company Secretary advises on corporate governance, arranges, attends and minutes all Board and committee meetings. The Company Secretary works closely with the Chair, CEO, members of the Executive Management team, all Board members, and advisors of the Company as and when required.

Lawyers are engaged to provide legal advice when required by the management team and by the Board or committees.

The Remuneration Committee has engaged remuneration consultants to provide advice in relation to executive remuneration, benchmarking and remuneration policy.

The Nominations Committee have engaged a leadership advisory firm to assist with executive and non-executive search.

CORPORATE GOVERNANCE FRAMEWORK

Eight	**Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**	a) Include a high-level explanation of the board performance effectiveness process. b) Set out when the last externally facilitated board review took place and when the next one is planned for. Where an externally facilitated review has not taken place and there are no plans to have one, this must be explained. c) Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed. d) Provide an outline description of the succession planning process including any indicative timelines for expected appointments (to the extent practicable).

Comment

a) See website disclosure, Principle Eight above and page 50.

The Board conducted an external Board and Committee evaluation process at the end of 2023 and in line with the 2023 QCA Code will conduct a Board evaluation every year. An external director evaluation survey was conducted in 2024.

b) As set out above, the Board conducted an external Board evaluation at the end of 2023, a director evaluation survey was conducted in 2024. The Company plan to conduct a Board evaluation every year and a review of the Board Committees and NEDs bi-annually.

c) See website disclosure, Principle Eight above. For further information see 'Board Evaluation' page 50.

d) The Nominations Committee meets regularly to consider the requirements of the Board. Consideration is given to succession both planning and timelines and expected changes.

Nine	**Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose, strategy and culture.**	a) Explain how the remuneration structure and practice supports the delivery and attainment of the Company's purpose, business model, strategy, and culture.

Comment

a) The Remuneration Committee meet regularly to discuss the remuneration structure to ensure that it motivates the executive team and senior management team and promotes the long-term growth of shareholder value. The Remuneration Committee consults with other committees (HSE and Sustainability) in order to set appropriate incentive targets and to appraise performance in respect of those targets.

Pay structures for the executive team and senior management team are simple and easy to understand and foster alignment with shareholders through building and holding a meaningful shareholding in the Company.

The Remuneration Report on pages 58 to 72 will as it did in 2024 be put to an advisory vote at the 2025 AGM. The recently drafted Remuneration Policy will be put to an advisory vote at the 2025 AGM.

Ten	**Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and any other key stakeholders**	a) Within the corporate governance report, reflect on challenges experienced in the year and signpost to how these were addressed at the board and whether any changes were made to board structure or process. b) Include an audit committee report (or equivalent report if such committee is not in place). c) Include a remuneration committee report (or equivalent report if such committee is not in place). d) If the Company has not published one or more of the disclosures set out under Principles 1-10, the omitted disclosures must be identified and the reason for their omission explained.

Comment

a) See Corporate Governance Report on pages 38 to 75.

The Board maintains a healthy dialogue between it and its stakeholders including its shareholders. The Chair is primarily responsible for communicating with shareholders, with the support of the CEO who also maintains regular dialogue. The SID is also available to communicate with shareholders as required.

Copies of the Company's report and accounts, and all other shareholder communications are maintained on the Company's website.

b) See pages 53 to 54.

c) See pages 58 to 72.

d) The Company has published all of the disclosures set out under Principles 1-10.

Governance structure

The Board of Directors recognises the critical importance of corporate governance and believes that the QCA Code provides an effective framework for maintaining high standards of governance within the Company. The Company fully complies with the QCA 2023 Corporate Governance Code.

The Board holds ultimate accountability for ensuring a robust governance framework is in place and embedded throughout the business. Regular Board meetings are held to review and vote on financial, operational, risk, strategy and other key matters, with updates provided by the Board Committees during these sessions. The Board is responsible for overseeing the Company's strategy, performance, risk management, financial and compliance matters, approval of major capital expenditures, and maintaining a framework of internal controls.

The Chair has overarching responsibility for managing the Board through a formal schedule of matters reserved for Board approval. An annual rolling Board agenda ensures that governance issues are consistently reviewed and addressed throughout the year. Additionally, an internal financial calendar is maintained to ensure that management remains aware of key dates and adheres to them, promoting discipline planning and execution across the organisation.

The Company has a well-defined organisational structure with clear lines of responsibility and delegated authority to executive management. The Board retains oversight and is responsible for monitoring the activities of executive management to ensure effective governance.

As of 31 March 2025, the Board consists of ten Directors, including five Independent Non-Executive Directors. One of these, Kate Coppinger, serves as the Senior Independent Director, providing additional support to the Chair. The Chair is tasked with ensuring the Board fulfils its responsibilities, fostering full and constructive contributions from all Board members in shaping the Group's strategy and overall commercial objectives. In the event of a tied vote during Board meetings, the Chair holds a second or casting vote to resolve the decision.

The Company is deeply committed to a corporate culture that prioritises equal opportunity, diversity, social responsibility, safety, and environmental stewardship, grounded in strong ethical values and behaviours. These values are instilled across the organisation and reflected in the Company's public statements on its website, annual reports and accounts, ESG reports, and communications with employees and stakeholders.

The Company has adopted a code of dealings in securities which the Board regards as appropriate for an AIM listed company and is compliant with the UK Market Abuse Regulations. The Company takes all reasonable steps to ensure compliance by the Directors, employees and agents with the provisions of the AIM rules relating to dealings in securities.

The Directors acknowledge the importance of ensuring that the Company and those third parties with which it engages are operating within the requirements of the Bribery Act. The Company has a zero-tolerance approach to bribery and corruption and has adopted an anti-bribery policy. All Directors, employees and key contractors are required to undertake the Company's annual online training session to ensure compliance with the anti-bribery policy. The policy includes maintenance of a gift register for Directors and employees.

Board composition

As of 31 December 2024, the Board of the Company comprised the Non-Executive Chair, the Chief Executive Officer, the Chief Financial Officer, five Independent Non-Executive Directors, and two Non-Executive Directors. The Chair, along with Kate Coppinger, the Senior Independent Non-Executive Director, and the other Independent Non-Executive Directors, ensures the Board's independence. All Independent Non-Executive Directors are independent in both character and judgment. The two Non-Executive Directors further strengthen the Board's composition. The Board is mindful of the importance of ensuring that the directors have a mix of experience, skills, independence, and diversity.

2024 has been a year of significant changes in the Executive Leadership team. Chris Cox, with his strong technical and commercial acumen and proven leadership track record, is well-positioned to drive the Company's ambitions, both through maximising the value of the current portfolio and delivering growth through M&A. Martin Copeland, appointed Chief Financial Officer, brings a comprehensive range of financial expertise and relevant market knowledge to the organisation. These appointments are key to the Company's future success.

Board committees and structure

The Board has the following Committees: Nominations, Audit (which includes the consideration of Reserves), Health, Safety & Environment, Remuneration, and Sustainability. All Committees operate under clearly defined terms of reference to ensure proper functioning and effective application of best practice. The Committee terms of reference are reviewed by the Committees and by the Board on an annual basis. Committees are required to report back to the Board following a Com mittee meeting.

More detailed information about the Committees can be found on pages 52 to 57.

The effectiveness of the Board, as well as the appointment of directors and senior management, is regularly evaluated, alongside the Company's succession planning.

David Latin
Non-Executive Chair
31 March 2025

BOARD EVALUATION/REVIEW OF THE BOARD'S EFFECTIVENESS

The Board considers that its effectiveness and the individual performance of its directors is vital to the success of the Company.

As outlined in our report last year, it was acknowledged that to comply with the QCA Code, a formal evaluation process for both the Board and its Committees was necessary. In November 2023, performance evaluations of the Board and each of its Committees were conducted by an external advisor, Nurole. Recommendations from these evaluations were presented to the Board and each Committee for review. Key findings from the review included the Board's desire for greater emphasis on strategy and growth. In 2024, a director evaluation exercise was carried out by Nurole. Directors' feedback was collected, anonymised, and grouped into themes, which were then shared with the Chair. This exercise was deemed valuable, with each director receiving personalised feedback, alongside insights into the Chair's role. One-to-one meetings were arranged with each director to discuss the results and overall value of the exercise.

There is a strong flow of communication among the Directors, particularly between the Chief Executive Officer, Chief Financial Officer, and the Chair, ensuring that both strategic and operational needs of the business are carefully considered. Meetings are also regularly held with the Non-Executive Directors and Independent Non-Executive Directors. Additionally, a recent change in the organisational structure has enabled more tasks to be delegated to a team of C-suite executives reporting directly to the Chief Executive Officer, allowing him to focus on more strategic activities. Comprehensive Board and committee papers are distributed ahead of meetings, allowing Directors sufficient time to review the materials to facilitate productive discussions. Minutes are accurately recorded to capture the key points of the discussions and decisions made. Actions arising from these meetings are tracked to ensure timely execution and follow-up.

The Directors possess extensive knowledge of the Company's business and are fully aware of their responsibilities as directors of a listed company. They have access to the Company's Nominated Adviser (Nomad), auditors, and solicitors whenever necessary. The Company's Nomad also conducts annual boardroom training. These advisors are available to offer formal support and guidance to the Board as needed, ensuring their involvement aligns with best practices.

The Company Secretary ensures that the Board is kept informed of developments in corporate governance and works closely with the Nomad on matters related to AIM requirements. The Company Secretary maintains regular communication with the Chair, Chief Executive Officer, Chief Financial Officer, and the Chairs of the Committees, and is available to other Board members as needed. Additionally, the Directors have the ability, at the Company's expense, to seek advice from external advisers if necessary.

The Board is mindful of the importance of succession and diversity planning when considering Board changes. The Nominations Committee oversees succession planning and Board appointments to ensure the Board remains effective and aligns with the Company's evolving needs. An external recruitment advisor was engaged for recent Board appointments, and should the Committee require further recruitment support, this resource will continue to be available.

Matters reserved for the Board

The Board retains full and effective control over the Company and is responsible for the Company's strategy and key financial and compliance issues. There are certain matters that are reserved for the Board and they include but are not limited to:

Strategy and Management

Approval of: long-term objectives; commercial strategic aims; annual operating and capital expenditure budgets; new business activity; any decision to cease to operate all or any material part of the Company's business.

Structure and capital

Capital structure; major changes to the Company's corporate structure; changes to the management and control structure; change to the Company's listing; alteration of the Company's articles of association; change in the Company's accounting reference date, registered name or business name.

Financial reporting and controls

Approval of finance reports; interim management statements and any other preliminary announcement of the final results; annual reports and accounts; dividend policy and declaration of any dividend and significant changes in accounting policies/practice.

Internal controls

Ensuring maintenance of a sound system of internal control and risk management including regular risk review.

Finance

Raising new capital and confirmation of major financing facilities; recommendation of dividends; operating and capital expenditure budgets; granting of security over any material Company asset; financial stress testing.

Contracts

All contracts above £20m; major capital contracts over £20m; contracts which are material or strategic; contracts outside of the approved budget and not in the ordinary course of business; major investments or any acquisitions/ disposals and transactions with Directors or other related parties which are not in the ordinary course of business.

Communications

Approval of resolutions and documentation put forward to shareholders; approval of circulars, prospectuses and listing particulars, and approval of press releases concerning matters decided by the Board.

Board membership and succession planning

Director appointments and succession planning for the Board and senior executives is evaluated on a regular basis commensurate with good corporate governance practice on diversity, experience and skills and the evolving needs of the Company.

Remuneration

Determining the remuneration policy for the Executive Directors, senior executives and all staff and the remuneration of the Non-Executive Directors. Introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

Delegation of authority

Division of responsibilities between the Chair, the Chief Executive and Executive Directors; delegated levels of authority, including the Chief Executive's authority limits; establishment of Board Committees and approval of terms of reference of Board Committees.

Corporate governance matters

Review of the Company's overall corporate governance arrangements.

Other

Policies including the share dealing code; appointment or change of the Company's principal professional advisers and auditors; overall levels of insurance for the Company; material litigation; any decision likely to have a material impact on the Group or Company from any perspective including, but not limited to, financial, operational, strategic or reputational; matters reserved for Board decisions and which the Board considers suitable for delegation are contained in the terms of reference of its Committees; and the grant of options, warrants or any other form of security convertible into shares.

Directors' attendance at meetings

The Directors' attendance at Board meetings and Board committees during 2024 is detailed in the table below:

Director	Board (attended/ eligible to attend)	Ad hoc Board (which include administrative meetings (e.g. share allotments where the whole Board is not required)	Audit	Remuneration	Nominations	HSE	Reserves	Sustainability
D. Latin*	8/8	8			1	1		1
M. Flegg**	2/2	2				1		1
C. Cox***	3/3	4				1		1
M. Copeland***	7/7	7						
M. Webb**	5/5	3		3	4			
K. Coppinger	8/8	8	5	8	2			
A. Bell**	1/2	2						
J. Schmitt	7/8	7				4		4
M. Soeting	8/8	8	5	8			1	
K. Van Hecke	8/8	7	5			4	1	
S. Lloyd Rees	8/8	8		8				1
R. Lawson	8/8	8			4			
G. Vermersch	8/8	8						

Notes:
During the year, following a change in the composition of the Board, there were a number of changes made to each Committee membership including changes made to the Chair of each Committee.

Directors attended a number of meetings of Committees of which they were not members during the course of the year at the invitation of the Committee Chair, the number of meetings attended by non-committee members have not been recorded in the above table.

* Chair

** Mitch Flegg stepped down from the Board in April 2024, Andy Bell retired from the Board in February 2024, and Malcolm Webb retired from the Board in June 2024.

*** Martin Copeland joined the Board in February 2024, and Chris Cox joined the Board in July 2024.

NOMINATIONS COMMITTEE REPORT (PREVIOUSLY NOMINATIONS & CORPORATE GOVERNANCE COMMITTEE)

In March 2024, the Committee's Terms of Reference were refocused solely on matters related to succession planning and senior appointments, with full responsibility for Corporate Governance returned to the Board and its Chair, advised by the Company Secretary. The Committee's purpose is to assist the Board in fulfilling its responsibilities regarding Board Evaluation, recruitment and succession planning.

Members

In 2024, the Committee consisted of Malcolm Webb (Senior Independent Non-Executive Director and Committee Chair until June 2024), David Latin (Non-Executive Chair of the Company), and Robert Lawson (Non-Executive Director). During the latter half of 2023, the Committee progressed plans for CEO succession, which were implemented in the first half of 2024.

Subsequently, the Board appointed David Latin as Interim CEO in April 2024. Following his appointment, David Latin temporarily stepped down from the Committee, and Kate Coppinger (Independent Non-Executive Director) joined the Committee and an impartial search for a permanent CEO candidate was conducted.

The Committee now comprises David Latin (Chair), Robert Lawson (Non-Executive Director), and Kate Coppinger (Senior Independent Non-Executive Director).

The Committee met four times during 2024, and has, so far, met once in 2025.

Independence of Non-Executive Directors

The Committee and the Board are satisfied that each Independent Non-Executive director of the Company remains independent and that all of the Non-Executive Directors continue to have sufficient time to discharge their responsibilities to the Company.

Board changes

In April 2024, Mitch Flegg stepped down as Chief Executive Officer and David Latin (Chair of the Company) assumed the role of Interim CEO until Chris Cox was appointed as CEO designate in June 2024 and formally as CEO in July 2024. Andy Bell (Chief Financial Officer) retired during the year and was replaced by Martin Copeland, who was appointed in February 2024. Malcolm Webb retired in June 2024 as Senior Independent Non-Executive Director and was replaced in this role by Kate Coppinger, who has served on the Board since 2020.

2024 and early 2025 activities included:

- Leading a comprehensive CEO search and interview process, with support from an external search agency, and providing recommendations to the Board
- Enhancing the interview and recruitment process for Executive Directors and Senior Executives
- Reviewing feedback from the external professional advisor (Nurole) on Committee evaluation and identifying areas for improvement
- Recommended developing an induction template for newly appointed Senior Executives
- Reviewing and updating the Committee's terms of reference as necessary
- Recommending actions for the Board following updates to the QCA Code 2023
- Assessing the independence of Independent Non-Executive Directors and evaluating the time commitment of INEDs and NEDs to effectively discharge their duties

2025 looking forward:

The Committee shall continue to focus its time and attention on evaluating its own effectiveness and reviewing the independence and capacity of both Independent Non-Executive Directors and Non-Executive Directors to effectively fulfil their duties. It will focus on succession planning for Board and senior management roles while also reviewing committee memberships and exploring the potential implementation of a membership rotation at a future date. Additionally, the Committee will oversee the recruitment of directors and support their ongoing education to ensure they remain well-equipped to meet the Company's evolving needs.

David Latin
Chair of the Nominations Committee
31 March 2025

AUDIT COMMITTEE REPORT

The Audit Committee is a standing committee of the Board, responsible for reviewing and making recommendations on all material financial decisions affecting the Company, including:

- Changes in accounting policies
- Matters requiring significant judgement and risk
- Compliance with accounting standards, legal, and regulatory requirements
- Disclosures in the interim and annual reports and financial statements
- The integrity of the Group's financial and internal controls
- Significant concerns raised by the external auditor regarding the conduct, results, or outcomes of the annual audit
- Issues that may affect the independence of the external auditor

Ensuring the integrity of the financial statements is critical, particularly regarding key assumptions and judgements. The Committee reviews these judgements prior to the publication of financial statements at year-end and the interim six-month period, while also addressing significant issues throughout the year. This includes assessing subjective material assumptions related to asset valuation, provisioning, and their accounting treatment.

The Committee reviewed and was satisfied that the judgements exercised by management on material items contained within the Report and Financial Statements are reasonable.

Membership

The Committee comprises Michiel Soeting (Committee Chair), Kate Coppinger, and Kaat Van Hecke, all of whom are Independent Non-Executive Directors. The Chief Financial Officer, Group Treasurer, and external auditors are also invited to attend meetings.

Michiel Soeting, the Committee Chair, is a qualified Chartered Accountant with over 30 years of experience in the audit and financial sector, including 20 years in the oil and gas industry. He brings extensive financial expertise and strong experience in governance, risk management, and regulatory compliance.

The Committee meets at least four times a year and in 2024 met on five occasions. It has met twice so far in 2025. The Committee also holds private sessions with management and with the external auditor without management present whenever it deems it appropriate to do so.

2024 and early 2025 activities included:

- Reviewing feedback from the external professional advisor (Nurole) on Committee evaluation and identifying areas for improvement
- Reviewing and updating the Committee's terms of reference, as necessary
- Reviewing and approving the Hedging Execution Strategy and Price Commodity Price Hedging Policy
- Reviewing and approving an updated Delegations of Authority and recommending it to the Board for approval
- Obtaining assurance from the management team that all transactions with the Mercuria Group were conducted at arm's length
- Reviewing the findings of the Reserves Committee and recommending approval of the CPRs to the Board
- Reviewing and approving management's proposal to present the Group financial results in US Dollars, replacing GBP as the presentational currency
- Reviewing tax exposures and fraud risks presented by management
- Reviewing the financial reporting judgements and key accounting estimates related to half and full-year results
- Agreeing a Committee work programme for 2025
- Determined that the Group does not currently require an internal audit function, agreeing that this would kept under review as the Company continues to grow
- Reviewing and making recommendations to the Board regarding dividends and other shareholder payments (such as the implementation of further share buyback programmes)

External Auditors

The external auditors, EY, were re-appointed in 2024 at the Company's annual general meeting. The Serica Group fee to EY for the financial year to 31 December 2024 is $1.1 million.

The Audit Committee conducted a comprehensive review of the quality, effectiveness, value, and independence of EY's audit. Auditor independence is evaluated at the planning stage of each reporting cycle. In 2023, the Committee introduced an Audit Tender Policy, requiring a tender process every ten years, effective from 2018 when the Company underwent significant growth and transformation.

The Committee is satisfied that EY's audit remains independent.

Audit Quality Review (AQR) Inspection Report

In March 2025, the Audit Committee was notified by the AQR team of the Financial Reporting Council ('FRC') of the findings of its inspection of Ernst & Young LLP's audit of the Company's 2023 financial statements. The inspection covered the complete audit process, including key audit areas such as the purchase price allocation for the acquisition of Tailwind and decommissioning and restoration provisions. The Audit Committee considered the AQR report and it was noted that no key findings arose from this inspection.

FRC Corporate Reporting Review

The FRC Corporate Reporting Review (CRR) team reviewed the Group and Company 2023 annual report during the year ended 31 December 2024 in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. The review considered compliance with reporting requirements but was limited in scope. The Audit Committee reviewed and approved the company's explanation in relation to the FRC's query on the difference between the amount of share premium reserves reported by the group and parent company, which enabled the FRC to close its enquiry. In addition, some suggestions were made as reporting improvements (to the extent that they are considered to be material and of relevance). The Audit Committee considered the recommendations as part of its review of this year's Annual Report and Accounts and are satisfied that they have been addressed.

2025 looking forward:

The Committee will continue to operate in line with its Terms of Reference, with a focus on:

- Reviewing the Company's control framework
- Ensuring risk management procedures and financial reporting controls remain robust
- Requesting management to assess IT risks and the effectiveness of key internal controls over financial reporting
- Reviewing and approving a Policy on Non-Audit Work by external auditors
- Continuing to assess tax and fraud risks presented by management
- Evaluating the need for an internal audit function
- Reviewing and monitoring the Company's hedging policy and practices
- Adhering to the Quoted Companies Alliance Corporate Governance Code and updates introduced in 2023
- Reviewing appropriate climate-related disclosures in the Annual Report
- Assessing whether dividends or other payments can be made to shareholders under the financial framework
- Monitoring the quality and independence of the external auditors
- Undertaking a review of the Committee's Terms of Reference

Michiel Soeting
Chair of the Audit Committee
31 March 2025

RESERVES COMMITTEE REPORT

The Reserves Committee is a sub-committee of the Audit Committee. The Committee's purpose is to review the reports of the independent reserves auditor which require that the Board discuss the reserves reports with the independent reserves auditor or delegate authority to a reserves committee comprised of at least two independent Directors.

Members

During 2024, David Latin joined the Committee for a short period, replacing Mitch Flegg upon his departure from the Company in April 2024, whilst he undertook his Interim CEO position. He stepped down from the Committee when Chris Cox was appointed as Chief Executive Officer on 1 July 2024.

The current Committee members are Kaat Van Hecke (Independent Non-Executive Director and Committee Chair), Chris Cox (Chief Executive Officer of the Company) and Michiel Soeting (Independent Non-Executive Director). The Committee met once in 2024 and typically meets once a year prior to publication of the annual results. Members of the senior Technical leadership who managed the audit are invited to attend the meeting.

2024 and early 2025 activities included:

- Reviewing feedback from the external professional advisor (Nurole) on Committee evaluation and identifying areas for improvement
- Reviewing and updating the Committee's terms of reference, as necessary
- Collaborated with the reserves auditor, RISC Advisory, who audited the work conducted by the Company's technical team to calculate reserves for each field
- Reviewing the key changes from prior year in respect of Serica's current portfolio of assets, which broadly fall into three hubs, being the Bruce Hub (Bruce, Keith and Rhum), the Triton Hub (Bittern, Gannet E, Guillemot West and North West, Evelyn, Belinda and Kyle), and Other Producing Assets (Columbus, Erskine and Orlando). Contingent Resources are contained in the Greater Buchan Area, Mansell and Skerryvore, and there are material 2C contingent Resource additions through the addition of the Buchan and Kyle projects, plus asset life extension activities on the Bruce platform, Triton FPSO and Erskine
- Meeting with management and the qualified reserves auditor to review the reserves data and the auditor's annual reserves report
- Discussing assumptions related to cessation of production and life extension
- Reviewing assets added to the portfolio since the last CPR and assessing the evaluation process used to incorporate them into the expanded reserves portfolio
- Reviewing and recommending to the Board approval of the content and filing of the Company's annual statement of reserves

Kaat Van Hecke
Chair of the Reserves Committee
31 March 2025

HEALTH, SAFETY AND ENVIRONMENTAL COMMITTEE REPORT

The Health, Safety & Environment Committee provides assurance to the Board on occupational health and safety leadership. It is primarily focused on ensuring that health and safety policies are adopted and applied across the Group.

Members

During 2024, David Latin joined the Committee for a short period during his tenure as Interim CEO. He stepped down from the Committee when Chris Cox was appointed as Chief Executive Officer on 1 July 2024.

The current Committee members are Kaat Van Hecke (Independent Non-Executive Director and Committee Chair), Chris Cox (Chief Executive Officer of the Company) and Jérôme Schmitt (Independent Non-Executive Director).

During 2024, the Committee has met quarterly to discuss matters pertaining to Health, Safety & Environmental issues. The Committee considers all of the Company's operations, ensuring that adequate HSE policies are adopted and applied across the Group, and the Safety Leadership of both management and the workforce is visible and impactful. The Chief Operating Officer Mike Killeen and the HSE Manager Craig Robertson have a standing invitation for each meeting. Other senior staff are regularly invited depending on the agenda subject.

2024 and early 2025 activities included:

- Evaluating HSE performance against industry standards – comparing Total Recordable Injury Frequency performance versus IOGP benchmark – and discussing improvement steps
- Reviewing the HSE Safety Performance of the Well Operations and discussing the upcoming well work and drilling programme
- Reviewing and discussing key findings from the Risk & Assurance team
- Monitoring interactions with the HSE & Safety Executive and ensuring that the relationship with the Regulator remains constructive and responsive
- Monitoring delivery of HSE performance against the HSEQ Plan at each meeting
- Performance discussion on HSE personal and process safety metrics, looking at both leading and lagging indicators
- Reviewing and feeding into the Process Safety Improvement Plan
- Reviewing major and reportable HSE incidents that occurred, investigations and lessons learned at each meeting
- Reviewing Maintenance Backlogs to address the backlog at each meeting
- Agreeing with the Remuneration Committee the HSE performance metrics linked to the Company bonus scheme
- Reviewing feedback from the external professional advisor (Nurole) on Committee evaluation and identifying areas for improvement
- Reviewing and updating the Committee's terms of reference, as necessary

In 2024, the chair of the HSE Committee had a three days offshore visit to Bruce platform to get a first-hand appreciation for the process safety and integrity of the installations. At the same time a Process Safety Leadership Engagement session in the Control Room was held and many operational staff were met. Finally a focused discussion with the offshore safety representatives took place.

2025 looking forward:

During 2025, the Committee plans to continue to review the ongoing HSE procedures and culture, evaluate HSE performance against our internal plan and industry standards, agree a HSE bonus scorecard for 2025 to be linked to the Company bonus scheme for 2025, and ensure that the HSE policy and procedures remain effective.
The Committee will place greater focus on monitoring progress against the maintenance backlog, on the implementation of the process safety improvement plan and on the follow-up of the findings and recommendations of the HSE risk and assurance team.

Kaat Van Hecke
Chair of the Health, Safety and Environmental Committee
31 March 2025

SUSTAINABILITY COMMITTEE REPORT

The Sustainability Committee is appointed by the Board to assist the Board in fulfilling its responsibility to review and provide oversight of the Company's strategies, goals, policies, performance and disclosures related to sustainability and Environmental, Social, and Governance matters. Its primary focus areas include monitoring environmental performance, providing assurance that Emissions Reduction Action Plan projects are being delivered, reviewing potential investment opportunities in the energy transition, and overseeing ESG reporting and ESG and climate-related risk management.

In addition, the Committee oversees workforce diversity and inclusion initiatives, biodiversity, education, and charity support programs.

The Company also publishes a separate annual ESG Report detailing these efforts.

Membership

During 2024, David Latin joined the Committee for a short period, replacing Mitch Flegg upon his departure from the Company in April 2024, while he undertook his Interim CEO position. Mr Latin stepped down from the Committee when Chris Cox was appointed as Chief Executive Office on 1 July 2024.

The current Committee members are Jérôme Schmitt (Independent Non-Executive Director and Committee Chair), Chris Cox (Chief Executive Officer of the Company), and Sian Lloyd Rees (Independent Non-Executive Director). The Chief Operating Officer, Chief Corporate Affairs Officer, ESG & Business Innovation Manager and Senior ESG Analyst are invited to attend the meetings.

During 2024, the Committee met quarterly to address matters related to ESG.

2024 and early 2025 activities included:

- Reviewing feedback from the external professional advisor (Nurole) on Committee evaluation and identified areas for improvement
- Reviewing and updating the Committee's terms of reference, as necessary
- Evaluating environmental performance on the Company's assets
- Monitoring ESG KPI targets versus actual results and discussing opportunities for improvement
- Advising the Remuneration Committee on agreed ESG performance metrics linked to the Company's bonus scheme
- Reviewing the results of the Materiality Assessment, key to ESG reporting which led to the development of a Materiality Matrix
- Overseeing and reviewing the Company's ESG & climate-related Risk Register
- Consideration of external activities and legislation relevant to ESG and sustainability
- Reviewing the Government's approach to energy security and its alignment with delivering net-zero targets
- Reviewing the Emissions Reduction Action Plan and associated projects
- Reviewing the Methane Action Plan
- Providing input on management's Investment Hopper for potential energy transition investments
- Assessing the Company's 'Social' initiatives and proposed areas for enhancement
- Considering the Company's Energy Transition roadmap and providing feedback to management
- Conducting ESG and energy transition training for the Board

2025 looking forward:

During 2025, the Committee plans to continue monitoring the Company's progress in reducing carbon intensity and emissions, ensuring alignment with established targets. It will also review potential energy transition projects and work to ensure transparent and comprehensive ESG reporting. The Committee aims to raise awareness and understanding within the Board on what the energy transition might entail regarding threats, opportunities, and timeline, to gain greater Board engagement. Additionally, the Committee intends to place greater emphasis on the Social aspect of ESG.

Jérôme Schmitt
Chair of the Sustainability Committee
31 March 2025

Chair's Statement

Dear shareholders,

This is Serica Energy's Directors' Remuneration Report (the 'Report') for the year ended 31 December 2024.

Business performance in 2024

Serica experienced a challenging 2024, with issues at the Triton FPSO causing production for the year to fall short of our expectations. This was especially frustrating as the drilling campaign at Triton is delivering excellent results, and management is focused on ensuring that, going forward, our facilities are able to produce closer to the potential of our wells. There is considerable work to do in this area, but we know the issues and are confident they can get fixed. As this work continues at the Triton FPSO, the retention of investment allowances means we can now turn our attention to the untapped potential across our portfolio, and the Company is well positioned to unlock value for shareholders through both organic and inorganic growth. Despite the difficult fiscal regime, Serica's assets remain highly cash generative, allowing us to continue delivering on core priorities, investing in our UK North Sea assets while maintaining material shareholder returns.

Board changes

As announced in November 2023, Andy Bell stepped down as Chief Financial Officer in February 2024 after almost twenty years of service with the Company. Martin Copeland was appointed to the Board as Chief Financial Officer on 5 February 2024.

Mitch Flegg stepped down as Chief Executive Officer on 24 April 2024. From that date until 1 July 2024, David Latin, Chair held the role of Interim CEO and effectively Executive Chair. Chris Cox was then formally appointed as Chief Executive Officer from 1 July 2024 after assuming the role of CEO Designate for a short period from June 2024.

For pay purposes, Andy Bell and Mitch Flegg were treated as good leavers and hence they remained eligible for annual bonuses for 2024, pro-rated for the months served during the year and subject to the performance outturns as determined by the Remuneration Committee. Unvested awards under the Long-Term Incentive Plan ('LTIP') continue until the normal vesting date, subject to the original performance conditions and pro-rated according to the elapsed time between the date of grant and the last day of employment.

The salaries for the new CEO and CFO were set after consideration of their skills and experience. David Latin received a salary for his role as Interim CEO, in addition he received a fee for his continuing role as Chair of the Board. He was, for the period that he served in an executive role, eligible for an annual bonus but not for any award under the LTIP. Both the new CEO and CFO were eligible to participate in the 2024 annual bonus on a time pro-rated basis. Chris Cox and Martin Copeland had measures which reflected the circumstances and timing of their respective appointments during the performance period. The performance goals were based on the all-employee corporate scorecard and supplemented by additional measures and targets in relation to growth, organisational development and financial goals. An award under the LTIP was granted to both Chris Cox and Martin Copeland shortly following their respective appointments using the same performance criteria as other participants (namely share price performance 35%, relative TSR 35% and emissions intensity targets 30%).

Incentive outcomes

The Company delivered against a number of the performance measures. The details of the targets are shown on page 67. The Committee considered the performance outcomes particularly in the light of overall performance outcome for all of Serica's employees and was satisfied that the formulaic results were appropriate. As a result bonuses of 36% of maximum were paid to each of Chris Cox and Martin Copeland at the end of the year. Both executives are eligible for a maximum of 125% and 100% of salary respectively, which was pro-rated for service in 2024.

The Directors' Remuneration Policy

Serica Energy, on an annual and voluntary basis, seeks shareholders' approval of the Directors' Remuneration Report ('DRR') at the AGM. At the 2024 AGM, the DRR was passed with 99.8% support. During 2024, the Committee considered the new QCA Corporate Governance Code which encourages companies to seek shareholders' approval of the Directors' Remuneration Policy (the 'Policy') on a voluntary basis. The Committee has undertaken a review of the Policy with the intention of putting it to an advisory vote at the 2025 AGM.

The Policy which is set out on pages 59 to 61 is considered to be proportionate yet competitive and recognises the size and scale of the business as well as the flexibility which is a feature of AIM market practice. The main objectives of the Policy are to support the retention and recruitment of high calibre individuals who can deliver the Company strategy. The Policy is deliberately weighted towards variable pay which is aligned to Company performance and the creation of long-term sustainable value. The Policy contains additional features expected for larger companies such as malus and clawback provisions as well as comprehensive shareholding requirements.

Implementing the Policy for 2025

The salaries for the Executive Directors will be increased by 3.33% and 3.75% for the CEO and CFO respectively, with effect from 1 January 2025, which is broadly aligned to increases for all other employees.

The 2025 annual bonus maximum will remain unchanged at 125% of salary for the CEO and 100% of salary for the CFO. The performance measures for the CEO and CFO are based on the corporate all-employee scorecard and are supplemented with growth, financial and other (which includes organisational elements). The face value on grant of the 2025 award under the LTIP will be 150% of salary for the CEO and 125% of salary for the CFO. Vesting will be subject to performance conditions which have yet to be set.

Conclusions

The Committee believes that the current Policy remains appropriate for the Company whilst it is AIM listed. We hope that shareholders will support our remuneration resolutions at the 2025 AGM.

Work is ongoing regarding a potential move from the AIM to the Main Market of the LSE in 2025, and the Board will ensure that the Policy remains appropriate.

This has been my first full year as Chair of the Remuneration Committee and I am looking forward to talking to shareholders and indeed our stakeholders more broadly on executive remuneration. I very much welcome any feedback or comments on the Directors' Remuneration Report and the Policy. I can be contacted via our Group Head of Investor Relations, Andrew Benbow – andrew.benbow@serica-energy.com.

Kate Coppinger
Chair of the Remuneration Committee
31 March 2025

The Directors' Remuneration Policy

In light of the recent changes to the QCA Code, the Remuneration Committee will ask Serica Energy's shareholders to approve the Policy at the 2025 AGM. The vote will be advisory in the same way that the vote on the Directors' Remuneration Report is advisory.

The Policy was reviewed by the Remuneration Committee and recommended to be approved by the Board. The Remuneration Committee had overall oversight of the Policy and our independent external advisers provided independent specialist advice to the Remuneration Committee. The Board provided approval of the Policy in early 2025.

Objectives of the policy

The proposed Directors' Remuneration Policy, effective from the date of the 2025 AGM, has been designed to support wider talent management activities and recruit, retain and incentivise high calibre executives to deliver our corporate strategy.

The Policy has appropriate safeguards to monitor, manage and mitigate undue risk taking. The heavy weighting towards variable pay, particularly long-term share-based pay, is reflective of the culture of the business with a focus on sustainable performance.

Overall, the Policy allows for competitive, but not excessive pay outcomes, which are aligned to stakeholder outcomes.

The Remuneration Policy for the Executive Directors

The following table summarises each element of the remuneration policy for the Executive Directors, explaining how each element operates and links to the corporate strategy.

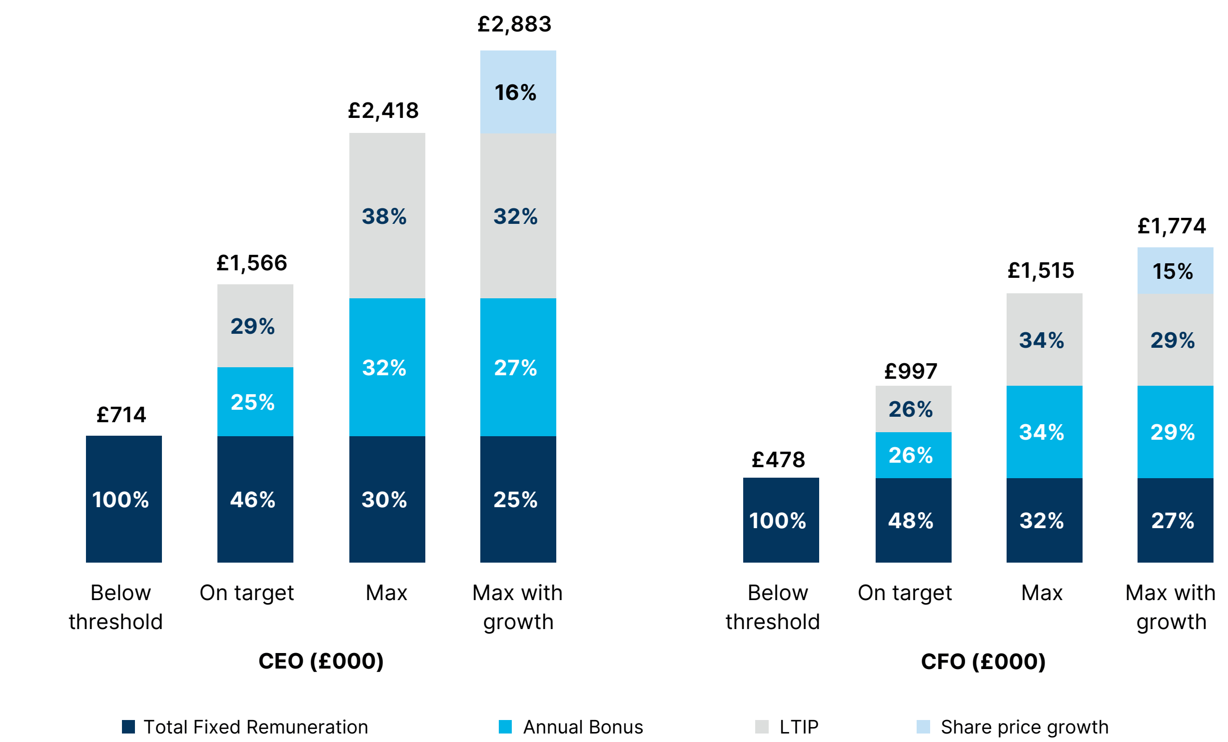
Element of pay	Purpose/ link to strategy	Operation/ performance	Maximum
Base salary	Set to attract and retain individuals with the required capabilities to deliver the Company strategy	Salaries are set on appointment and take into account the individual's skills and experience, and the recruitment market. Pay levels in companies of a similar size and scale will be used as necessary to help determine the appropriate pay positioning. Salaries are normally reviewed, but not necessarily increased, annually.	Annual increases will normally be in line with the increases for UK employees except in exceptional circumstances, including but not limited to a change in the scope and scale of the organisation, change in role, the need for accelerated pay progression, internal differentials and external relativities.
Pension	Encourage our employees to save for the long-term whether through participation in an occupational scheme or payment of a cash allowance instead.	Contribution or cash allowance in lieu (or a combination) determined as a percentage of annual salary. The level of contribution or cash allowance in lieu is intended to be in line with the maximum contribution available to all employees.	No more than the pension contribution available to all UK employees (which at the date of Policy approval is 15% of salary).

Element of pay	Purpose/ link to strategy	Operation/ performance	Maximum
Benefits	To provide cost-effective employment benefits and to encourage wellbeing.	A range of benefits can be provided in line with typical market practice including, but not limited to, medical insurance, permanent health insurance, car allowance and life assurance. Additional benefits may be provided within the Directors' Remuneration Policy for other reasonable business reasons such as relocation, whether domestic or international. Executive Directors are eligible to participate in other benefit schemes, including all-employee share schemes, on the same terms as other employees.	The maximum value of benefits will vary depending on the cost to the Company of providing them. This excludes any relocation benefits, which will be capped by any such approved relocation policy in place at the time.
Annual Bonus Plan	To incentivise and reward the Executive Directors for achieving results based on targets set in line with the annual business plan and the longer-term corporate strategy.	The annual bonus will be based on financial, operational and/or strategic measures and targets set for and measured over the performance period. They may also include individual and team-based objectives and targets. It is expected that the majority of the measures will be quantifiable. Part of the annual bonus maybe deferred into shares for a period of two years. Dividends or dividend equivalents may be paid to the extent the shares vest. The annual bonus will be subject to malus and clawback provisions.	The maximum for the CEO and for any other Executive Director will be 150% of salary a year. Award levels for FY25 are set out on page 66 No bonus will be paid below threshold and the full bonus will be paid only for meeting or exceeding the maximum performance standards set. The bonus earned for meeting targets may vary from year to year depending on the measures and a range of commercial factors.
Long-Term Incentive Plan ('LTIP')	To align the long-term interests of the Executive Directors with those of shareholders. To reward the delivery of long-term sustainable results and to retain.	Annual awards of performance shares. The share scheme will allow for a variety of share-based arrangements including conditional shares, forfeitable shares and nil-cost or nominal cost options. The Remuneration Committee may set any measures as it considers appropriate from year to year based on the Board's strategic objectives. This may include, but is not limited to, financial, operational, strategic or value creation measures. The awards normally vest three years after the date of grant. The Committee may determine that Executive Directors will be required to hold (if necessary after tax has been paid) the shares for two years after they have vested. Dividends or dividend equivalents may be paid to the extent the shares vest. Malus and clawback will apply.	Maximum annual award of up to 200% of salary. Award levels for FY25 are set out on page 68 No more than 25% of the shares under award will vest at threshold or the deemed equivalent.

Element of pay	Purpose/ link to strategy	Operation/ performance	Maximum
Share ownership requirement	To align the interests of Executive Directors and shareholders and encourage sustainable value creation.	Executive Directors are expected to build and maintain a material shareholding. It is expected that this will be achieved by personal investment and the retention of a proportion of shares vesting from incentive plans until they have met the requirement. The Remuneration Committee will monitor progress against the guideline on an annual basis. It is expected that the full guideline will normally be met within five years of employment.	200% of salary for any Executive Director. The Committee may, at its discretion, require Executive Directors to maintain their shareholding for a further two years after they leave the board.

Illustration of remuneration policy

The chart below set out the potential values of the remuneration package for FY25 under various performance scenarios.



Notes

a) Salary represents annual salary for 2025. Benefits have been included based on actual 2024 figures.

b) Pension represents the value of the annual pension allowance for Executive Directors of 15% of salary.

c) Below threshold comprises salary, benefits and pension only (i.e. no bonus awarded and no LTIP vesting).

d) Target performance comprises annual bonus payouts and LTIP vesting at 50% of maximum (provided for illustrative purposes only) but with no share price appreciation.

e) Maximum performance comprises annual bonus payouts and LTIP vesting at maximum level but with no share price appreciation.

f) Maximum + 50% share price growth comprises the figures referred to in note e) above plus an assumed increase of 50% in the value of the LTIP award to take account of potential share price appreciation.

Fees policy for Chair and Non-Executive Directors

The following table summarises the fees policy for the Chair and the NEDs.

Element of pay	Purpose/link to strategy	Operation/performance	Maximum
Fees	To provide a competitive fee to attract Non-Executive Directors who have the required skills and experience to oversee the implementation of the Company's strategy.	Fees for the Chair are set by the Committee. Fees for the other NEDs are set by the Board excluding the NEDs. Fees are normally reviewed, but not necessarily increased, annually. Fee levels are initially determined based on expected time commitments of each role and by reference to comparable fee levels in companies of a similar size and complexity. The Chair can receive a chair fee and separate NED fee or a single all-encompassing Chair fee. NEDs will receive a standard base fee which recognises the expected time commitments associated with the role. Additional fees are permitted to recognise the additional responsibilities associated with being the Senior Independent Director and/or chairing a Board committee. Additional fees may also be paid for other roles and/or responsibilities which include a materially higher time commitment than normal. Reasonable business expenses (including any tax thereon) will be reimbursed.	There is no limit for fees payable to the NEDs, although the aggregate fees are set in accordance with the limit set in the Articles of Association (which is currently £600,000)

Selection of performance measures and targets

The Remuneration Committee will choose the most appropriate performance measures for the annual bonus and LTIP based on the business strategy and KPIs.

The measures, the weightings and the targets may vary from year to year to reflect the strategic priorities of the business at the time.

Measures used may include financial, operational, HSE, ESG, strategic, individual or team-based non-financial metrics. The use of a combination of measures is intended to ensure performance is assessed on a complete basis. Performance targets are set on a basis so that they include appropriate levels of stretch, particularly to achieve the top of the range, but without incentivising undue risk taking. Where possible the Committee will set quantifiable targets. Where subjective measures are used, the Committee will still apply a rigorous assessment criteria. Targets are set based on a range of factors, including but not limited to, internal business forecasts, external analyst consensus and other economic or market-based indicators.

Discretion retained by the Committee in operating the incentive plans

The respective incentive plans are administered in line with their rules, in accordance with HMRC regulations and the Listing rules where relevant. To maintain the efficient administration of these plans, the Committee will retain discretions which include (but are not limited to) the following:

- the participants of the plans;
- the timing of grants/award, vesting and/or payments under the plans;
- the quantum of any grant, vesting and/or payment (within the limits set out in the approved Policy for Executive Directors);
- approving the performance measures and targets for each incentive plan;
- the use of any discretion to amend the outcome under incentive plans;
- the appropriate leaver status and subsequent treatment under the incentive plans;
- the relevant treatment of awards in the event of a change of control; and
- the relevant treatment of awards in certain capital events or similar circumstances (e.g. corporate

restructuring events, variation of capital and special dividends).

- the ability to amend or replace the performance conditions applying to outstanding awards if an event occurs which causes the Committee to believe that the original condition is no longer appropriate.

Malus and clawback

Malus and clawback may be applied at any time before an award vests or for three years after vesting in the following circumstances:

- material financial misstatement or that any other results or information relied on in making such assessment proves to have been incorrect;
- an error in calculation; and
- misconduct

Malus permits the Company to reduce the amount of any unvested award. Clawback permits the Company to reduce the amount of any vested award or any future salary or bonus and also require the employee to pay back amounts. The three-year time period aligns with market practice and, in the opinion of the Remuneration Committee strikes a sound balance between the mitigation of corporate risk without weakening the incentive effect of our variable pay arrangements.

Legacy arrangements

This Policy gives authority to the Committee to honour the commitments entered into with current Directors prior to the approval of this Policy and/or prior to the Director's appointment to the Board. Details of any payments under the legacy incentive arrangements will be set out in future Directors' Remuneration Reports as they arise.

Executive Directors' service contracts

Chris Cox's service agreement is terminable with 6 months written notice by either party up to July 2025, thereafter being terminable by 12 months written notice by either party. Other Executive Director's service agreement will be terminable by the Company or the respective Executive Director on up to 6 months' written notice.

The Company will also be entitled to terminate an Executive Director's service agreement with immediate effect by payment in lieu of notice, equal to the basic annual salary that would have been payable during the notice period.

The service contracts are available for inspection at the Company's registered office. The dates of each service contract are set out on page 72 in the Annual Report on Remuneration.

The service contract of any new appointment is expected to be consistent with that of current Executive Directors.

Executive Directors' external appointments

Executive Directors may accept an external appointment as a Non-Executive Director if approved by the Board. They are entitled to retain any fees which are payable.

Non-Executive Directors' terms of appointment

The Non-Executive Directors do not have service contracts with the Company but instead have letters of appointment. The date of appointment and the length of service for each Non-Executive Director are shown in the table on page 72 in the Annual Report on Remuneration.

For the Chair and the Non-Executive Directors, each appointment is subject to annual re-election by shareholders at each Annual General Meeting.

The appointments of the Chair and Non-Executive Directors may be terminated at any time by either party giving the other 3 months' written notice or in accordance with the Articles.

Policy on payment for departure from office

The Company may terminate an Executive Director's service agreement with immediate effect by payment in lieu of notice equal to the basic annual salary the Executive Director would have been entitled to receive during the notice period, payable as a lump sum or in equal monthly instalments. Such payment is subject to mitigation and may be reduced if the Executive Director secures alternative employment within that notice period.

The Committee will take into account the specific circumstances of the departure, the contractual entitlements, and rules of the relevant incentive plans when determining the termination treatment which is summarised below:

Component of pay	Voluntary resignation or termination for cause	'Good leaver' (e.g. death, injury, disability, ill health, redundancy, transfer of business outside the Group, retirement at the satisfaction of the Board or any other reason at the Committee's discretion)
Fixed pay	Will be paid for the proportion of any notice period which is worked and pro-rated as necessary. Any untaken holiday pay will be pro-rated as required.	Will be paid for the proportion of any notice period which is worked and pro-rated as necessary. Any untaken holiday pay will be pro-rated as required. A Payment In Lieu of Notice for salary, benefits and pension for the balance of any notice period may be made in instalments subject to mitigation.
Annual bonus	Will normally result in no bonus being paid.	Good leavers are eligible to receive a bonus at the normal payment date, pro-rated for time served and subject to the achievement of the performance conditions.
Deferred bonus awards	Unvested deferred bonus awards will normally lapse.	Awards will normally continue to vest on their original vesting date.
LTIP awards	Unvested LTIP awards will lapse.	LTIP awards will normally be retained by the individual for the remainder of the vesting period and remain subject to the relevant performance conditions, with the award time pro-rated. The Committee will retain discretion to assess the performance conditions and allow awards to vest at an earlier date if considered appropriate (and to disapply time pro-rating if considered appropriate).

The Committee may reimburse reasonable legal costs associated with the termination. If felt appropriate, the Committee may provide a contribution towards outplacement support. Any outstanding all-employee awards will be treated in line with the relevant HMRC regulations.

The Committee retains the authority to settle any legal claims against the Company, if considered to be in the best interests of shareholders.

Any payments to Executive Directors on termination will be disclosed in the respective Annual Report on Remuneration.

Recruitment policy

The remuneration package for any new Executive Director will be set in accordance with the terms of the Policy in place at the time of appointment. The principles which will be applied are set out below:

Element of pay	Recruitment Policy
Base salary	Set on appointment taking into account the skills and knowledge of the individual and the scope of responsibilities associated with the role. Base salary will be set taking into account other elements of the pay package to achieve the appropriate total remuneration pay positioning. The relevant experience of the individual may mean it is appropriate to set the initial salary at a lower position compared to market with an outline plan to make subsequent increases to achieve the desired market position in line with the individual's development in the role. Where possible, these planned increases will be signposted in advance.
Benefits	Expected to be in line with the Policy table. Benefits in line with local market norms for overseas executives will be agreed as necessary. The Committee will have the discretion to pay certain relocation expenses as deemed necessary. These are expected to be on a time limited basis.
Pension	To be in line with the Policy.
Annual bonus	To be in line with the Policy, including any ongoing bonus limit. Any bonus for the year of appointment will be pro-rated based on service rendered. Depending on the timing and circumstances of the appointment, it may be appropriate to use different performance measures compared to other executives for the remainder of the initial performance period.

Element of pay	Recruitment Policy
LTIP	To be in line with the Policy. An appropriate award may be made shortly after appointment, assuming the Company is not in a closed period. It is expected that the initial award will have the same performance conditions as other executives.
External appointments	To secure an appointment, the Committee may determine that it is necessary to buy-out existing remuneration from a previous employer. The intention will be that any buy-out compensation will be of the same value as that of any remuneration forfeited. Where possible, buy-out compensation will be on a comparable basis taking into account the form, time horizons and any relevant performance conditions. For completeness, any buy-out may be in excess of the normal LTIP limits and thus require bespoke arrangements in accordance with the relevant listing rules.
Internal appointments	For an internal appointment, any existing pay or contractual arrangements agreed prior to them being appointed to the Board, may be allowed to continue on its original terms, adjusted as relevant to take into account the new appointment.
Non-Executive Directors' fees	To be in line with the Policy.

Policy on a change of control

In the event of a change of control or similar occurrence, outstanding awards may vest early subject to any performance criteria assessment. The Committee retains the discretion to apply time pro-rating if considered appropriate.

Alternatively, awards may be rolled over into equivalent awards (with equivalent value) in any acquirer.

Statement of consideration of shareholder views

The Committee will engage with shareholders and respond to shareholder feedback, and any future material changes to the Policy will normally be subject to prior consultation with major shareholders.

Statement of consideration of employment conditions elsewhere in the Group

Serica has 228 employees as at the end of the financial year. Our employees contain a combination of on-shore and off-shore roles, all of which are in the UK. The pay and employment conditions throughout the Company are monitored by the Remuneration Committee on a regular basis. This includes updates on base salary increases, annual incentive outcomes and gender pay reporting. The Committee also approves the share incentives which are granted.

Differences in the Policy for Executive Directors and all other employees

The Company provides a market competitive package to all employees with the potential for further reward through annual incentives linked to the achievement of key performance objectives. At present, this is based on a corporate scorecard which is consistent with that used for the senior management team, noting that the senior team also have additional metrics related to strategic objectives.

All eligible employees are able to participate in all-employee share plans in order to become shareholders in the business. When making other long-term incentive grants, the Committee will consider the ability of the individual to influence Group level performance and the overall competitiveness of their pay package compared to equivalent roles in similar sized businesses.

The overall pay package for the Executive Directors is more heavily weighted towards variable pay so more is 'at risk' than it is for other employees. More of Executive Director pay is long-term in nature, reflecting the time horizon of share incentives and the inclusion of shareholding requirements.

Annual Report on Remuneration

Single total figure of remuneration

The following tables set out the total remuneration received by Executive Directors and Non-Executive Directors in relation to the current year 31st December 2024. These figures are reported below in £ Sterling, the currency in which they are paid, rather than the Group's reporting currency of USD. see Note 7 for further disclosures.

£'000	Salary/ fees	Committee Chair Fee	Benefits	Pension	Annual Bonus	Total remuneration	Total fixed pay	Total variable
Executive Directors								
Chris Cox[1]	300,000	–	312	32,952	135,000	468,264	333,264	135,000
Martin Copeland[2]	362,564	–	572	39,543	132,000	534,679	402,679	132,000
Former Executive Directors								
Mitch Flegg[3]	186,923	–	194	24,639	233,654	445,410	211,756	233,654
Andy Bell[4]	33,173	–	122	4,325	10,035	47,655	37,620	10,035
Non-Executive Directors								
David Latin[5]	250,000 (Interim CEO) 200,000 (Chair) 60,000 (INED Fee)	–	–	–	250,000	760,000	510,000	250,000
Kate Coppinger	5,000 (SID Fee) 60,000 (INED Fee)	10,000	–	–	–	75,000	75,000	–
Jerome Schmitt	60,000 (INED Fee)	10,000	–	–	–	70,000	70,000	–
Michiel Soeting	60,000 (INED Fee)	10,000	–	–	–	70,000	70,000	–
Robert Lawson	60,000 (NED Fee)	-	–	–	–	60,000	60,000	–
Guillaume Vermersch	60,000 (NED Fee)	-	–	–	–	60,000	60,000	–
Kaat Van Hecke	60,000 (INED Fee)	10,000	–	–	–	70,000	70,000	–
Sian Lloyd Rees	60,000 (INED Fee)	–	–	–	–	60,000	60,000	–
Malcolm Webb[6]	45,000 (INED Fee)	5,000	–	–	–	50,000	50,000	–
Total						2,771,008	2,010,319	760,689

Notes:

1. Chris Cox was appointed on 1 July 2024 and his pay reflects his period of service
2. Martin Copeland was appointed on 5 February 2024 and his pay reflects his period of service
3. Mitch Flegg stepped down as a Director on 24 April 2024. See page 70 'payments for loss of office and payments to former directors'
4. Andy Bell stepped down as a Director on 5 February 2024
5. David Latin was officially appointed as Interim CEO on 24 April 2024, until 30 June 2024. However, he began fulfilling the responsibilities of the role on 1 February 2024, following the announcement of Mitch Flegg's resignation as CEO. He was paid a salary covering his executive responsibilities of £250,000, the equivalent on a time pro rated basis of the departing CEO's salary. This was in addition to his fee as Chair of the Board. He was also eligible to receive a time-pro-rated bonus – see below
6. Malcolm Webb retired from the Board on 27 June 2024. His fees were adjusted and he was paid an additional £15,000 due to additional time commitment associated with the succession planning of the CEO role as well as operating as the Senior Independent Director.

Base salary

The former CEO, Mitch Flegg, had a salary of £600,000 effective from 1 January 2024. The salary for Chris Cox was set on appointment at £600,000 which reflects his significant experience in the industry and prior experience with leading oil and gas companies. Martin Copeland's salary was set at appointment at £400,000, which was higher than his predecessor Andy Bell (£345,000), which reflects his substantial experience in the oil and gas industry and the scope of his role.

The Interim CEO was appointed on an equivalent salary of £600,000 p.a. for the time served in an Executive capacity (i.e. in line with the former CEO) to reflect the additional time commitment and responsibilities whilst in role. He continued to receive his fee as Chair of the Board as he was fulfilling both roles.

Benefits and pension

The executive directors are entitled to a suite of company benefits which include private medical insurance and income protection insurance. A pension allowance of up to 15% of salary is payable (which is aligned to that of the wider workforce). If paid as cash in lieu, the cost of employers' national insurance is deducted so is cost neutral for the business.

Annual Bonus

The annual bonus maximum for 2024 was set at 125% of salary for the CEO and 100% of salary for the CFO. The award levels were set taking into account the size and scale of the business. As is market practice with many AIM companies, the annual bonus is paid fully in cash.

For 2024, the annual bonus was based on a scorecard as set out below. The targets were set to be challenging, yet realistic in light of market conditions, internal forecasts and external consensus.

Category	Measure	Weighting (% of max)	Performance considerations	Actual performance assessed
Growth	Strategic development based around M&A activity	30% of max	Execution of M&A activity was considered in the round, but noted that some tangible achievements were made in 2024 including the acquisition of assets from Parkmead Group	5% of max
Financial	Absolute share price growth	20% of max	Average monthly share price at the end of the year had not met the threshold target	0% of max
Organisational development	Identification of improvement areas and presentation of improvement plan before year end	20% of max	Presentations made to the Board and improvement plans agreed. Tangible improvements noted by the year end reflecting leadership initiatives	20% of max
Operational scorecard measures	Production targets – OPEX/ bbl	4% of max	Targets not met	0% of max
	Maintenance backlog	4% of max	Targets partially met	1.5% of max
	Safe delivery of well operations	4% of max	Targets mainly met	3.5% of max
	Operational milestones	4% of max	Targets partially met	2.5% of max
HSE and ESG scorecard measures	HSE performance	4% of max	Targets partially met	1% of max
	Process safety leadership	5% of max	Targets met but discretion applied to reflect overall performance	0% of max
	BKR carbon intensity	4% of max	Targets partially met	2% of max
Total		**100% of max**		**35.5% of max**

Achievement against the scorecard was assessed by the Committee, taking into account input from the HSE and ESG Committees and other independent directors as appropriate. When determining performance, the Committee considered a number of quantitative and qualitative factors which included, for example, production levels, overall safety performance and carbon dioxide emissions.

The Committee determined the annual bonus for 2024 was 36% for the CEO and the CFO. In both cases the annual bonus is pro-rated for the period of service in the year and therefore equates to £135,000 and £132,000 respectively. The Committee considered the bonus outcomes in light of wider stakeholder experience and was satisfied that no adjustments were required.

The annual bonus for the former CEO was set in the knowledge that he was stepping down during the year. Given this timing, the Committee determined that any bonus as a good leaver should be contingent on an effective handover process. The Committee deliberated the support provided to the Interim CEO and the onboarding of the new CFO and based on positive feedback from the Board and was comfortable that the transition had been managed in a supportive and helpful manner. As such, the Committee was comfortable with agreeing a bonus for the former CEO which was 125% of salary pro-rated for the period of service. This resulted in a bonus of £233,654 being payable.

The bonus for the Interim CEO was assessed based on his leadership of the business including through the 2024 reporting and AGM process whilst maintaining the high quality and safe operational performance of the business. The Interim CEO received an equivalent bonus of 80% of max (i.e. equivalent to 100% of salary) for his period of service, which was longer than had been originally expected, which equated to £250,000.

Long-Term Incentive Plans – awards granted during 2024

The Company operates the Serica Energy Plc Long-Term Incentive Plan, which was adopted by the Board on 20 November 2017 which permits the grant of share-based awards. The objective of the LTIP is to align the interest of executives with shareholders and to incentivise for growth and development of the Group. Awards vest three years after grant subject to the achievement of performance conditions and continued service.

In 2024, the following awards were made to Executive Directors:

Executive	Date of grant	No. of awards	Basis of award (% of salary)
Chris Cox (CEO)	24.07.2024	494,233	150% of salary
Martin Copeland (CFO)	24.05.2024	274,574	125% of salary

The performance vesting criteria includes sliding scale measures of share price performance (35% weighting) and of relative total shareholder return performance (35% weighting), in each case, in respect of a three year period ending at the end of April 2027; together with annual emissions intensity targets (30% weighting) in respect of 2024, 2025 and 2026.

Performance measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Share price performance	35%	8.75%	35%
Relative TSR vs Capricorn Energy, Deltic Energy, Diversified Energy Company, DNO Oslo, Energean, Enquest, Harbour Energy, Ithaca Energy, Jadestone Energy, Jersey Oil & Gas, Kistos, Kosmos Energy, Okea, Pharos Energy, Tullow Oil	35%	Median ranking	Upper Quartile ranking
Emissions intensity target	30%	N/A	18kgCO_2e/boe

Notes:

Based on the Company's producing assets on a net equity basis using CO_2e/boe and based on any calendar year during the performance period (i.e. 10% of max award per annum is available)

The table below shows the outstanding LTIP awards.

Executive	Award type	Date of grant	As at 1.1.24	No. of awards granted	Adjusted	Lapsed	Exercised	As at 31.12.24	Date potentially vested	Expiry date
Executive Directors										
Chris Cox	2024 LTIP	24.07.24	–	494, 233	–	–	–	494,233	24.07.27	24.07.34
Martin Copeland	2024 LTIP	24.05.24	–	274,574	–	–	–	274,574	24.05.27	24.05.34
Former Executive Directors										
Mitch Flegg	2023 LTIP	18.05.23	–	319,444	–	–	–	115,354 (pro rated)	18.05.26	18.05.33
	2022 LTIP	17.05.22	–	147,615	–	–	–	102,510 (pro rated)	17.05.25	17.05.32
	2021 LTIP	16.05.21	–	587,349	–	146,837	–	440,512	16.05.24	16.05.31
	2020 LTIP	18.05.20	–	386,100	–	–	386,100	–	18.05.23	18.05.30
	2019 LTIP	5.03.19	–	411,067	–	–	411,067	–	5.03.22	5.03.29
	2018 LTIP	25.05.18	–	1,500,000	–	–	1,500,000	–	30.11.20	25.05.28
Andy Bell	2024 LTIP	24.05.24	–	189,456	–	–	–	36,839 (pro rated)	24.05.27	24.05.34
	2023 LTIP	18.05.23	–	153,333	–	–	–	89,206 (pro rated)	18.05.26	18.05.33
	2022 LTIP	17.05.22	–	92,576	–	–	–	92,576	17.05.25	17.05.32
	2021 LTIP	16.05.21		306,210	–	76,552	–	229,658	16.05.24	16.05.31
	2020 LTIP	18.05.20	–	224,478	–	–	–	224,478	18.05.23	18.05.30
	2019 LTIP	5.03.19		234,308	–	–	–	234,308	5.03.22	5.03.29
	2018 LTIP	25.05.18	–	800,000	–	–	–	800,0000	30.11.20	25.05.28

All Performance Share Awards are structured as nil-cost options and may be exercised up until the tenth anniversary of the date of grant. Participants are entitled to dividend equivalents on vested awards.

Performance Share Awards granted in 2022 and 2023, were subject to different vesting criteria based on absolute share price performance and ESG performance targets.

The 2023 ESG target was corrected in December 2024. The Carbon Reduction Performance Condition was adjusted to relate to only the Bruce and Triton Assets.

Award numbers above do not include dividends which may be payable. Outstanding awards are as at 30th December 2024 for current employees and as at date of leaving for former executive directors.

Payments for loss of office and payments to former directors

Andy Bell stepped down from the Board on 5 February 2024. He remained employed until November 2024 when he retired. He remained eligible for an annual bonus for the period of service. No further compensation was paid following retirement. He is treated as a good leaver for share plan purposes and his outstanding awards are eligible to vest on their original terms, subject to performance being achieved and pro-rated for time served.

Mitch Flegg stepped down from the Board on 24 April 2024. Mitch was paid £350,000 as payment in lieu of remaining notice. He remained employed until 30 June 2024. He was eligible for an annual bonus for the period of service. He is treated as a good leaver for share plan purposes and his outstanding awards are eligible to vest on their original terms, subject to performance being achieved and pro-rated for time served.

Directors' interests as at 31 December 2024

The table below shows the share interests of those individuals who served as Directors during the year.

Director	Beneficial shareholding	Awards subject to performance conditions	Awards not subject to any performance conditions	Shareholding requirement (% of salary)	Achieved (yes/no)
Chris Cox	432,027	494, 233	–	200	No
Martin Copeland	62,500	274,574	–	200	No
David Latin	218,567	–	–	–	–
Kate Coppinger	–	–	–	–	–
Jerome Schmitt	9,100	–	–	–	–
Michiel Soeting	42,300	–	–	–	–
Robert Lawson	–	–	–	–	–
Guillaume Vermersch	–	–	–	–	–
Kaat Van Hecke	–	–	–	–	–
Sian Lloyd Rees	2,114		–	–	–
Former Directors[1]					
Mitch Flegg	391,165	658,376	2,297,167	–	–
Andy Bell	19,340	1,685,927	–	–	–
Malcolm Webb	80,873	–	–	–	–

1. Former Directors' shareholdings are as at date of cessation of employment.

The Executive Directors are required build a minimum shareholding equivalent to 200% of their annual salary, with a target of 1x salary within three years and 2x salary within five years. As the current Executive Directors are recent appointments, they are working towards the guideline.

Chief Executive Officer's pay ratio

The Company currently has 228 UK employees and therefore has no statutory requirement to publish a CEO pay ratio. Given the relatively few employees, the Committee is aware of pay levels and does not feel the need to produce a ratio. The Committee will continue to review the appropriateness of publishing pay ratios in the future.

Implementation of Policy for 2025

Element of Pay	Considerations	Application for 2025
Base salary	All employee pay increase was 4% of salary	3.33% increase to CEO salary, and 3.75% for CFO effective from 1 January 2025. CEO: £620,000 CFO: £415,000
Benefits and pension	No changes to benefits or pension provisions	Cash contribution in lieu of pension of up to 15% of salary (minus any deduction for employers' NI)
Annual Bonus Plan	Subject to performance measures including: Company Performance Operations Performance ESG Performance HSE Performance Wells Performance Growth – organic and M & A Free Cash Flow Organisational measures including main market move	CEO: 125% of salary CFO: 100% of salary
LTIP	Subject to performance conditions including: Relative Total Shareholder Return ESG	CEO: 150% of salary CFO: 125% of salary
Non-Executive Director's fees	NED fees were increased	Chair's fee: £210,000 NED base fee: £70,000 SID fee: £15,000 Committee Chair fee: £15,000

The Remuneration Committee

The Remuneration Committee is a standing Committee of the Board and meets regularly to consider all material elements of remuneration policy, share schemes, the remuneration and incentivisation of Executive Directors and senior management and to make recommendations to the Board on the framework for executive remuneration and its cost. The Committee assists the Board in discharging its oversight responsibilities relating to the attraction, compensation, evaluation and retention of Executive Directors and key senior management employees. The Committee aims to ensure that the Company has the right skills and expertise needed to enable the Company to achieve its goals and strategies and that fair and competitive compensation is awarded with appropriate performance incentives across the Company.

The Committee comprises Kate Coppinger (Senior Independent Non-Executive Director and Committee Chair since July 2023), Michiel Soeting (Independent Non-Executive Director) and Sian Lloyd-Rees (Independent Non-Executive Director). Malcom Webb (Senior Independent Non-Executive Director) was a member of the Committee until March 2024. The Committee met eight times in 2024.

The Committee invites the Chief Executive Officer to attend meetings to provide business context, but he is not present when his own remuneration is discussed. FIT Remuneration Consultants LLP (FIT) is appointed by the Remuneration Committee and provides no other services to the Company. FIT is a founding member of the Remuneration Consultants Group and is a signatory to its Code of Conduct. In the opinion of the Committee FIT Remuneration Consultants LLP and the advice provided are objective and independent. FIT attended some Remuneration Committee meetings during the year. FIT fees were charged on a time and expenses basis until September when a fixed fee arrangement was agreed. The fees for the year were £29,837.

Consideration by the Committee of matters relating to Directors' remuneration

The Committee approves the remuneration of the Executive Directors, Chair of the Board and other members of executive management. The Committee works within its terms of reference, and its role includes:

- Reviewing the Company's overall remuneration philosophy and programs.
- Determining the remuneration policy for all Executive Directors and, under guidance of the Executive Directors, other members of the Executive Management Team.

- Ensuring executive remuneration packages are competitive.
- Determining the structure of the annual bonus plan, whether annual bonus payments should be made and approving payments to the Executive Directors.
- Determining each year whether any awards/grants should be made under the incentive schemes and the value of such awards.
- Considering long-term incentive (LTIP) scheme awards and performance criteria.
- Approving all employee share schemes.
- Agreeing the Executive Director service contracts and notice periods with the Nominations committee
- Reviewing the Gender Pay Gap.
- Review the Company's compliance with any applicable Corporate Governance Code in relation to remuneration policy.

The Company is committed to maintaining an open and transparent dialogue with shareholders on all aspects of Remuneration within the Group.

Executive Directors' service contracts and Non-Executive Directors' letters of appointment

The Executive Directors' service contracts are available for inspection as are the letters of appointment of the Chair and the Non-Executive Directors at the Company's registered office.

Executive Director	Effective term	Notice period
Chris Cox	1 July 2024	6 months from Executive 6 months from the Company up until 30 June 2025 12 months from Executive from 1 July 2025 12 months from Company from 1 July 2025
Martin Copeland	5 February 2024	6 months from Executive 6 months from Company

The Chair and the other Non-Executive Directors Date of appointment

The Chair and the other Non-Executive Directors	Date of appointment	Date of Resignation
David Latin	07.12.2021	
Kate Coppinger	22.04.2020	
Jerome Schmitt	01.07.2022	
Michiel Soeting	01.02.2023	
Robert Lawson	23.03.2023	
Guillaume Vermersch	23.03.2023	
Kaat Van Hecke	17.07.2023	
Sian Lloyd Rees	17.07.2023	
Malcolm Webb	30.11.2018	27.06.2024

Shareholder voting

The 2023 Directors' Remuneration Report was approved by shareholders at the 2024 AGM:

	Votes For	Votes Against	Total Votes	Votes Withheld
2023 Report	251,367,623 (99.82%)	459,555 (0.18%)	251,827,178	170,498

Kate Coppinger
Chair of the Remuneration Committee
31 March 2025

DIRECTORS' STATEMENT UNDER SECTION 172 (1) OF THE COMPANIES ACT 2006

The Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole.

The section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) to:

a. the likely consequences of any decision in the long-term,

b. the interests of the Company's employees,

c. the need to foster the Company's business relationship with suppliers, customers and others,

d. the impact of the Company's operations on the community and environment,

e. the desirability of the Company maintaining a reputation for high standards of business conduct, and

f. the need to act fairly as between members of the Company.

Stakeholder engagement is a priority for the Board, with a view to obtaining a wide range of views and achieving a common understanding of the opportunities and challenges that underpin a long-term sustainable business plan.

Engagement typically takes place with stakeholders through both the Board and the senior management team. Outcomes are reported through to the Board to have a holistic understanding of all stakeholder positions, to balance competing interests and to take into account various views when making decisions.

The Board of Directors is collectively responsible for the decisions made towards the long-term success of the Company and the way in which the strategic, operational and risk management decisions have been implemented throughout the business is detailed in the Strategic Report.

Selective examples of the highlights in respect of each stakeholder group are set out below.

Employees

Our employees are one of the primary assets of our business and the Board recognises that our employees are the key resource which enables the delivery of Company's vision and goals.

We ensure that:

- Health, Safety and the Environment are considered paramount throughout the organisation (both on-shore and off-shore).
- Annual pay and benefit reviews are carried out to determine whether all levels of employees are benefitting fairly and to retain and encourage skills vital for the business.
- There is competitive pay and employee benefits.
- There is ongoing necessary training and development and career prospects available.
- There are freely available Company policies and procedures.
- Staff engagement surveys are conducted.
- Personal development reviews and work appraisals are conducted.
- Employees are informed of the results and important business decisions and are encouraged to feel engaged and to improve their potential. This is carried out with Company Town Hall meetings together with individual team and one to one engagement.
- Working conditions are favourable.
- Newsletters and management updates are provided.
- Team-building sessions and social events are arranged.

The Remuneration Committee oversees and makes recommendations of executive remuneration and any long-term share awards. The Board encourages management to improve employee engagement and to provide necessary training in order to use their skills in the relevant areas in the business. The Health, Safety and Environmental Committee reviews the health and safety measures implemented across the business on a quarterly basis and improvements are continuously recommended for better practice.

Suppliers, Customers and Regulatory Authorities

The Board acknowledges that a strong business relationship with suppliers and customers is a vital part of growth. Whilst day to day business operations are delegated to the executive management and the senior management team, the Board sets directions with regard to new business ventures. The Board upholds ethical business behaviour across all of the Company's activities and encourages management to seek comparable business practices from all suppliers and customers doing business with the Company. We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible their wishes are duly considered. The Board supported the Company's adoption of the OEUK Energy Services Agreement that sets base terms for employees working offshore in the UK and promotes a 'safe, stable and fair operating environment'.

Community and Environment

The Company runs an active community support programme through its committees; Charity and Fundraising, Education and Diversity and Inclusion. The Board is kept informed of events through monthly Board papers and regular HSE subcommittee meetings. Recently, the Board has put in place a dedicated Sustainability Committee, who focusses primarily on sustainability, environmental and social aspects of the Company. Staff and stakeholders are updated by various means such as the Company newsletter, a weekly staff 'round-up' email, posts on social media – LinkedIn and Twitter, as well as staff HSE and sustainability meetings. The annual ESG report provides details of the Company's social activities and is approved by the Board.

DIRECTORS' STATEMENT UNDER SECTION 172 (1) OF THE COMPANIES ACT 2006 continued

Improving environmental performance of the Company and acting responsibly is a key Company objective and the Board receives monthly performance updates of key environmental metrics such as emissions, flaring and waste. More detailed updates are given in the HSE quarterly meetings, the recently formed Sustainability Committee and by in-person updates in the main board. The Board is regularly updated on the activities and progress of the Emissions Reduction Group and the offshore ESG Champions. Feedback from industry bodies and the Regulator is also provided via the Board committee meetings.

Maintaining High Standards of Business Conduct

The Company is incorporated in the UK and governed by the Companies Act 2006. The Company has adopted the QCA Code (and updates made to the QCA code in 2023) and the Board recognises the importance of maintaining a good level of corporate governance, which together with the requirements to comply with the AIM Rules ensures that the interests of the Company's stakeholders are safeguarded. The Board has prompted that ethical behaviour and business practices should be implemented across the business. Anti-corruption and anti-bribery training are compulsory for all staff and contractors and the anti-bribery statement and policy is provided on the Company's website. The Company's expectation of honest, fair and professional behaviour is reflected by this and there is zero tolerance for bribery and unethical behaviour by anyone representing the Company.

The importance of making all employees feel safe in their environment is maintained and a Whistleblowing Policy is in place to enable staff to confidentially raise any concerns freely and to discuss any issues that arise. Strong financial controls are in place and are well documented. The Board regularly considers the key business risks and a risk matrix is discussed by the Board on a monthly basis.

Shareholders

The Board places equal importance on all shareholders and recognises the significance of transparent and effective communications with shareholders. As an AIM listed company there is a need to provide fair and balanced information in a way that is understandable to all stakeholders and particularly our shareholders.

The primary communication tool with our shareholders is through the Regulatory News Service ('RNS') on regulatory matters and matters of material substance. The Company's website provides details of the business, investor presentations and details of the Board and Board Committees, changes to major shareholder information, QCA Code disclosure and updates under AIM Rule 26. Changes are promptly published on the website to enable the shareholders to be kept abreast of Company's affairs. The Company's Annual Report and Notice of AGM are available to all shareholders. The Company also published its ESG report which is available to all shareholders. The Interim Report and other investor presentations are also available on our website.

The Board acknowledges that encouraging effective two-way communication with shareholders encourages mutual understanding and better connection with them. Investor events are also arranged with shareholders throughout the year which present an opportunity for shareholders to speak with the Executive Directors in a formal environment and in more informal one to one meetings. By providing a variety of ways to communicate with investors the Company feels that it reaches out to engage with a wide range of its stakeholders.

On behalf of Board

David Latin
Non-Executive Chair
31 March 2025

DIRECTORS' RESPONSIBILITIES STATEMENT in relation to the Group financial statements

The Directors are responsible for preparing the Strategic Report, the Director's Report and financial statements in accordance with applicable United Kingdom law and regulations and UK-adopted International Accounting Standards.

Company law requires the Directors to prepare financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK adopted International Accounting Standards. Under United Kingdom company law the Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the profit or loss of the Group for that period.

In preparing these Group financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the Group has complied with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK adopted International Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

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

The Directors confirm that they have complied with these requirements and, having a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future, will continue to adopt the going concern basis in preparing the financial statements.

INDEPENDENT AUDITOR'S REPORT to the members of Serica Energy plc

Opinion

In our opinion:

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

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

Group	Parent company
Group balance sheet as at 31 December 2024	Company balance sheet as at 31 December 2024
Group income statement for the year then ended	Company statement of changes in equity for the year then ended
Group statement of comprehensive income for the year then ended	Related notes 1 to 9 to the financial statements including material accounting policy information
Group statement of changes in equity for the year then ended	
Group cash flows statement for the year then ended	
Related notes 1 to 32 to the financial statements, including material accounting policy information	

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- obtaining an understanding of management's going concern assessment process including discussions with management to assess whether key factors were taken into account;
- obtaining management's going concern assessment including the cash forecast covering the period to 30 June 2026 (the 'going concern period'). Management's assessment included a base case and a downside scenario, which are described in the basis of preparation in note 2 to the financial statements;
- evaluating the appropriateness of the period used for management's going concern assessment, which is defined as the period up to 30 June 2026;
- testing the clerical accuracy of the model and confirming that the method used to calculate the cash forecast in management's model is appropriate;

- challenging the key assumptions included in the forecasts by agreeing them to supporting evidence. We compared management’s price assumptions with the most recently available price forecasts issued by a range of banks, brokers and consultants, which we obtained independently. We evaluated the forecast production profile, operating and capital expenditure and other assumptions used in the going concern assessment for consistency with the business plans and information obtained through auditing other areas of the business. We also determined whether management’s forecasts reflected the expected cash cost to Serica of executing plans aimed towards delivering the group’s ESG and climate change commitments;
- assessing management’s ability to forecast accurately based on their historical performance and identifying where management have experienced differences between forecasts and actuals (whether due to oil and gas prices or other factors). This has informed our view of the adequacy of the stress testing performed by management in their assessment;
- obtaining bank confirmations of the Group’s cash and cash equivalent balances as at 31 December 2024 and bank statements to confirm the balances as at 27 March 2025;
- reading the reserves based lending (RBL) facility agreement and confirming the terms of the facility, including the maturity date, redetermination mechanism and covenant calculations. We also confirmed the total amount available under the facility and the amount utilised as at the start of the going concern assessment period;
- independently conducting a reverse stress test to determine the conditions under which the group could potentially experience a liquidity shortfall during the going concern period;
- considering the likelihood of management’s ability to execute mitigating actions, if required, to continue its business activities; and
- reviewing the appropriateness of management’s going concern disclosures and to ensure such disclosures are in accordance with relevant standards.

In relation to the possible combination with EnQuest, our procedures included:

- obtaining an update from management and the Audit Committee including the sequencing of events ahead of any Takeover Code Rule 2.7 announcement by the offeror and subsequently;
- corroborating the update provided by management with Serica's external advisor;
- reading the RBL facility agreement to assess the impact of this potential transaction on the facility; and
- discussing with the RBL banking syndicate agent the process to be followed ahead of any potential transaction.

Our key observations:

In management’s downside scenario, there is sufficient liquidity headroom, and the group operates within the requirements of its covenants. In addition, we have concluded that our independently modelled reverse stress scenario, under which there is a liquidity shortfall prior to any covenant breaches, has a remote likelihood of occurrence.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company’s ability to continue as a going concern for a period to 30 June 2026.

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

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of four components and audit procedures on specific balances for a further component. • We performed centralised procedures on estimation of oil and gas reserves, impairment of oil and gas properties, decommissioning provisions, recoverability of deferred tax assets, and consolidation adjustments.
Key audit matters	• Assessment of commercial oil and gas reserves and their impact on the financial statements • Impairment of oil and gas properties • Impairment of investments in subsidiaries in the parent company financial statements
Materiality	• Overall group materiality of $13 million which represents 5% of normalised profit before tax, which has been normalised for production levels and adjusted to exclude non-recurring items being exploration and evaluation assets write-offs (‘adjusted profit before tax’).

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

Tailoring the scope

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

We determined that centralised audit procedures can be performed in the following audit areas: estimation of oil and gas reserves, impairment of oil and gas properties, decommissioning provisions, recoverability of deferred tax assets, and consolidation adjustments.

We then identified four components as individually relevant to the Group due to relevant events and conditions underlying the identified risks of material misstatement of the group financial statements being associated with the reporting components or a pervasive risks of material misstatement of the group financial statements or a significant risk or an area of higher assessed risk of material misstatement of the group financial statements being associated with the components.

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

We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. We selected one component of the group to include in our audit scope to address these risks.

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

Of the five components selected, we designed and performed audit procedures on the entire financial information of four components ('full scope components'). For one component, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ('specific scope components').

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

Changes from the prior year

The current year audit work has covered four full scope components and one specific scope component compared with the five full scope components in the 2023 audit, reflecting a change in the designation of one component from full scope to specific scope.

Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the group audit team.

Climate change

Stakeholders are increasingly interested in how climate change will impact Serica Energy plc. The Group has determined that the most significant future impacts from climate change on their operations will be from decarbonisation and the investment required to reduce carbon emissions and to improve energy efficiency. These are explained on pages 27-36 in the Task Force On Climate Related Financial Disclosures and on pages 25-27 in the principal risks and uncertainties. All of these disclosures form part of the "Other information", rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

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

The group has explained in the Basis of Preparation in note 2 how they have reflected the impact of climate change in their financial statements. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted international accounting standards.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, the effects of material climate risks disclosed on page 30 and whether these have been appropriately reflected in asset values where these are impacted by future cash flows and associated sensitivity disclosures, and in the timing and nature of liabilities recognised, following the requirements of UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

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

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Assessment of commercial oil and gas reserves and its impact on the group financial statements *Refer to the Accounting policies section "Use of judgement and estimates and sources of estimation uncertainty" (page 92)* As described in note 13 to the group financial statements, oil and gas properties amounted to $985.2 million (net of depletion, depreciation and amortisation ('DD&A')) and have an associated DD&A charge of $590.4 million, decommissioning provision of $145.7 million (note 20) and deferred tax assets ('DTA') of $55.1 million (note 9). The estimate of oil and gas reserves has a significant impact on the financial statements, particularly in impairment assessments the calculation of DD&A, estimation of decommissioning provision and DTA recoverability. The estimation of oil and gas reserves involves subjective judgements and determinations based on geopolitical, technical and economic information. Estimates can change over time as a result of new information for production or drilling activities, changes in economic factors such as oil & gas price and other events. The estimation of oil & gas reserves is a higher risk estimate given the significant judgement by management including the use of management's third-party specialists in developing the reserves volumes. Estimation uncertainty is further elevated given the transition to a low-carbon economy which could impact life-of-field assumptions and increase the risk of underutilised or stranded oil and gas assets.	Our procedures included, amongst others: • confirming our understanding of the group's reserves estimation process by performing a walk through and assessing the design effectiveness of controls including management's controls over the appointment of the technical and commercial specialists; • assessing the competence and objectivity of management's third-party specialists (independent reserves auditor), to satisfy ourselves they were appropriately qualified to carry out the volumes estimation; • meeting separately with management's third-party specialist and obtaining confirmation that they are independent from Serica and have performed their procedures in line with the guidelines set out by the Society of Petroleum Engineers; • confirming that any material changes in reserves align with our understanding and were made in the appropriate accounting period; • assessing, where relevant, whether life of field and cessation of production assumptions incorporated Serica's estimate of costs associated with the potential impact of climate change and the energy transition; • validating that the reserves estimates were included appropriately as key inputs to calculations of balances within the group's financial statements. The above audit procedures were performed by the group audit team.

Key observations communicated to the Audit Committee

We reported to the Audit Committee that we did not identify any exceptions as a result of our audit procedures. We confirmed that material changes in reserves volumes have been made in the appropriate accounting period and validated that the updated reserves estimates are included appropriately in the group's forecasts for impairment assessments and the calculation of DD&A, decommissioning provision and DTA recoverability. We confirmed that the disclosures in the financial statements were appropriate.

Risk	Our response to the risk
Impairment of oil and gas properties *Refer to the Accounting policies section "Use of judgement and estimates and sources of estimation uncertainty" (page 92)* As described in note 13 to the consolidated financial statements, oil and gas properties recorded within property, plant and equipment ('PP&E') amounted to $985.2 million as at 31 December 2024. In accordance with IAS 36, PP&E is assessed for impairment when there are facts and circumstances that suggest that the carrying amount may be higher than the recoverable amount. In the current year, management identified an impairment indicator, with the market capitalisation of the group lower than the net assets. As a result, management undertook impairment tests across all oil & gas properties. Management prepared its impairment tests using the Fair Value Less Cost to Sell methodology. The impairment models include a number of estimates including: future oil and gas prices; discount rates; inflation rates; production forecasts; operating expenditures; and capital expenditures for each Cash Generating Unit ('CGU'). Forecasting future prices is inherently difficult. The estimation of future oil and gas prices is subject to increased uncertainty, given climate change and the energy transition on the demand for both crude oil and natural gas products. A further key input to management's impairment assessment relates to the estimation of oil and gas reserves. There is significant estimation uncertainty assessing the quantities of commercial reserves. We have described the risk within the assessment of commercial reserves and its impact on the Group financial statements key audit matter above.	Our procedures, with respect to management's impairment assessments included: • confirming our understanding of the group's controls over the impairment assessment process by performing a walk through and assessing the design effectiveness of the controls; • assessing management's determination of CGUs; • testing the integrity of management's models of the recoverable amount of each of the CGUs; • evaluating the appropriateness of management's oil and gas price assumptions through comparison with consensus analysts' forecasts and those adopted by other oil and gas companies; • engaging our EY valuations specialists, to assess the appropriateness of management's impairment discount rates for each CGU; • evaluating management's production profiles by reconciling them with the results of our audit work as described above within the assessment of commercial oil and gas reserves key audit matter; • testing the appropriateness of other cashflow assumptions to supporting evidence including engaging our internal specialist to assess management's inflation and foreign exchange rates; • executing sensitivity testing on key assumptions by reducing oil and gas prices and increasing discount rate; and • evaluating the accuracy and completeness of the impairment disclosures included in the financial statements. The above audit procedures were performed by the group audit team.

Key observations communicated to the Audit Committee

We reported to the Audit Committee that we are satisfied that the assumptions used in the impairment assessments are reasonable. We confirmed that we are satisfied that no impairment of oil and gas properties as at 31 December 2024 is appropriate.

Risk	Our response to the risk
Impairment of investments in subsidiaries in the parent company financial statements *Refer to the Accounting policies section "Use of judgement and estimates and sources of estimation uncertainty" (page 92)* As described in note 3 to the parent company financial statements, investments amounted to $525.8 million as at 31 December 2024. In the current year, management identified an impairment indicator, with the market capitalisation of the group lower than the parent company net assets. As a result, management undertook impairment tests of the parent company's investments in subsidiaries. Management prepared the impairment assessment of investments based on the impairment testing of CGUs performed for the purposes of the Group financial statements, as these investments contain one or more CGUs in their entirety. Management adjusted the recoverable amount of the CGUs, within each subsidiary, to reflect the recoverable amount of the investment. This required further estimations including the fair value of external borrowings within the subsidiaries.	Our procedures, with respect to management's impairment assessments included: • confirming our understanding of the controls over the parent company's investment impairment assessment process by conducting a walkthrough and evaluating the design effectiveness of these control; • verifying that management's recoverable amount of CGUs used in the investment in subsidiaries' impairment test reconciles to the results of our audit work as described above within the impairment of oil and gas properties key audit matter; • assessing the appropriateness of other assumptions considered for the recoverable value of investments, such as inter-group balances and external borrowings within the subsidiaries. We engaged an EY valuation specialist to evaluate the fair value of the borrowings. • evaluating the accuracy and completeness of the impairment disclosures included in the financial statements. The above audit procedures were performed by the group audit team in respect of the parent company financial statements.

Key observations communicated to the Audit Committee

We confirmed to the Audit Committee that we are satisfied that the assumptions used by Serica are reasonable. We confirmed that we are satisfied that no impairment of investments in subsidiaries in the parent company financial statements was appropriate.

In the prior year, our auditor's report included a key audit matter in relation to the acquisition of Tailwind, specifically the judgements around the purchase price allocation (PPA). In the current year, this has not been considered as a key audit matter as this was non-recurring transaction that took place in 2023.

In the current year, we have two new key audit matters in respect of impairment of oil and gas properties and impairment of investments in subsidiaries in the parent company financial statements that required significant management and auditor judgement and audit effort including reliance on both management's external and EY internal specialists. Hence, we have included these as key audit matters.

Our application of materiality

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

Materiality

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

We determined materiality for the Group to be $13 million (2023: $15 million), which is 5% (2023: 5%) of adjusted profit before tax. We believe that adjusted profit before tax provides us with appropriate basis for planning materiality for the current year audit.

Our key criterion in determining materiality remains our perception of the needs of Serica's stakeholders. We consider which earnings, activity or capital-based measure aligns best with the expectations of the users of the financial statements. In doing so, we apply a 'reasonable investor perspective', which reflects our understanding of the common financial information needs of the members of the Company as a group.

Consistent with our approach in the prior period, the financial measure on which we determined materiality is adjusted profit before tax, with the only change being that we have normalised for production interruptions that are not expected to recur going forward. We believe that adjusted profit before tax is the most appropriate measure upon which to calculate materiality as it represents a key performance indicator used by Serica's investors and is the expectation for a listed company that is generating profits. The Group and parent company have changed their presentation currency from Pounds sterling to US dollars. The comparative materiality figures, which were previously in Pounds sterling, are now presented in their US dollar equivalents.

Adjusted profit before tax:

Starting basis	Profit before tax: $160 million
Adjustments	Normalising non-recurring production interruptions: $94 million Exploration and evaluation assets write-offs: $1.0 million
Materiality	Total: $255 million [Adjusted profit before tax] Materiality of $13 million (5% of Adjusted profit before tax)

We determined materiality for the parent company to be $10.2 million (2023: $12 million), which is 2% (2023: 2%) of equity. We use equity as the basis for materiality as the purpose of the parent company is to hold investments in its subsidiaries. The annual profits generated by the company in future periods, will be dependent on the level and timing of any intra-group dividends paid by the parent's operating subsidiaries.

During the course of our audit, we reassessed initial materiality and based on final results for 2024, we concluded that no changes were required other than to adjust for the impact of the non-recurring production interruption by normalising production levels, which was not known at the planning stage of our audit.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely $9.7 million (2023: $11.4 million). We have set performance materiality at this percentage due to quantitative and qualitative assessment of prior year misstatement and our assessment of the Group's overall control environment.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $4.2 million to $7.3 million (2023: $6.7 million to $ 10.8 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $0.65 million (2023: $0.8 million), which is set at 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 75, 141 to 145, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 75, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are UK adopted international accounting standards, the Companies Act 2006, AIM listing rules and UK tax legislation.
- We understood how Serica Energy plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies, and noted there was no contradictory evidence.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand what areas were susceptible to fraud. We also considered performance targets and their propensity to influence management to manage earnings.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved incorporating data analytics across our audit approach, journal entry testing with a focus on manual consolidation journals and journals meeting our defined risk criteria based on our understanding of the business; enquiries of management, review of Board and Audit Committee reporting; and focused testing as referred to in the key audit matters section above.

We ensured our audit team has appropriate industry experience through working for many years on relevant audits, including experience of oil and gas companies. Our audit planning included considering external market factors, for example geopolitical risk, the potential impact of climate change, commodity price risk and major trends in the industry.

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

Use of our report

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

Khilan Shah (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
1 April 2025

GROUP INCOME STATEMENT for the year ended 31 December 2024

	Note	2024 $000	2023 $000 (Restated*)
Continuing operations			
Sales revenue	4	**727,178**	788,920
Cost of sales	5	**(503,981)**	(406,790)
Gross profit		**223,197**	382,130
Hedging (expense)/income	16	**(43,474)**	5,848
Contract revenue – other	16	**31,292**	29,951
Exploration and pre-licence costs		**(1,595)**	(2,622)
E&E asset write-offs	12	**(851)**	(10,871)
General and administrative expenses	6	**(21,601)**	(24,486)
Transaction costs	29	**–**	(12,539)
Foreign exchange gain/(loss)		**3,234**	(4,465)
Share-based payments	25	**(3,735)**	(4,942)
Gain on acquisition	29	**–**	41,889
Operating profit before net finance costs and tax		**186,467**	399,893
Change in fair value of financial liabilities	19	**(2,538)**	(9,446)
Finance revenue	8	**13,927**	16,830
Finance costs	8	**(37,358)**	(26,906)
Profit before taxation		**160,498**	380,371
Taxation charge for the year	9	**(68,069)**	(252,614)
Profit for the year		**92,429**	127,757
Profit for the year attributable to: Equity owners of the Company		**92,429**	127,757
Earnings per ordinary share – EPS			
Basic EPS on profit for the year ($)	10	**0.24**	0.35
Diluted EPS on profit for the year ($)	10	**0.23**	0.34

*See note 2

GROUP STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2024

	2024 $000	2023 $000 (Restated*)
Profit for the year	**92,429**	127,757
Other comprehensive (loss)/profit		
Items that may be subsequently reclassified to income statement:		
Exchange differences on translation	**(5,217)**	22,594
Other comprehensive (loss)/profit for the year	**(5,217)**	22,594
Total comprehensive profit for the year	**87,212**	150,351
Total comprehensive profit attributable to:		
Equity owners of the Company	**87,212**	150,351

*See note 2

GROUP BALANCE SHEET as at 31 December 2024

	Note	2024 $000	2023 $000 (Restated*)	1/1/2023 $000 (Restated*)
Non-current assets				
Exploration & evaluation assets	12	**20,367**	2,457	1,210
Property, plant and equipment	13	**991,588**	905,760	321,474
Deferred tax asset	9	**55,139**	107,071	–
		1,067,094	1,015,288	322,684
Current assets				
Inventories	14	**14,884**	13,860	4,833
Trade and other receivables	15	**158,117**	176,455	162,761
Corporate tax receivable		**71,013**	–	–
Hedging security advances		**–**	–	29,402
Derivative financial assets	16	**5,185**	–	–
Decommissioning security advances	17	**–**	35,055	–
Cash and cash equivalents	17	**148,460**	335,433	522,914
		397,659	560,803	719,910
TOTAL ASSETS		**1,464,753**	1,576,091	1,042,594
Current liabilities				
Trade and other payables	18	**168,287**	121,652	84,491
Corporate tax payable		**–**	68,311	181,343
Derivative financial liabilities	16	**31,185**	5,564	30,121
Contract liabilities	16	**5,408**	36,700	1,193
Financial liabilities	19	**–**	4,627	–
Lease liabilities	26	**1,418**	709	–
Provisions	20	**–**	16,467	–
Non-current liabilities				
Derivative financial liabilities	16	**11,201**	–	–
Financial liabilities	19	**81,923**	82,751	35,517
Deferred tax liability		**–**	–	185,329
Lease liabilities	26	**3,769**	1,651	–
Provisions	20	**145,974**	132,291	30,465
Interest bearing loans	21	**219,130**	271,200	–
TOTAL LIABILITIES		**668,295**	741,923	548,459
NET ASSETS		**796,458**	834,168	494,135
Share capital	23	**245,537**	245,257	233,260
Merger reserve	23	**286,590**	283,367	–
Other reserve	25	**37,540**	37,650	32,708
Treasury/own shares	23	**(8,931)**	–	–
Accumulated funds		**249,834**	276,789	259,656
Currency translation reserve		**(14,112)**	(8,895)	(31,489)
TOTAL EQUITY		796,458	834,168	494,135

Approved by the Board on 31 March 2025

Chris Cox
Chief Executive Officer

Martin Copeland
Chief Financial Officer

GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2024

	Share capital $000	Merger reserve $000	Other reserve $000	Treasury/ own shares $000	Currency translation reserve $000	Accumulated funds $000	Total $000
At 1 January 2023 (Restated*)	233,260	–	32,708	–	(31,489)	259,656	494,135
Profit for the year (Restated*)	–	–	–	–	–	127,757	127,757
Other comprehensive income (Restated*)	–	–	–	–	22,594	–	22,594
Total comprehensive income (Restated*)	–	–	–	–	22,594	127,757	150,351
Issue of shares (Restated*)	11,997	283,367	–	–	–	–	295,364
Share-based payments (Restated*)	–	–	4,942	–	–	–	4,942
Dividend paid (Restated*)	–	–			–	(110,624)	(110,624)
At 31 December 2023 (Restated*)	245,257	283,367	37,650	–	(8,895)	276,789	834,168
Profit for the year	–	–	–	–	–	92,429	92,429
Other comprehensive loss	–	–	–	–	(5,217)	–	(5,217)
Total comprehensive (loss)/income	–	–	–	–	(5,217)	92,429	87,212
Issue of shares	280	3,223	–	–	–	–	3,503
Share-based payments	–	–	3,735	–	–	–	3,735
Treasury/own shares	–	–	–	(18,775)	–	–	(18,775)
Release of shares	–	–	–	9,844	–	(9,844)	–
Share-payments	–	–	(3,845)	–	–	3,845	–
Dividend paid	–	–	–	–	–	(113,385)	(113,385)
At 31 December 2024	**245,537**	**286,590**	**37,540**	**(8,931)**	**(14,112)**	**249,834**	**796,458**

*See note 2

GROUP CASH FLOW STATEMENT for the year ended 31 December 2024

	Note	2024 $000	2023 $000 (Restated*)
Cash inflow from operations	24	**452,222**	470,022
Taxation paid		**(152,517)**	(347,588)
Decommissioning spend		**(18,142)**	(1,115)
Net cash inflow from operating activities	24	**281,563**	121,319
Investing activities:			
Interest received		**13,927**	16,830
Purchase of E&E assets		**(11,123)**	(12,027)
Purchase of property, plant and equipment		**(249,050)**	(85,626)
Acquisition of subsidiary	30	**(7,665)**	–
Acquisition of subsidiary, net of cash acquired	29	**–**	(54,177)
Net cash flow from investing activities		**(253,911)**	(135,000)
Financing activities:			
Payments of lease liabilities	24	**(2,697)**	(777)
Proceeds from issue of shares	23	**280**	996
Repayment of borrowings	21	**(323,700)**	(102,000)
Proceeds from borrowings	21	**283,500**	43,200
Dividends paid	11	**(113,385)**	(110,400)
Share buyback	23	**(18,775)**	–
Finance costs paid		**(38,501)**	(23,595)
Net cash flow from financing activities		**(213,278)**	(192,576)
Net decrease in cash and cash equivalents		**(185,626)**	(206,257)
Effect of exchange rates on cash and cash equivalents		**(1,347)**	18,776
Cash and cash equivalents at 1 January	24	**335,433**	522,914
Cash and cash equivalents at 31 December	24	**148,460**	335,433

*See note 2

NOTES TO THE FINANCIAL STATEMENTS

1. Authorisation of the financial statements and statement of compliance with UK adopted international accounting standards

The Group's financial statements for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 31 March 2025 and the balance sheet was signed on the Board's behalf by Chris Cox and Martin Copeland. Serica Energy plc is a public limited company incorporated and domiciled in England & Wales with its registered office at 72 Welbeck Street, London, W1G 0AY. The principal activity of the Company and its subsidiaries (together the 'Group') is to identify, acquire and subsequently exploit oil and gas reserves. A listing of the Group's companies is contained in note 31 to these Group financial statements. Its current activities are located in the United Kingdom. The Company's ordinary shares are traded on AIM.

The Group's financial statements have been prepared in accordance with UK adopted International Accounting Standards as they apply to the financial statements of the Group for the year ended 31 December 2024. The principal accounting policies adopted by the Group are set out in note 2.

2. Accounting policies

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2024.

The Group financial statements have been prepared on a historical cost basis and presented in US dollars. All values are rounded to the nearest thousand US dollars ($000) except when otherwise indicated.

In preparing the Group financial Statements management has considered the impact of climate change. These considerations did not have a material impact on the financial reporting judgements and estimates and consequently climate change is not expected to have a significant impact on the Group's going concern assessment to June 2026 nor the viability of the Group over the next five years. However, governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. It is recognised that Net Zero targets and third-party expectations may drive government action that imposes further requirements and costs on companies in the future. The Group has additional planned expenditure related to flare gas recovery and other emission reduction measures, however, as all of the Group's existing portfolio of producing assets are currently projected to cease production by 2036, it is believed that any such future changes would have a relatively limited impact compared to assets with longer durations. The Group will continue to consider the impact of climate change on any future business developments.

Change in presentation currency

On 1 January 2024, the Group changed its reporting currency from Pounds Sterling to US Dollars as the Group believes that the presentation currency change will give investors and other stakeholders a clearer understanding of Serica's performance over time and align with the presentation currency of its peers.

In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentation currency was applied retrospectively and accordingly, prior year comparatives have been restated.

Financial information included in the consolidated statements for the year ended 31 December 2023 has been restated in US Dollars as follows:

- Assets and liabilities in non-US denominated currencies were translated into US Dollars at the rate of exchange ruling at the relevant balance sheet date;
- Non-US Dollar income statements and cash flows were translated into US Dollars at average rates of exchange for the relevant period; and
- Share capital, merger reserve, and all other equity items were translated using the rates that were used in 2018 when the Group had changed its presentation currency from US Dollars to Pounds Sterling, or the subsequent rates prevailing on the date of each relevant transaction since.

In preparing these financial statements, the exchange rates used in respect of the US Dollars ($) and Pounds Sterling (£) are:
Pounds Sterling to US Dollar

	Year ended 31 December 2024	Year ended 31 December 2023	At 1 January 2023
Average for the period	**1.278**	1.243	N/A
At the end of the period	**1.253**	1.273	1.209

2. Accounting policies continued

Going concern

The Directors are required to consider the availability of resources to meet the Group's liabilities for the period ending 30 June 2026, the 'going concern period'.

As at 27 March 2025 the Group held cash and term deposits of $141 million and undrawn RBL facility amount of $294 million. See note 21 for further details of the current RBL facility.

The Group has a balance in product mix between gas and oil, and two main operating hubs which reduces the potential impact of production interruptions. The Group regularly monitors its cash, funding and liquidity position, including available facilities and compliance with facility covenants. Near-term cash projections are revised and underlying assumptions reviewed, generally monthly, and longer-term projections are also updated regularly. Downside price and other risking scenarios are considered. In addition to commodity sales prices the Group is exposed to potential production interruptions and these are also considered under such scenarios. In recent years, management has given priority to building a strong cash reserve which can respond to different types of risk.

For the purposes of the Group's going concern assessment we have reviewed two cash projections for the going concern period. These projections cover a base case forecast and an extreme stress test scenario for the operations of the Group. RBL repayments have been assumed based on the current redetermination and no covenant compliance matters noted.

The base case assumptions for the going concern period included commodity pricing of 82 pence/therm for gas and US$75/bbl for oil for the remainder of 2025 and 82 pence/therm gas and US$72.5/bbl oil for H1 2026. Production, opex, capex and tax assumptions are those currently included in standard management forecasting. The forward looking price assumptions are considered as reasonable in light of recent commodity forward pricing and a consensus of published forecasts from the industry, brokers and other analysts.

The stress test assumptions assume a continued full six month period shut-in of Triton hub production until 1 October 2025 and 25% reduced production volumes from the base case across the full portfolio of producing assets for H1 2026. Base case commodity pricing is retained for 2025 but lower commodity pricing of 50 pence/therm gas and US$60/bbl oil are assumed for the H1 2026 period in this scenario which are significantly below the range of current market expectations for the going concern period. Under this scenario, which would result in lower cash inflows and any repayments of the RBL facility as redetermined, the Group was able to maintain sufficient cash to meet its obligations and maintain covenant compliance. A number of mitigating factors and mitigating actions that are under management control are available to management in the stress test event. These would mitigate the reduced operating cash outflows experienced and are not included in the projection.

After making enquiries and having taken into consideration the above factors, the Directors considered it appropriate that the Group has adequate resources to continue in operational existence for the going concern period. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Potential transaction

On 7th March 2025, the Company announced that it was in discussion with Enquest Plc regarding a possible business combination (the 'Potential Transaction'). The announcement was issued following media speculation, pursuant to Rule 2.4 of the UK Takeover Code and as such there is no certainty that a Firm Intention to Offer pursuant to Rule 2.7 will be made nor as to the terms of any such offer if made. The Potential Transaction is envisaged to be implemented by way of a reverse take-over with Enquest Plc making an all share offer for Serica.

Notwithstanding the preliminary nature of the discussions of the Potential Transaction, the Directors have undertaken appropriate analysis, commensurate with the early stage and uncertainty of the Potential Transaction, to satisfy themselves with the appropriateness of the going concern basis of reporting the Group's financial statements. The analysis considered inter alia the regulatory provisions of the Financial Conduct Authority ('FCA') and the Companies Act under the likely structure of the transaction as a reverse takeover, including requirements for shareholder approvals and the publishing of a prospectus covering the combined group, and consequently the obligations of directors and of the FCA Sponsor regime that would be available to the Board prior to recommending approval of any Potential Transaction to shareholders and to the legal completion of any such Potential Transaction.

Use of judgement and estimates and sources of estimation uncertainty

The preparation of financial statements in conformity with UK-adopted International Accounting Standards requires management to make judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. The Group has identified the following areas where significant judgement, estimates, and assumptions are required.

2. Accounting policies continued

I) Uses of judgement

Key sources of judgement that may have a significant risk of causing material adjustment to the amounts recognised in the financial statements are as follows: assessing whether impairment triggers exist that might lead to the impairment of the Group assets (including oil and gas producing & development assets and Exploration and Evaluation 'E&E' assets); and taxation including recognition of deferred tax assets.

Details on these sources of judgements are given below.

Assessment of the impairment indicators of intangible and tangible assets

The Group monitors internal and external indicators of impairment relating to its intangible and tangible assets, which may indicate that the carrying value of the assets may not be recoverable. The assessment of the existence of indicators of impairment in E&E assets involves judgement, which includes whether licence performance obligations can be met within the required regulatory timeframe, whether management expects to fund significant further expenditure in respect of a licence, and whether the recoverable amount may not cover the carrying value of the assets. For development and production assets judgement is involved when determining whether there have been any significant changes in the Group's oil and gas reserves.

A review was performed for any indication that the value of the Group's oil and gas assets may be impaired at the balance sheet date of 31 December 2024 in accordance with the stated policy. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2024, the market capitalisation of the Group was below the book value of its equity, which was assessed by management as a trigger for potential impairment of its oil and gas assets.

The future recoverable amounts of the Group's oil and gas assets were assessed for impairment and no impairment was identified. See note 13 for further information.

Acquisition through business combination

The Group made a significant acquisition in prior year which was accounted for as a business combination under IFRS 3 (see note 29). In determining the fair value on acquisition of a pre-existing oil revenue contract a judgement was made to value the contract at the differential between the contract pricing and market price and to unwind the liability through 'contract revenue – other' in the income statement upon satisfaction of the performance obligations of the contract.

Taxation including the recognition of deferred tax assets

The Group's operations are subject to a number of specific tax rules which apply to exploration, development and production companies such as the Energy Profits Levy, ring-fenced Corporation Tax at 30%, Supplementary Charge Tax of 10% and the application of investment allowances. As a result of these factors, the tax provision process necessarily involves the use of a number of judgements around expenditure deductible under different ring-fenced tax rules.

II) Sources of estimation uncertainty

Key sources of estimation uncertainty

The key sources of estimation uncertainty that may have a significant risk of causing material adjustment to the amounts recognised in the financial statements are: the assessment of commercial reserves and production profiles; and decommissioning provisions.

Details on these key sources of estimation uncertainty are given below.

Assessment of commercial oil and gas reserves

Management is required to assess the level of the Group's commercial reserves together with the future expenditures to access those reserves, which are utilised in determining the depletion charge for the period, decommissioning provisions, whether deferred tax assets are recoverable and assessing whether any impairment charge is required. Estimates of oil and gas reserves require critical judgement. The Group uses proven and probable ('2P') reserves (excluding fuel gas) (see page 12) as the basis for calculations of depletion and expected future cash flows from underlying assets because this represents the reserves management intends to develop. The Group employs independent reserves specialists who periodically assess the Group's level of commercial reserves by reference to data sets including geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Group's assets. In addition, the Group undertakes its own assessment of commercial reserves and related future capital expenditure by reference to the same data sets using its own internal expertise. A 10% reduction in the assessed quantity of commercial reserves would lead to an increase in the depletion charge for 2024 of $20.4 million (2023: $15.4 million).

2. Accounting policies continued

Decommissioning provisions

Amounts used in recording a provision for decommissioning are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively. While the Group uses estimates and assumptions, actual results could differ from these estimates. Expected timing of expenditure can also change, for example in response to changes in laws and regulations or their interpretation, and/or due to changes in commodity prices. The payment dates are uncertain and depend on the production lives of the respective fields. For further details including sensitivities of the calculation to changes in input variables (see note 20).

Non-key sources of estimation uncertainty

Non-key sources of estimation uncertainty include determining the fair value of contingent consideration, royalty liabilities, and the recoverability of deferred tax assets.

Determining the fair value of contingent consideration on BKR acquisitions

The Group determined the fair value of initial contingent consideration payable based on discounted cash flows at the time of the acquisition in 2018, calculated for each separate component of the contingent consideration. Any cash flows specific to the contingent consideration also reflect applicable commercial terms and risks. In calculating the fair value of the remaining contingent consideration on the BKR acquisitions payable as at 31 December 2024, assumptions underlying the calculation were updated from 2023. These included updated commodity prices, production profiles, future opex, capex and decommissioning cost estimates, discount rates, proved and probable reserves estimates and risk assessments. For further details including sensitivities of the calculation to changes in input variables (see note 19).

Royalty liabilities

The Group determined the fair value of a royalty liability assumed upon the Tailwind acquisition in 2023 at the time of the acquisition and subsequently as at 31 December 2023 and 2024. In calculating the fair value of the royalty payable, assumptions included commodity prices, future production and discount rates. For further details including sensitivities of the calculation to changes in input variables (see note 19).

Recoverability of deferred tax assets

Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable profits in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws – see use of judgements: Taxation. There is no critical estimation uncertainty at the end of the reporting period.

Basis of Consolidation

The consolidated financial statements include the accounts of Serica Energy plc (the 'Company') and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Together these comprise the 'Group'.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of the subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The results and financial position of all of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of each transaction);

2. Accounting policies continued

- The exchange differences arising on translation for consolidation are recognised in other comprehensive income; and
- Any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the acquired entity and are translated at the spot rate of exchange at the reporting date.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the Group's accounting policies. All inter-company balances and transactions have been eliminated upon consolidation.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The Group's financial statements are presented in US dollars, the currency which the Group has elected to use as its presentational currency.

In the financial statements of Serica Energy plc and its individual subsidiaries, transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange ruling at the balance sheet date and differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange gains and losses arising from translation are charged to the income statement as an operating item.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred to the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9.

Goodwill/gain on acquisition

Goodwill on acquisition is initially measured at cost being the excess of purchase price over the fair market value of identifiable assets, liabilities and contingent liabilities acquired. Following initial acquisition, it is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to an impairment test at least annually and more frequently if events or changes in circumstances indicate that the carrying value may be impaired. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of fair value of net assets acquired over the aggregate consideration transferred, then the gain on acquisition is recognised in profit or loss.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units, or groups of cash generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, or groups of cash generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Joint arrangements

Oil and gas operations are usually conducted by the Group as co-licensees in unincorporated joint operations with other companies. Most of the Group's activities are conducted through joint operations, whereby the parties that have joint control of the arrangement have the rights to the assets and obligations for the liabilities, relating to the arrangement. The Group recognises its share of assets, liabilities, income and expenses of the joint operation in the consolidated financial statements on a line-by-line basis.

Full details of Serica's working interests in those petroleum and natural gas exploration and production activities classified as joint operations are included in table of Licence Holdings at the end of this report.

Exploration and evaluation assets

As allowed under IFRS 6 and in accordance with clarification issued by the International Financial Reporting Interpretations Committee, the Group has continued to apply its existing accounting policy to exploration and evaluation activity, subject to the specific requirements of IFRS 6. The Group will continue to monitor the application of these policies in light of expected future guidance on accounting for oil and gas activities.

2. Accounting policies continued

Pre-licence award costs

Costs incurred prior to the award of oil and gas licences, concessions and other exploration rights are expensed in the income statement.

Exploration and evaluation ('E&E')

The costs of exploring for and evaluating oil and gas properties, including the costs of acquiring rights to explore, geological and geophysical studies, exploratory drilling and directly related overheads, are capitalised and classified as intangible E&E assets. These costs are directly attributed to regional CGUs for the purposes of impairment testing.

E&E assets are not amortised prior to the conclusion of appraisal activities but are assessed for impairment at an asset level and in regional CGUs when facts and circumstances suggest that the carrying amount of a regional cost centre may exceed its recoverable amount. Recoverable amounts are determined based upon risked potential, and where relevant, discovered oil and gas reserves. When an impairment test indicates an excess of carrying value compared to the recoverable amount, the carrying value of the regional CGU is written down to the recoverable amount in accordance with IAS 36. Such excess is expensed in the income statement. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is reversed as a credit to the income statement.

Costs of licences and associated E&E expenditure are expensed in the income statement if licences are relinquished, or if management do not expect to fund significant future expenditure in relation to the licence.

The E&E phase is completed when either the technical feasibility and commercial viability of extracting a mineral resource are demonstrable or no further prospectivity is recognised. At that point, if commercial reserves have been discovered, the carrying value of the relevant assets, net of any impairment write-down, is classified as an oil and gas property within property, plant and equipment, and tested for impairment. If commercial reserves have not been discovered then the costs of such assets will be written off.

Asset purchases and disposals

When a commercial transaction involves the exchange of E&E assets of similar size and characteristics, no fair value calculation is performed. The capitalised costs of the asset being sold are transferred to the asset being acquired. Proceeds from a part disposal of an E&E asset, including back-cost contributions are credited against the capitalised cost of the asset, with any excess being taken to the income statement as a gain on disposal.

Farm-ins

In accordance with industry practice, the Group does not record its share of costs that are 'carried' by third parties in relation to its farm-in agreements in the E&E phase. Similarly, while the Group has agreed to carry the costs of another party to a Joint Operating Agreement ('JOA') in order to earn additional equity, it records its paying interest that incorporates the additional contribution over its equity share.

Property, plant and equipment – oil and gas properties

Capitalisation

Oil and gas properties are stated at cost, less any accumulated depreciation and accumulated impairment losses. Oil and gas properties are accumulated into single field cost centres and represent the cost of developing the commercial reserves and bringing them into production together with the E&E expenditures incurred in finding commercial reserves previously transferred from E&E assets as outlined in the policy above. The cost will include, for qualifying assets, any applicable borrowing costs.

Depletion

Oil and gas properties are not depleted until production commences. Costs relating to each single field cost centre are depleted on a unit of production method based on the commercial proved and probable reserves for that cost centre. The depletion calculation takes account of the estimated future costs of development of management's assessment of proved and probable reserves, reflecting risks applicable to the specific assets. Changes in reserve quantities and cost estimates are recognised prospectively from the last annual reporting date. Proved and probable reserves estimates obtained from an independent reserves specialist have been used as the basis for 2023 and 2024 calculations.

Impairment

A review is performed for any indication that the value of the Group's development and production assets may be impaired.

For oil and gas properties when there are such indications, an impairment test is carried out on the cash generating unit. Each cash generating unit is identified in accordance with IAS 36. Serica's cash generating units are those assets which generate largely independent cash flows and are normally, but not always, single development or production areas. If necessary, impairment is charged through the income statement if the carrying amount of the cash generating unit exceed the recoverable amount of the related commercial oil and gas reserves.

2. Accounting policies continued

Acquisitions, asset purchases and disposals

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

Transactions involving the purchase of an individual field interest, or a group of field interests, that do not constitute a business, are treated as asset purchases. Accordingly, no goodwill and no deferred tax gross up arises, and the consideration is allocated to the assets and liabilities purchased on an appropriate basis. When the cost of an asset includes contingent or variable consideration that may become payable to the vendor, the Group develops an accounting policy for the recognition and measurement of those costs and the associated liability as is appropriate having regard to the nature of the obligation to make the contingent or variable payments. The policy is applied consistently to similar transactions. See note 30 for details of the policy adopted for the acquisition of interests in the Greater Buchan Area.

Proceeds from the entire disposal of a development and production asset, or any part thereof, are taken to the income statement together with the requisite proportional net book value of the asset, or part thereof, being sold.

Decommissioning

Liabilities for decommissioning costs are recognised when the Group has an obligation to dismantle and remove a production, transportation or processing facility and to restore the site on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of future expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure are added to or deducted from the cost of the assets to which it relates. If a change in the decommissioning liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost. The discount and inflation rates applied have taken into consideration the applicable rig rates and expected timing of cessation of production on each field.

Underlift/overlift

Lifting arrangements for oil and gas produced in certain fields are such that each participant may not receive its share of the overall production in each period. The difference between cumulative entitlement and cumulative production less stock is 'underlift' or 'overlift'. Underlift and overlift are valued at market value using an observable year-end oil or gas market price and included within debtors ('underlift') or creditors ('overlift').

Property, plant and equipment – other

Computer equipment and fixtures, fittings and equipment are recorded at cost as tangible assets. The straight-line method of depreciation is used to depreciate the cost of these assets over their estimated useful lives. Computer equipment is depreciated over three years and fixtures, fittings and equipment over four years, and right-of-use assets over the period of lease.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs and transportation expenses.

Financial instruments

Financial instruments comprise financial assets, cash and cash equivalents, financial liabilities and equity instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through profit or loss, and fair value through other comprehensive income (OCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs (in the case of a financial asset not at fair value through profit or loss). Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

2. Accounting policies continued

Financial assets at fair value through profit or loss include financial assets held for trading and derivatives. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with original maturities of three months or less at the date of deposit.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group's financial liabilities currently include loans and borrowings, trade and other payables, BKR consideration liabilities, royalty liabilities, deferred shares in relation to the Tailwind acquisition and derivative liabilities. All financial liabilities are recognised initially at fair value.

Royalty liabilities

The fair value of the royalty liability is estimated as at applicable reporting dates from a valuation technique using future expected discounted cash flows and the calculations involve a range of assumptions related to oil prices, production volumes and discount rates (see note 19).

BKR consideration

The fair value of the BKR consideration is estimated as at applicable reporting dates from a valuation technique using future expected discounted cash flows. The methodology uses several significant unobservable inputs (see note 19).

Loans and borrowing

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Emissions liabilities

The Group operates in an energy intensive industry and is therefore required to partake in emission trading schemes ('ETS'). The Group recognises an emission liability in line with the production of emissions that give rise to the obligation. To the extent the liability is covered by allowances held, the liability is recognised at the cost of these allowances held and if insufficient allowances are held, the remaining uncovered portion is measured at the spot market price of allowances at the balance sheet date. The expense is presented within 'production costs' under 'cost of sales' and the accrual is presented in 'trade and other payables'.

Derivative financial instruments

The Group uses derivative financial instruments, such as forward commodity contracts, to hedge its commodity price risks. The Group has elected not to apply hedge accounting to these derivatives. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss and other comprehensive income and presented within operating profit.

Further details of the fair values of derivative financial instruments and how they are measured are provided in Note 16.

Equity

Equity instruments issued by the Company are recorded in equity at the proceeds received, net of direct issue costs.

Treasury/own shares

The Group's holdings in its own equity instruments are shown as deductions from shareholders' equity. Treasury shares represent Serica shares repurchased and available for specific and limited purposes. For accounting purposes, shares held in Employee Benefit Trusts to meet the future requirements of the employee share-based payment plans are treated in the same manner as treasury shares and are, therefore, included in the consolidated financial statements as treasury/own shares. The cost of treasury shares subsequently sold or reissued is calculated on a weighted-average basis. Consideration, if any, received for the sale of such shares is also recognised in equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

2. Accounting policies continued

Trade and other receivables and contract assets

Trade receivables and contract assets

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

Provision for expected credit losses of trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses 'ECLs'. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group's receivables have a good credit rating and there has been no noted change in the credit risk of receivables in the year.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The sale of crude oil, gas or condensate represents a single performance obligation, being the sale of barrels equivalent on collection of a cargo or on delivery of commodity into an infrastructure. Revenue is accordingly recognised for this performance obligation when control over the corresponding commodity is transferred to the customer. The Group principally satisfies its performance obligations at a point in time and the amounts of revenue recognised relating to performance obligations satisfied over time are not significant. The normal credit term is 15 to 30 days upon collection or delivery.

Finance revenue

Finance revenue chiefly comprises interest income from cash deposits on the basis of the effective interest rate method and is disclosed separately on the face of the income statement.

Finance costs

Finance costs of debt are allocated to periods over the term of the related debt using the effective interest method. Arrangement fees and issue costs are amortised and charged to the income statement as finance costs over the term of the debt.

Share-based payment transactions

Employees (including Executive Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. In valuing equity-settled transactions, no account is taken of any service or performance conditions, other than conditions linked to the price of the shares of Serica Energy plc ('market conditions'), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the relevant employees become fully entitled to the award (the 'vesting period'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied. For equity awards cancelled by forfeiture when vesting conditions are not met, any expense previously recognised is reversed and recognised as a credit in the income statement.

2. Accounting policies continued

Equity awards cancelled are treated as vesting immediately on the date of cancellation, and any expense not recognised for the award at that date is recognised in the income statement. Estimated associated national insurance charges are expensed in the income statement on an accruals basis.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Income taxes

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

Deferred tax is provided using the liability method and tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Provision is made for temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is provided on all temporary differences except for:

- temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the income statement nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are presented net only if there is a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Dividends

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

Earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated based on the weighted average number of ordinary shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all relevant potentially dilutive shares to ordinary shares. It is assumed that any proceeds obtained on the exercise of any options and warrants would be used to purchase ordinary shares at the average price during the period. Where the impact of converted shares would be anti-dilutive, these are excluded from the calculation of diluted earnings.

Leases

As a lessee, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease, or, if that rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently recorded at amortised cost, using the effective interest rate method. The liability is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The Group does not currently act as a lessor.

2. Accounting policies continued

New and amended standards and interpretations

The Group has adopted and applied for the first time, certain new standards, amended standards or interpretations, which are effective for annual periods beginning on or after 1 January 2024. These include the following:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 – Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Other than the changes described above, the accounting policies adopted are consistent with those of the previous financial year.

There are no new or amended standards or interpretations adopted from 1 January 2024 onwards, that have a significant impact on the consolidated financial statements of the Group.

Standards issued but not yet effective

Certain standards or interpretations issued but not yet effective up to the date of issuance of the Group's financial statements. These include the following:

- IFRS 10 and IAS 28 (amendments) – Sale or Contribution of Assets between an investor and its Associate or Joint Venture
- Amendments to IAS 21 – Lack of exchangeability
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments
- Amendments to IFRS 9 and IFRS 7 – Power Purchase Agreements
- Annual Improvements to IFRS Accounting Standards-Volume 11
- IFRS 18 – Presentation and Disclosure in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

The Group intends to adopt them when they become effective. The Group is reviewing the potential impacts of IFRS 18 but the other new or amended standards not yet adopted are not expected to have a material impact on the financial statements.

3. Segment information

For the purposes of segmental reporting, the Group currently operates a single class of business being oil and gas exploration, development and production and related activities in a single geographical area, being presently the UK North Sea.

4. Sales revenue

	2024 $000	Restated* 2023 $000
Gas sales	**374,719**	429,987
Gas supply contract revenue	**–**	1,227
Total gas sales	**374,719**	431,214
Oil sales	**317,478**	332,265
NGL sales	**34,981**	25,441
Total revenue	**727,178**	788,920

*See note 2

Gas sales revenue in 2024 arose from three key customers (2023: three). Gas supply contract revenue in 2023 arose from the unwind of gas contract liabilities initially recognised upon the restructuring of certain gas swaps to other fixed price instruments under a gas sales contract in August 2021.

Oil sales revenue in 2024 was from three key customers (2023: three), and NGL sales in 2024 were made to eight customers (2023: six).

The revenue from three significant customers individually comprising $441.4 million, $181.1 million and $78.2 million constitutes more than 10% of total revenue amounting to $700.7 million (2023: three customers comprising $491.7 million, $203.7 million and $80.6 million individually comprising $776.0 million).

5. Cost of sales

	2024 $000	Restated* 2023 $000
Operating costs	**329,820**	272,686
Lifting costs	**6,874**	8,853
Change in decommissioning estimates expensed (note 20)	**601**	461
Depletion (note 13)	**187,250**	136,335
Movement in liquids overlift/underlift	**(20,564)**	(11,545)
	503,981	406,790

*See note 2

6. Operating profit

General and administrative expenses

General and administrative expenses of $21,601,000 (2023: $24,486,000) included depreciation of right of use assets of $1,070,000 (2023: $216,000). Transaction costs of $12,539,000 incurred in 2023 associated with the acquisition of Tailwind Energy Investments Ltd were disclosed separately on the face of the Income Statement and in note 29.

Depreciation and depletion expense

Depreciation of right of use assets totalled $2,114,000 (2023: $996,000) of which $1,044,000 (2023: $780,000) was allocated to cost of sales and $1,070,000 (2023: $216,000) allocated to administrative expenses.

Depletion charges on oil and gas properties are classified within cost of sales.

Auditor's Remuneration

	2024 $000	Restated* 2023 $000
Audit of the Group accounts	**960**	900
Audit of the Company's accounts	**50**	40
Audit of accounts of Company's subsidiaries	**120**	160
Total audit fees	**1,130**	1,100

*See note 2

No fees were paid to Ernst & Young LLP and its associates for non-audit services in 2023 or 2024.

7. Staff costs and Directors' emoluments

a) Staff costs – Group

	2024 $000	Restated* 2023 $000
Wages and salaries	**35,641**	32,233
Social security costs	**7,238**	8,073
Other pension costs	**3,140**	3,321
Share-based long-term incentives	**3,735**	4,942
	49,754	48,569

The average number of persons employed by the Group during the year was 222 (2023: 202), with 12 in management functions (2023: 11), 185 in technical functions (2023: 172) and 25 (2023: 19) in finance and administrative functions.

Staff costs for key management personnel:		
Short-term employee benefits	**3,855**	3,358
Post-employment benefits	**130**	152
Share-based payments (note 25)	**193**	2,911
	4,178	6,421

7. Staff costs and Directors' emoluments continued

b) Directors' emoluments

The emoluments of the individual Directors were as follows. All amounts are paid in £ sterling. Figures in the table below are translated into $ at a 2024 average exchange rate.

	2024 Salary and fees $000	2024 Bonus $000	2024 Pension $000	2024 Benefits in kind $000	2024 Total $000	Restated* 2023 Total $000
M Flegg[1,2]	239	299	31	–	**569**	1,272
A Bell[1,3]	42	13	6	–	**61**	794
D Latin	651	320	–	–	**971**	203
C Cox[1,4]	383	173	42	1	**599**	–
M Copeland[1,5]	463	169	51	1	**684**	–
A Craven Walker[6]	–	–	–	–	**–**	305
T Garlick[7]	–	–	–	–	**–**	44
M Webb[8]	64	–	–	–	**64**	85
K Coppinger	96	–	–	–	**96**	85
J Schmitt	89	–	–	–	**89**	81
M Soeting[9]	89	–	–	–	**89**	76
R Lawson[10]	77	–	–	–	**77**	57
G Vermersch[11]	77	–	–	–	**77**	57
K Van Hecke[12]	89	–	–	–	**89**	40
S Lloyd Rees[13]	77	–	–	–	**77**	35
	2,436	974	130	2	**3,542**	3,134

*See note 2

1 Cash in lieu of pension

2 Mitch Flegg stepped down as director on 23 April 2024 He was also paid £350,000 ($447,000) as payment in lieu of remaining notice (see Directors' Remuneration Report).

3 Andrew Bell retired on 5 February 2024

4 Chris Cox was appointed on 1 July 2024

5 Martin Copeland was appointed on 5 February 2024

6 Antony Craven Walker retired on 30 June 2023

7 Trevor Garlick retired on 17 July 2023

8 Malcolm Webb retired on 27 June 2024

9 Michiel Soeting was appointed on 1 February 2023

10 Robert Lawson was appointed on 23 March 2023

11 Guillaume Vermersch was appointed on 23 March 2023

12 Kaat Van Hecke was appointed on 17 July 2023

13 Sian Lloyd Rees was appointed on 17 July 2023

	2024	2023
Number of Directors securing benefits under defined contribution schemes during the year	**4**	2
Number of Directors who exercised share options	**2**	3

	2024 $000	Restated* 2023 $000
Aggregate gains made by Directors on the exercise of options	**–**	1,921

The Group defines key management personnel as the Directors of the Company. There are no transactions with Directors other than their remuneration as disclosed above and those described in Note 28.

8. Finance revenue/costs

	2024 $000	Restated* 2023 $000
Bank interest receivable	**13,927**	16,830
Total finance revenue	**13,927**	16,830

*See note 2

	2024 $000	Restated* 2023 $000
Loan interest payable	**22,917**	17,238
Loan commitment fees amortised (note 21)	**2,199**	4,173
Other financing fees	**3,945**	1,217
Other charges and interest payable	**2,733**	637
Unwinding of discount on provisions (note 20)	**5,564**	3,641
Total finance costs	**37,358**	26,906

9. Taxation

	2024 $000	Restated* 2023 $000
a) Tax charged/(credited) in the income statement		
Charge for the year	**14,191**	225,839
Adjustment in respect of prior years	**(315)**	2,349
Total current income tax charge	**13,876**	228,188
Deferred tax		
Origination and reversal of temporary differences in the current year	**61,128**	24,426
Adjustment in respect of prior years	**(6,935)**	–
Total deferred tax charge	**54,193**	24,426
Tax charge in the income statement	**68,069**	252,614

9. Taxation continued

b) Reconciliation of the total tax charge/(credit)

The tax in the income statement for the year differs from the amount that would be expected by applying the standard UK corporation tax rate for the following reasons:

	2024 $000	Restated* 2023 $000
Accounting profit before taxation	**160,498**	380,371
Statutory rate of corporation tax in the UK of 40% (2023: 40%)	**64,199**	152,148
Permanent differences	**9,067**	3,959
Movement in unrecognised deferred tax assets	**811**	3,284
Investment Allowance	**(14,216)**	(5,382)
EPL – Rate differential	**11,085**	(11,790)
EPL – Income taxed at different rates	**28,263**	127,705
EPL – Investment allowance	**(25,158)**	(6,635)
Income tax at different rates	**1,268**	3,731
Adjustment in respect of prior years	**(7,250)**	2,349
Non-taxable gain on acquisition	**–**	(16,755)
Tax charge reported in the income statement	**68,069**	252,614

c) Recognised and unrecognised tax losses

The Group's Balance Sheet has a deferred tax asset amount of $576.6 million as at the 31 December 2024 (2023: $557.7 million) arising from ring-fence losses, decommissioning liabilities, other temporary differences, derivative financial libilities, and oil revenue contract liability. These deferred tax assets are expected to be recovered through utilisation against deferred tax liabilities, primarily related to temporary differences on fixed assets ($521.4 million) and through future taxable profits. The decrease in net deferred tax assets to $55.1 million as at 31 December 2024 (2023: $107.1 million) in the year is primarily due to the increased deferred tax liabilities arising from the higher property, plant and equipment balances and reflecting the EPL rate increase from 35% to 38%, and a reduction in the deferred tax asset recognised on the Group's oil revenue contract liability which substantially unwound during the year.

The Group's deferred tax assets at 31 December 2024 are recognised to the extent that taxable profits are expected to arise in the future against which tax losses and allowances in the UK can be utilised. In accordance with IAS 12 Income Taxes, the Group assessed the recoverability of its deferred tax assets at 31 December 2024 with respect to ring fence losses and allowances.

The Group has recognised deferred tax assets in full on its UK ring-fence losses but has unrecognised UK mainstream corporation tax losses and temporary differences of $147.9 million (2023: $151.1 million) for which no deferred tax asset has been recognised at the Balance Sheet date. These tax losses and temporary differences are unrecognised because they streamed within entities for which no profits are expected.

Unrecognised deferred tax assets	2024 $000	Restated* 2023 $000
Tax losses	**140,088**	126,462
Other temporary differences	**7,788**	24,632
Total	**147,876**	151,094

The above unrecognised amounts have no expiry.

9. Taxation continued

d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2024 $000	Restated* 2023 $000
Deferred tax liability:		
Temporary differences on capital expenditure	**(521,436)**	(450,645)
Deferred tax liability	**(521,436)**	(450,645)
Deferred tax asset:		
Tax losses	**427,568**	421,726
Decommissioning liabilities	**58,264**	59,337
Investment allowances	**53,765**	42,081
Contract liability	**4,218**	27,525
Other temporary differences	**3,743**	7,047
Derivative financial liabilities	**29,017**	–
Deferred tax asset	**576,575**	557,716
Net deferred tax asset	**55,139**	107,071

Reconciliation of net deferred tax assets/(liabilities)

	2024 $000	Restated* 2023 $000
At 1 January	**107,071**	(185,329)
Acquisitions (note 29)	**–**	325,924
Tax charge during the year recognised in profit	**(54,193)**	(24,426)
Currency translation adjustment	**2,261**	(9,098)
At 31 December	**55,139**	107,071

The deferred tax in the Group income statement is as follows:

	2024 $000	Restated* 2023 $000
Deferred tax in the income statement:		
Temporary differences on capital expenditure	**73,285**	(23,542)
Tax losses	**(5,842)**	33,726
Other temporary differences	**(13,250)**	14,242
Deferred income tax charge	**54,193**	24,426

*See note 2

9. Taxation continued

e) Changes to UK corporation tax legislation

Changes to UK corporation tax legislation

Following the introduction of the Energy Profits Levy in 2022, on 24 May 2024, Finance (No.2) Act 2024, enacted the Energy Security Investment Mechanism (ESIM). The ESIM operates to remove EPL if both average oil and gas prices fall to, or below, $74.21 per barrel for oil and 57p per therm for gas (as adjusted for prior year CPI with effect from 1 April 2024), for two consecutive quarters. The headline tax rate on UK oil and gas profits will then return to 40 per cent. The change as currently proposed is not expected to have a material impact for the Group.

In October 2024, the UK government announced changes (effective from 1 November 2024) to the Energy Profits Levy including a 3% increase in the rate taking the headline rate of tax on North Sea profits to 78%, an extension to the period of application of the Levy to 31 March 2030 and the removal of the Levy's main investment allowance. The changes to the rate and to the investment allowance were substantively enacted in November 2024 and have been applied in accounting for current tax and deferred tax in the year. The government confirmed in the announcement that the Energy Security Investment Mechanism ('ESIM') would remain unchanged and that there were no planned changes to the way tax relief for capital expenditure is applied in the permanent ring fence regime.

The extension of the EPL to 31 March 2030 was substantively enacted on 3 March 2025 and is therefore not reflected in the financial statements as at 31 December 2024. The impact will be included in the financial statements for the following period. If the extension had been in place at the balance sheet date, an additional deferred tax expense of $65.2 million would have been recognised in the current financial statements.

The UK has introduced legislation implementing the Organisation for Economic Co-operation and Development's ('OECD') proposals for global minimum corporation tax rate (Pillar Two) which is effective for periods beginning on or after 31 December 2023. The only jurisdiction in which the Group operates is the UK and the Group does not expect an exposure to Pillar Two income taxes.

10. Earnings per share

Basic earnings or loss per ordinary share amounts are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares outstanding excludes treasury shares and shares held by Employee Benefit Trusts.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of dilutive potential ordinary shares granted under share-based payment plans (see note 25) and deferred consideration for the Tailwind acquisition (see note 29) into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2024 $000	Restated* 2023 $000
Net profit from continuing operations	**92,429**	127,757
Net profit attributable to equity holders of the parent	**92,429**	127,757

10. Earnings per share continued

	2024 '000	2023 '000
Basic weighted average number of shares	**389,095**	360,643
Dilutive potential of ordinary shares granted under share-based payment plans	**10,110**	12,054
Dilutive potential of ordinary shares under deferred consideration for acquisition	**339**	1,849
Diluted weighted average number of shares	**399,544**	374,546

	2024 $	Restated* 2023 $
Basic EPS on profit for the year ($)	**0.24**	0.35
Diluted EPS on profit for the year ($)	**0.23**	0.34

*See note 2

The 2023 Basic EPS on profit for the year and Diluted EPS on profit for the year were £0.29 and £0.27 respectively before the restatement arising from change in presentation currency.

11. Dividends proposed

Proposed dividends on ordinary shares

A final cash dividend for 2024 of 10 pence per share (2023: 14.0 pence per share) is proposed which would generate a payment of approximately $49.0 million (2023: $68.5 million). Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December.

Dividends on ordinary shares paid in 2024

A final cash dividend for 2023 of 14.0 pence per share was proposed in April 2024 and approved at the annual general meeting on 27 June 2024 and $68.8 million (£54.4 million) was paid in July 2024.

An interim cash dividend for 2024 of 9.0 pence per share was announced in September 2024 and $44.6 million (£35.0 million) was paid in November 2024.

12. Exploration and evaluation assets

	Total $000
Cost:	
1 January 2023 (restated*)	1,210
Additions	12,027
Write-offs	(10,871)
Currency translation adjustment	91
31 December 2023 (restated*)	2,457
Acquisitions (note 30)	7,665
Additions	11,123
Write-offs	(851)
Currency translation adjustment	(27)
31 December 2024	20,367
Net book amount:	
31 December 2024	**20,367**
31 December 2023 (restated*)	2,457

*See note 2

13. Property, plant and equipment

	Oil and gas properties $000	Equipment, fixtures and fittings $000	Right-of-use assets $000	Total $000
Cost:				
1 January 2023 (restated*)	580,639	256	1,042	581,937
Acquisitions (note 29)	594,088	–	4,245	598,333
Additions	85,626	–	–	85,626
Decom asset revisions (note 20)	20,384	–	–	20,384
Currency translation adjustment	31,731	14	55	31,800
31 December 2023 (restated*)	1,312,468	270	5,342	1,318,080
Additions	264,000	–	5,069	269,069
Decom asset revisions (note 20)	9,711	–	–	9,711
Currency translation adjustment	(10,576)	(4)	(114)	(10,694)
31 December 2024	**1,575,603**	**266**	**10,297**	**1,586,166**
Depreciation and depletion:				
1 January 2023 (restated*)	259,427	256	780	260,463
Charge for the year (note 5)	135,555	–	780	136,335
Charge for the year – other	–	–	216	216
Currency translation adjustment	15,247	14	45	15,306
31 December 2023 (restated*)	410,229	270	1,821	412,320
Charge for the year (note 5)	186,206	–	1,044	187,250
Charge for the year – other	–	–	1,070	1,070
Currency translation adjustment	(6,021)	(4)	(37)	(6,062)
31 December 2024	**590,414**	**266**	**3,898**	**594,578**
Net book amount:				
31 December 2024	**985,189**	**–**	**6,399**	**991,588**
31 December 2023 (restated*)	902,239	–	3,521	905,760

* See Note 2.

13. Property, plant and equipment continued

Depreciation and depletion

Depletion charges on oil and gas properties are classified within 'cost of sales'. $1,044,000 and $1,070,000 of right of use asset depreciation has been charged to cost of sales and administrative expenses respectively.

Impairment of oil and gas properties

A review was performed for any indication that the value of the Group's oil and gas assets may be impaired at the balance sheet date of 31 December 2024 in accordance with the stated policy. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2024, the market capitalisation of the Group was below the book value of its equity, which was assessed by management as a trigger for potential impairment of its oil and gas assets.

In assessing whether a write-down is required in the carrying value of a potentially impaired item of property, plant and equipment, the asset's carrying value is compared with its recoverable amount being the higher of the asset's fair value less costs to sell and value in use.

The recoverable amount of the Group's CGUs , which represent individual oil and gas fields or a group of fields within a production area, has been determined based on a fair value less costs to sell ('FVLCS') calculation on an income approach using a discounted cash flow model. The projected cash flows are adjusted for risks specific to the assets and are discounted using a post-tax discount rate of 9%. The future recoverable amounts of the Group's oil and gas assets were assessed against their carrying amounts and no impairment was identified.

The calculation of FVLCS is most sensitive to the following assumptions: reserve estimates, oil and gas commodity prices, discount rates and growth rates used to extrapolate cash flows during the forecast period.

The Group considers a 10% change in the oil and gas prices and a 1% increase in the post-tax discount rate to be reasonable possibilities for the purpose of sensitivity analysis. Based on sensitivities performed, there is no risk of a material adjustment to the carrying value of the CGUs, because a reasonable change in key assumptions used to determine the recoverable amount would not result in an impairment.

14. Inventories

	2024 $000	Restated* 2023 $000
Materials and spare parts	**7,365**	6,340
Hydrocarbons	**7,519**	7,520
	14,884	13,860

*See note 2

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs and transportation expenses. Inventories are recorded net of an obsolescence provision of $3.8 million (2023: $3.9 million).

15. Trade and other receivables

	2024 $000	Restated* 2023 $000
Due within one year:		
Trade receivables	**56,847**	106,182
Amounts recoverable from JV partners	**2,733**	2,190
Other receivables	**7,436**	5,663
BKR advance payments	**27,989**	19,981
Prepayments	**9,572**	13,740
VAT recoverable	**6,923**	3,214
Liquids underlift	**46,617**	25,485
	158,117	176,455

*See note 2

Trade receivables at 31 December 2024 arose from seven (2023: seven) customers. They are non-interest bearing and are generally on 15 to 30-day terms.

None of the Group's receivables are considered impaired and there are no financial assets past due but not impaired at the year end. The Directors consider the carrying amount of trade and other receivables approximates to their fair value. Management considers that there are no other significant concentrations of credit risk within the Group.

16. Derivative financial assets/(liabilities)

	2024 $000	Restated* 2023 $000
Financial assets		
Derivative financial instruments	**5,185**	–
Financial liabilities		
Derivative financial instruments (<1year)	**(31,185)**	(5,564)
Derivative financial instruments (>1 year)	**(11,201)**	–
Derivative financial instruments	**(42,386)**	(5,564)

*See note 2

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows: Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities; Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly (i.e. as prices) or indirectly (i.e. derived from prices) observable; Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The valuation methodology for derivative financial instruments is detailed below and for contingent consideration is disclosed in note 19. A table summarising the Group's liabilities measured at fair value is included in note 22.

Derivative financial instruments

The Group enters into derivative financial instruments with various counterparties. Commodity and foreign currency derivative contracts are designated as at fair value through profit and loss (FVTPL), and gains and losses on these contracts are recognised in the income statement. Derivative financial instruments held at 31 December 2024 comprised oil and gas swaps and collars and at 31 December 2023 solely comprised UKA ETS swaps. These were valued by counterparties, with the valuations reviewed internally and corroborated with readily available market data of forward pricing (level 2). Details of the Group's derivative financial instruments held as at 31 December 2024 are provided in note 22. The mark-to-market of the Group's open contracts as at 31 December 2024 was a net liability of $37.2 million (2023: net liability of $5.6 million).

16 Derivative financial assets/(liabilities) continued

The following gains and losses were recognised in the income statement:

Commodity contracts designated as FVTPL

	2024 $000	Restated* 2023 $000
Mark-to-market unrealised (losses)/gains	**(31,814)**	30,573
Other unrealised (losses)	**–**	(5,256)
Unrealised hedging (expense)/income	**(31,814)**	25,317
Swaps matured during the year	**(3,392)**	(15,062)
Other contracts matured during the year	**(8,268)**	(4,407)
Realised hedging expense	**(11,660)**	(19,469)
Hedging (expense)/income	**(43,474)**	5,848

*See note 2

Unrealised hedging losses in 2024 comprise losses on gas swaps partially offset by unrealised gains on the UKA ETS swap instruments held (2023: gains on gas swaps). Unrealised hedging losses on gas and other swaps comprise unrealised charges on the movement during the year in the calculated fair value liability of outstanding gas price or other derivative contracts measured at the respective Balance Sheet dates.

Realised hedging losses measured at fair value through profit or loss for 2024 comprise losses realised on oil, gas and UKA ETS swaps. For 2023 losses were realised on gas swaps and UKA ETS swaps.

Contract liabilities

	2024 $000	Restated* 2023 $000
Contract liabilities	**5,408**	36,700
	5,408	36,700

*See note 2

On acquisition of Tailwind Energy Investments Ltd (see note 29) a pre-existing oil revenue contract was fair valued, resulting in contract liabilities of $66.7 million (£54.2 million) being recognised. The contract liabilities represent the differential in contract pricing and market price and are realised as performance obligations are considered met in the underlying revenue contract. To the extent the contract liability represents the fair value differential between contract price and market price, it is unwound through ‘contract revenue – other’ upon satisfaction of the performance obligation. $31.3 million has been released to the Income Statement in 2024 (2023: $30.0 million).

The gas contract liability of $1,193,000 as at 1 January 2023 represented a separate contract liability which had arisen upon the restructuring of certain hedging arrangements in 2021, and was fully released to the Income Statement in 2023.

17. Cash and cash equivalents

	2024 $000	Restated* 2023 $000
Cash at bank and in hand	**123,390**	231,904
Short-term deposits	**25,070**	103,529
	148,460	335,433

*See note 2

As at 31 December 2024, the cash balance of $148.5 million (2023: $335.4 million) contained amounts of $31.0 million held in separate bank accounts for the purpose of providing security against letters of credit issued in respect of certain decommissioning liabilities (2023: $23.3 million). The use of cash is restricted by virtue of contractual restrictions with a 3rd party.

Decommissioning security agreement ('DSA') cash advances

DSA cash advances of $35.1 million at 31 December 2023 represented cash security temporarily lodged in respect of decommissioning obligations. These were not included in the cash and cash equivalents balance of $335.4 million above but were released to Serica in 2024 when security was provided under the new financing facility.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods with original maturities of between one day and three months at the date acquired. They are considered to be readily convertible into cash and subject to an insignificant risk of changes in value. The placing of deposits depends on the immediate cash requirements of the Group and they earn interest at the respective short to medium-term deposit rates.

The Group's exposure to credit risk arises from potential default of a counterparty, with a maximum exposure equal to the carrying amount. The Group seeks to minimise counterparty credit risks by only depositing cash surpluses with major banks of high-quality credit standing and spreading the placement of funds over a range of institutions.

Financial institutions, and their credit ratings, which held greater than 10% of the Group's cash and short-term deposits at the balance sheet date were as follows:

	S&P/ Moody's credit rating	2024 $000	Restated* 2023 $000
Barclays Bank plc	A-1	**59,472**	37,077
Lloyds Bank plc	A-1	**55,980**	163,449
DNB Bank ASA	P-1	**32,945**	83,223
Investec Bank plc	P-1	–	51,614

*See note 2

18. Trade and other payables

	2024 $000	Restated* 2023 $000
Current:		
Trade payables	**40,884**	21,704
Other payables	**2,112**	1,593
Deferred revenue	**22,357**	7,830
Accrued expenses	**87,485**	75,394
Liquids overlift	**15,449**	15,131
	168,287	121,652

*See note 2

Trade payables are non-interest bearing and are generally on 15 to 30 day terms.

Accrued expenses include accruals for operating and capital expenditure in relation to the oil and gas assets. The Directors consider the carrying amount of trade and other payables approximates to their fair value.

Deferred revenue includes $22.4 million (2023: $7.8 million) relating to oil not yet delivered. $7.8 million from FY 2023 has been moved to revenue in 2024, reflecting the completion of the performance obligation.

19. Financial liabilities

	BKR consideration $000	Royalty liability $000	Other consideration $000	Total $000
At 31 December 2023 (restated*)	44,923	37,828	4,627	87,378
Change in fair value liability	5,627	(2,279)	(810)	2,538
Payments and settlements	–	–	(3,858)	(3,858)
Transfer to accruals	–	(3,380)	–	(3,380)
Currency translation adjustment	(796)	–	41	(755)
At 31 December 2024	**49,754**	**32,169**	**–**	**81,923**
Classified as:				
Current	–	–	–	–
Non-current	49,754	32,169	–	81,923
At 31 December 2024	**49,754**	**32,169**	**–**	**81,923**
Classified as:				
Current	–	–	4,627	4,627
Non-current	44,923	37,828	–	82,751
At 31 December 2023	44,923	37,828	4,627	87,378

19. Financial liabilities continued

BKR consideration

On 30 November 2018 Serica completed the four BKR acquisitions. The following elements of consideration were outstanding at 31 December 2023 and 2024:

- BP, Total E&P and BHP retain liability, in respect of the field interests Serica acquired from each of them, for all the costs of decommissioning those facilities that existed at the date of completion. Serica will pay deferred consideration equal to 30% of actual future decommissioning costs, reduced by the tax relief that each of BP, Total E&P and BHP receives on such costs.
- Serica will pay to each of BP, Total E&P and BHP, deferred consideration equal to 90% of their respective shares of the realised value of oil in the Bruce pipeline at the end of field life (see note 20).

Fair value measurement of BKR contingent consideration

The fair value of the contingent consideration is estimated as at applicable reporting dates from a valuation technique using future expected discounted cash flows. This methodology uses several significant unobservable inputs which are categorised within Level 3 of the fair value hierarchy.

The calculations are complex and involve a range of projections and assumptions related to estimates of future decommissioning expenditure, taxation, future operating and development costs, production volumes, oil and gas sales prices and discount rates. The underlying assumptions have been updated from 2023. Estimated contingent consideration payments have been calculated at a discount rate of 10% (2023: 10%).

Given the multiple input variables and judgements used in the calculations, and the inter relationships between changes in these variables, an estimate of a reasonable range of possible outcomes of undiscounted value of the contingent consideration has not been considered feasible. In isolation, the calculations are most sensitive to assumed oil and gas reserves, production profiles, estimated decommissioning costs and future commodity prices.

A sensitivity analysis to the discount rate used shows a decrease in the discount rate used from 10% to 9% would result in an increase in the fair value of the contingent consideration by $4.3 million, and an increase from 10% to 11% would result in a decrease in the fair value of the contingent consideration by $3.8 million.

Royalty liability

Royalty represents amounts payable under a pre-existing Tailwind sale and purchase agreement subject to future production volumes and commodity prices over the life of certain assets in the Triton Cluster.

The fair value of the royalty liability is estimated as at applicable reporting dates from a valuation technique using future expected discounted cash flows. This methodology uses several significant unobservable inputs which are categorised within Level 3 of the fair value hierarchy. The calculations involve a range of assumptions related to oil prices, production volumes and discount rates. Estimated payments have been calculated at a discount rate of 9.0% (2023: 8.5%).

Given the multiple input variables and judgements used in the calculations, and the inter relationships between changes in these variables, an estimate of a reasonable range of possible outcomes of undiscounted value of the contingent consideration has not been considered feasible. In isolation, the calculations are most sensitive to assumed oil and gas reserves, production profiles, estimated decommissioning costs and future commodity prices.

A sensitivity analysis to the oil price assumption used shows a 10% increase in the oil price assumed would result in an increase in the fair value of the royalty liability by $8.8 million (2023: $11.3 million).

Other consideration

Other consideration reflected the remaining deferred consideration payable under the Tailwind acquisition. This was settled in March 2024 (see note 29).

20. Provisions

	Decommissioning provision $000	Other provision $000	Total $000
At 1 January 2023 (restated*)	30,465	–	30,465
Acquisitions (note 29)	92,886	493	93,379
Change in estimate (note 13)	20,384	–	20,384
Change in estimate expensed (note 5)	461	–	461
Unwinding of discount (note 8)	3,641	–	3,641
Payments	(1,112)	(81)	(1,193)
Currency translation adjustment	1,621	–	1,621
At 31 December 2023 (restated*)	148,346	412	148,758
Change in estimate (note 13)	9,711	–	9,711
Change in estimate expensed (note 5)	601	–	601
Unwinding of discount (note 8)	5,564	–	5,564
Payments	(18,142)	(97)	(18,239)
Currency translation adjustment	(421)	–	(421)
At 31 December 2024	**145,659**	**315**	**145,974**
Classified as:			
Current	–	–	–
Non-current	145,659	315	145,974
At 31 December 2024	**145,659**	**315**	**145,974**
Classified as:			
Current	16,467	–	16,467
Non-current	131,879	412	132,291
At 31 December 2023	148,346	412	148,758

*See note 2

Decommissioning provision

The decommissioning provision represents the present value of decommissioning costs relating to oil and gas interests in the UK which are expected to be incurred up to 2036.

Bruce, Keith and Rhum fields

The Group makes full provision for the future costs of decommissioning its production facilities and pipelines on a discounted basis. With respect to the Bruce, Keith and Rhum fields, the decommissioning provision is based on the Group's contractual obligations of 3.75%, 8.33334% and 0% respectively of the decommissioning liabilities rather than the Group's equity interests acquired. The Group's provision represents the present value of decommissioning costs which are expected to be incurred up to 2036 and assumes no further development of the Group's assets. The liability is discounted at a rate of 4.5% (2023: 3.75%) and the unwinding of the discount is classified as a finance cost (see note 8).

20. Provisions continued

Triton area

The Triton area decommissioning provision is based on Serica group's obligations which are in excess of certain agreed decommissioning liability caps with the previous owners of Tailwind's equity interests in Triton. The Group's provision represents the present value of decommissioning costs which are expected to be incurred up to 2036 and assumes no further development of the Group's assets. These provisions have been created based on the Group's internal estimates and, where available, operator estimates and third-party reports. These estimates are reviewed regularly to take into account any material changes to the assumptions. The liability is discounted at a rate of 4.5% (2023: 3.75%) and the unwinding of the discount is classified as a finance cost (see note 8).

Orlando, Arthur and Columbus fields

The Group makes full provision for the decommissioning liabilities for these fields on its respective equity interests. Decommissioning work on the Arthur field was completed in 2024 and the Group's provision, as at 31 December 2024, represents the present value of decommissioning costs which are expected to be incurred between 2027 and up to 2030 and assumes no further development of the Group's assets. The liability is discounted at a rate of 4.5% (2023: 3.75%) and the unwinding of the discount is classified as a finance cost (see note 8).

Erskine field

No provision for decommissioning liabilities for the Erskine field is recorded as at 31 December 2023 or 2024 as the Group's current estimate for such costs is under the agreed capped level to be funded by BP. This has been fixed at a gross £174.0 million (£31.32 million net to Serica) with this figure adjusted for inflation.

Other

The estimation of costs, inflation and discount rates are considered to be judgemental and actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

If the cost estimates were increased by 10% and the discount rate reduced by 1%, the value of the provisions could increase by c.$30.9 million (2023: c. $29.4 million).

The Group considers the impact of climate change and Net Zero targets, including action that may impose further requirements and costs on companies in the future, on decommissioning provisions, specifically the timing of future cash flows, and has concluded that it does not currently represent a key source of estimation uncertainty. As all of the Group's currently producing assets are projected to cease production by 2036 it is believed that any such future changes would have limited impact compared to assets with longer durations.

21. Interest bearing loans and borrowings

The Group's loan is carried at amortised cost as follows:

	2024 $000	Restated* 2023 $000
Reserve based lending – at 1 January	**271,200**	–
Acquisitions (note 29)	**–**	325,827
Repayments of borrowings – original facility	**(271,200)**	(102,000)
Proceeds from borrowings	**283,500**	43,200
Repayments of borrowings – new facility	**(52,500)**	–
RBL commitment fees on entering loan	**(14,069)**	–
Amortisation of fees (note 8)	**2,199**	4,173
Reserve based lending – at 31 December	**219,130**	271,200
Due within one year	**–**	–
Due after more than one year	**219,130**	271,200
	219,130	271,200

21. Interest bearing loans and borrowings continued

New Reserve Based Lending ('RBL') facility arrangements effective January 2024

In December 2023 Serica announced the signing of a new $525 million secured RBL facility. Following the satisfaction of conditions precedent, this completed in January 2024 and refinanced the Group's previous financing arrangements of an RBL facility of $425 million of which $271.2 million was drawn at 31 December 2023.

The RBL facility is a revolving credit facility available in multiple currencies, it provides significantly increased liquidity to support future acquisitions and investments and has established new relationships with a syndicate of leading international banks. The maximum facility amount amortises on a six-monthly basis starting on 1 July 2027 to final maturity on 31 December 2029. The interest rate for loan drawings is SOFR plus a margin of 3.90% per annum and the Borrowing Base Assets comprise all of Serica's interests in producing fields with the exception of Serica's largest single producing field the Rhum field, and the available amount under the facility is subject to semi-annual redeterminations. The RBL includes a financial covenant to maintain net debt/EBITDAX cover ratio below 3.5x and other terms and conditions are consistent with Loan Market Association terms for comparable syndicated RBL financings. The financial covenant is tested on a biannual basis. As at 31 December 2024 Serica is fully compliant with the financial covenant and all other terms of the facility. The new facility also includes a separate $100 million sub limit which can be utilised to issue Letters of Credit without the need for cash security.

The facility agreement also has an uncommitted accordion feature which provides an option for an additional financing of up to $525 million, amounting to facilities of up to $1,050 million. The accordion facility can be exercised within thirty-six months of the facility signing date, subject to certain conditions.

An amount of $283.5 million was drawn down from the new RBL facility in January 2024 to repay the previous RBL balance of $271.2 million as well as previous RBL interest and fees ($1.7 million) and the main portion of new RBL commitment fees ($10.6 million). These payments were made directly by the new RBL banks to the relevant parties on Serica's instructions. In February 2024, the Group made a voluntary repayment of $52.5 million.

In December 2024, Serica completed the semi-annual redetermination under its RBL facility. Following that redetermination, the borrowing was reconfirmed at a level in excess of the facility size and as a result was capped at the full amount of the committed facility of $525 million.

22. Financial instruments

The Group's financial instruments comprise cash and cash equivalents, bank loans and borrowings, accounts payable and accounts receivable, derivative financial instruments and contingent consideration. It is management's opinion that the Group is not exposed to significant interest, credit or currency risks arising from its financial instruments other than as discussed below:

Serica has exposure to interest rate fluctuations on its cash deposits and given the level of expenditure plans over 2025/26 this is managed in the short-term through selecting treasury deposit periods of one to three months. Cash and treasury credit risks are mitigated through spreading the placement of funds over a range of institutions each carrying acceptable published credit ratings to minimise concentration and counterparty risk.

Serica sells oil, gas and related products only to recognised international oil and gas companies and has no previous history of default or non-payment of trade receivables. Where Serica operates joint ventures on behalf of partners it seeks to recover the appropriate share of costs from these third parties. The majority of partners in these ventures are well established oil and gas companies. In the event of non-payment, operating agreements typically provide recourse through increased venture shares.

Serica retains certain non-$ cash holdings and other financial instruments relating to its operations. The $ reporting currency value of these may fluctuate from time to time causing reported foreign exchange gains and losses. Serica maintains a broad strategy of matching the currency of funds held on deposit with the expected expenditures in those currencies. Management believes that this mitigates most of any actual potential currency risk from financial instruments.

It is management's opinion that the fair value of its financial instruments approximate to their carrying values, unless otherwise noted.

22. Financial Instruments continued

Interest rate risk profile of financial assets and liabilities

The interest rate profile of the financial assets and liabilities of the Group as at 31 December is as follows:

Group
Year ended 31 December 2024

	Within 1 year $000	1-2 years $000	2-5 years $000	Total $000
Fixed rate				
Short-term deposits	25,070	–	–	25,070
				25,070
Floating rate				
Cash	123,390	–	–	123,390
Loans and borrowings	–	–	(231,000)	(231,000)
				(107,610)
Year ended 31 December 2023				
Fixed rate Short-term deposits	103,529	–	–	103,529
				103,529
Floating rate				
Cash	231,904	–	–	231,904
Loans and borrowings	–	–	(271,200)	(271,200)
				(39,296)

The following table demonstrates the sensitivity of finance revenue and finance costs to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on fixed rate short-term deposits and applicable bank loans).

Increase/decrease in interest rate

	Effect on profit before tax 2024 $000	Effect on profit before tax 2023 $000
+0.75%	**319**	1,705
-0.75%	**(319)**	(1,705)

The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

Credit risk

The Group's exposure to credit risk relating to financial assets arises from the default of a counterparty with a maximum exposure equal to the carrying value as at the balance sheet date. Cash and treasury credit risks are mitigated through spreading the placement of funds over a range of institutions each carrying acceptable published credit ratings to minimise counterparty risk.

In addition, there are credit risks of commercial counterparties including exposures in respect of outstanding receivables. The Group's oil and gas sales are all contracted with well-established oil and gas or energy companies. Also, where Serica operates joint ventures on behalf of partners it seeks to recover the appropriate share of costs from the third-party counterparties. The majority of partners in these ventures are well established oil and gas companies. In the event of non-payment, operating agreements typically provide recourse through increased venture shares. Receivable balances are monitored on an ongoing basis with appropriate follow-up action taken where necessary.

22. Financial instruments continued

Foreign currency risk

The Group enters into transactions denominated in currencies other than its US dollar reporting currency. The Group's non-US dollar denominated balances, subject to exchange rate fluctuations, at year-end were as follows:

	2024 $000	2023 $000
Cash and cash equivalents:		
Pounds Sterling	**121,618**	188,333
Norwegian kroner	**–**	7
Euros	**269**	150
Accounts receivable:		
Pounds Sterling	**78,306**	104,504
Euros	**369**	340
Trade and other payables:		
Pounds Sterling	**113,081**	109,568
Norwegian kroner	**259**	–
Euros	**224**	–

The following table demonstrates the Group's sensitivity to a 10% increase or decrease in the Pounds Sterling against the US Dollar. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in the foreign currency rate.

Increase/decrease in foreign exchange rate

	Effect on profit before tax 2024 $000	Effect on profit before tax 2023 $000
10% strengthening of US$ against Pounds Sterling	**31,300**	18,327
10% weakening of US$ against Pounds Sterling	**(31,300)**	(18,327)

Liquidity risk

The table below summarises the maturity profile of the Group and Company's financial assets and liabilities at 31 December 2024 based on contractual undiscounted payments. The Group monitors its risk to a potential shortage of funds by monitoring the maturity dates of existing debt.

As at 31 December 2024

	Within 1 year $000	1-2 years $000	2-5 years $000	>5 years $000	Total $000
Assets					
Derivative financial assets	**5,185**	**–**	**–**	**–**	**5,185**
Liabilities					
Trade and other payables*	**130,481**	**–**	**–**	**–**	**130,481**
Leases	**1,418**	**1,301**	**2,468**	**–**	**5,187**
Loans and borrowings	**–**	**–**	**231,000**		**231,000**
Derivative financial liabilities	**31,185**	**11,201**	**–**	**–**	**42,386**
Royalty liability	**–**	**9,123**	**21,725**	**13,870**	**44,718**

22. Financial instruments continued

As at 31 December 2023

	Within 1 year $000	1-2 years $000	2-5 years $000	>5 years $000	Total $000
Liabilities					
Trade and other payables*	98,691	–	–	–	98,691
Leases	709	662	989	–	2,360
Loans and borrowings	–	–	271,200	–	271,200
Derivative financial liabilities	5,564	–	–	–	5,564
Royalty liability	6,906	8,797	18,377	20,829	54,909

*excludes overlift balances and deferred revenue

Amounts payable as BKR contingent consideration are explained in detail in note 19.

Commodity price risk

The Group is exposed to commodity price risk due to the fluctuations in prevailing market commodity prices. Where and when appropriate the Group will put in place suitable hedging arrangements to mitigate the risk of a fall in commodity prices as per the Group's hedging policy. This will also meet any hedging requirements under the RBL. All gas production is currently sold at prices linked to the spot market and the significant majority NGL production is sold at prices linked to the spot market. Oil production for 2025 will be sold at spot market linked pricing other than 0.4 million barrels at an average fixed price of $61 sold in January 2025.

At 31 December 2024 Serica held the following hedging arrangements in place.

Oil hedges

		2025				2026			
Weighted average	Units	Q1–25	Q2–25	Q3–25	Q4–25	Q1–26	Q2–26	Q3–26	Q4–26
Swap price	$/bbl	68	75	75	75	75	–	–	–
Collar floor net	$/bbl	68	69	68	68	69	–	–	–
Total weighted average	$/bbl	68	69	69	69	70	–	–	–
Collar ceiling	$/bbl	96	88	88	86	86	–	–	–
Hedged Volume	Kboe/d	10	6	6	5	4	–	–	–

Gas hedges

					2025				2026
Weighted average	Units	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26	Q4-26
Swap price	p/therm	84	87	86	89.6	94	–	–	–
Collar floor net	p/therm	80	70	70	82	82	64	64	–
Total weighted average	p/therm	81	82	81	85	85	64	64	–
Collar ceiling	p/therm	125	121	121	135	135	99	99	–
Hedged Volume	Kboe/d	4	6	5	7	6	5	5	–

Serica held no fixed price swaps for UKA ETS products at 31 December 2024 (31 December 2023: 132,000 MT at £79.24/MT).

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

22. Financial Instruments continued

Fair values of financial assets and liabilities

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. As such the fair value hierarchy is not provided.

The table below details the Group's fair value measurement hierarchy for liabilities and assets as at 31 December:

	Note	Fair value measurement using Quoted prices in active markets Level 1 $000	Significant observable inputs Level 2 $000	Significant unobservable inputs Level 3 $000
Assets/(liabilities) measured at fair value				
Year ended 31 December 2024				
Derivative financial assets	16	–	5,185	–
Derivative financial liabilities	16	–	(42,386)	–
Contingent consideration liability	19	–	–	(49,754)
Royalty liability	19	–	–	(32,169)
Year ended 31 December 2023				
Derivative financial liabilities	16	–	(5,564)	–
Contingent consideration liability	19	–	–	(44,923)
Royalty liability	19	–	–	(37,828)

There were no transfers between Level 1 and Level 2 during 2023 or 2024.

Capital management

The primary objective of the Group's capital management is to maintain appropriate levels of funding to meet the commitments of its forward programme of exploration, production and development expenditure, and to safeguard the entity's ability to continue as a going concern and create shareholder value. At 31 December 2024, capital employed of the Group amounted to $1,015.6 million (comprised of $796.5 million of equity shareholders' funds and $219.1 million of borrowings), compared to $1,105.4 million at 31 December 2023 (comprised of $834.2 million of equity shareholders' funds and $271.2 million of borrowings).

The Board regularly reassesses the appropriate dividend payments proposed within the capital structure of the Group. Any future payment of dividends is expected to depend on the earnings and financial condition of the Company and such other factors as the Board considers appropriate.

23. Equity share capital

As at 31 December 2024, the share capital of the Company comprised one 'A' share of GB£50,000 and 393,468,407 ordinary shares of US$0.10 each. The 'A' share has no special rights.

The balance classified as total share capital includes the total net proceeds (both nominal value and share premium) on issue of the Group's equity share capital, comprising US$0.10 ordinary shares and one 'A' share.

Allotted, issued and fully paid:
Group

	Number '000	Share capital $000	Share premium $000	Total Share capital $000	Merger reserve $000
As at 1 January 2023 (restated*)	272,953	27,295	205,965	233,260	–
Shares issued	118,368	11,837	160	11,997	283,367
As at 1 January 2024 (restated*)	391,321	39,132	206,125	245,257	283,367
Shares issued	2,147	215	65	280	3,223
As at 31 December 2024	**393,468**	**39,347**	**206,190**	**245,537**	**286,590**

*see note 2

During 2024, 708,505 ordinary shares were issued to satisfy awards under the Company's share-based incentive schemes and a final tranche of 1,438,849 ordinary shares were issued in March 2024 as part of the acquisition of Tailwind Energy Investments Ltd in March 2023.

As at 28 March 2025 the issued voting share capital of the Company was 393,568,407 ordinary shares and one 'A' share.

Group merger reserve

Merger relief was applied by the Group's parent entity Serica Energy plc upon the respective issues of 108,170,426 ordinary shares in March 2023 and 1,438,849 ordinary shares in September 2023, for the acquisition of Tailwind Energy Investments Ltd. The valuation of the shares issued was based on the fair value at the date of issue, with the nominal value of the shares issued credited to share capital and the excess value of $286.6 million (£230.3 million) above nominal share capital credited to a merger reserve in the consolidated Group accounts.

Treasury/own shares reserve

Treasury represent Serica shares repurchased and available for specific and limited purposes. In Q2 2024 the Company acquired 8,437,478 shares for $18.8 million (£15.0 million) at an average price of $2.22 (£1.78 per share). 4,430,193 of the shares in held in treasury were then used to satisfy share option awards in 2024 and a balance of 4,007,285 shares included in the reserve of $8,931,000 is held at 31 December 2024.

24. Additional cash flow information

Net cash flows from operating activities consist of:

For the year ended 31 December 2024

	Note	2024 $000	Restated* 2023 $000
Operating activities:			
Profit for the year		**92,429**	127,757
Adjustments to reconcile profit for the year			
to net cash flow from operating activities:			
Taxation charge		**68,069**	252,614
Change in fair value liabilities		**2,538**	9,446
Change in provisions		**601**	461
Gain on acquisition		**–**	(41,889)
Net finance costs		**23,431**	10,076
Depletion and depreciation		**188,320**	136,551
Oil and NGL over/underlift		**(20,564)**	(11,545)
E&E asset write-offs		**851**	10,871
Unrealised hedging losses/(gains)		**31,814**	(25,317)
Movement in gas contract revenue		**–**	(1,227)
Contract revenue – other		**(31,292)**	(29,951)
Share-based payments		**3,735**	4,942
Other non-cash movements		**(81)**	3,859
Decrease in hedging security advances		**–**	29,402
Decrease/(increase) in DSA cash advances		**35,055**	(35,055)
Decrease in trade and other receivables		**36,170**	87,056
(Increase) in inventories		**(1,140)**	(1,222)
Increase/(decrease) in trade and other payables		**22,286**	(56,807)
Cash inflow from operations		**452,222**	470,022
Taxation paid		**(152,517)**	(347,588)
Decommissioning spend		**(18,142)**	(1,115)
Net cash inflow from operating activities		**281,563**	121,319

24. Additional cash flow information continued

Reconciliation of movement in net cash flow to movement in net cash/(borrowings)

	2024 $000	Restated* 2023 $000
Loans assumed upon acquisition – net (note 29)	–	(325,827)
Repayment of borrowings	**323,700**	102,000
Proceeds from borrowings	**(283,500)**	(43,200)
Interest and other loan finance costs paid in year	**26,862**	18,455
Arrangement fees	**14,069**	–
Amortisation of fees	**(2,199)**	(4,173)
Interest and other loan finance costs payable in year	**(26,862)**	(18,455)
Movement in total borrowings (net)	**52,070**	(271,200)
Movement in cash and cash equivalents	**(184,517)**	(206,257)
(Decrease) in net cash in the year	**(132,447)**	(477,457)
Opening net cash	**64,233**	522,914
Currency translation adjustments	**(2,456)**	18,776
Closing net (debt)/cash	**(70,670)**	64,233

Analysis of Group net (debt)/cash

	2024 $000	Restated* 2023 $000
Cash	**123,390**	231,904
Short-term deposits	**25,070**	103,529
Loans (net)	**(219,130)**	(271,200)
Closing net (debt)/cash	**(70,670)**	64,233

*See note 2

Changes in lease liabilities arising from financing activities

	2024 $000	Restated* 2023 $000
Lease liability at beginning of the year	**2,360**	271
Acquisition during the year	–	2,682
Additions during the year	**5,069**	–
Lease payments	**(2,697)**	(777)
Lease interest expense	**524**	189
Currency translation adjustment	**(69)**	(5)
Lease liability at end of the year	**5,187**	2,360

*See note 2

25. Share-based payments

Share option plans

The Company operates three discretionary incentive share option plans: the Serica Energy plc Long-Term Incentive Plan (the 'LTIP'), which was adopted by the Board on 20 November 2017 which permits the grant of share-based awards, the 2017 Serica Energy plc Company Share Option Plan ('2017 CSOP'), which was adopted by the Board on 20 November 2017, and the Serica 2005 Option Plan, which was adopted by the Board on 14 November 2005. Awards can no longer be made under the Serica 2005 Option Plan. However, options remain outstanding under the Serica 2005 Option Plan. The LTIP and the 2017 CSOP together are known as the 'Discretionary Plans'.

The Discretionary Plans will govern all future grants of options by the Company to Directors, officers, key employees and certain consultants of the Group. The Directors intend that the maximum number of ordinary shares which may be utilised pursuant to the Discretionary Plans will not exceed 10% of the issued ordinary shares of the Company from time to time in line with the recommendations of the Association of British Insurers.

The objective of these plans is to develop the interest of Directors, officers, key employees and certain consultants of the Group in the growth and development of the Group by providing them with the opportunity to acquire an interest in the Company and to assist the Company in retaining and attracting executives with experience and ability.

Serica 2005 option plan

As at 31 December 2024, 300,000 options granted by the Company under the Serica 2005 Option Plan were outstanding. All options awarded under the Serica 2005 Option Plan since November 2009 have a three-year vesting period. No options were granted in 2023 or 2024 under the Serica 2005 Option Plan.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2024 Number	2024 WAEP £	2023 Number	2023 WAEP £
Outstanding as at 1 January	800,000	0.07	3,900,000	0.14
Exercised during the year	(500,000)	0.07	(3,100,000)	0.16
Outstanding as at 31 December	300,000	0.07	800,000	0.07
Exercisable as at 31 December	300,000	0.07	800,000	0.07

The weighted average remaining contractual life of options outstanding as at 31 December 2024 is 0.5 years (2023: 1.5 years). The weighted average share price during 2024 across the period that options were exercised in was $2.39 (2023: $2.93).

For the Serica 2005 option plan, the exercise price for all outstanding options at the 2024 year-end is $0.09 (2023: $0.09).

Long-term incentive plan

The following awards granted to certain Directors and employees under the LTIP are outstanding as at 31 December 2024.

25. Share-based payments continued

Performance share awards

Performance Share Awards have a three-year vesting period and are subject to performance conditions based on average share price growth targets to be measured by reference to dealing days in the period of 90 days ending immediately prior to expiry of a three-year performance starting on the date of grant of a Performance Share Award. Performance Share Awards are structured as nil-cost options and may be exercised up until the tenth anniversary of the date of grant.

Performance and retention share awards

	2024 Number	2023 Number
Outstanding as at 1 January	**9,917,330**	13,326,567
Granted during the year	**2,546,134**	1,075,668
Expired or cancelled during the year	**(1,297,830)**	(267,827)
Exercised during the year	**(3,023,117)**	(4,217,078)
Outstanding as at 31 December	**8,142,517**	9,917,330
Exercisable as at 31 December	**4,604,881**	5,718,825

The weighted average remaining contractual life of options outstanding as at 31 December 2024 is 6.7 years (2023: 5.6 years). The weighted average share price during 2024 across the period that options were exercised in was $1.93 (2023: $2.93).

LTIP awards in 2023

In May 2023, the Company granted nil-cost Performance Share Awards over 1,075,668 ordinary shares under the LTIP. The award was made to members of the Group's executive team and senior management.

The vesting criteria are based on absolute share price performance over a three-year period and specific performance targets related to carbon emissions from operations over the same period. For the awards to vest in full, the highest average share price must be at least equal to 500p during the 180 day period terminating on the end of the performance period together with a significant decrease in carbon emissions per barrel of oil equivalent produced. 745,934 of the total awards were outstanding and are not exercisable at 31 December 2024.

LTIP awards in 2024

In May 2024, the Company granted nil-cost Performance Share Awards over 1,785,363 ordinary shares under the LTIP. The award was made to members of the Group's executive team and senior management.

The vesting criteria include sliding scale measures of share price performance (35% weighting) and of relative total shareholder return performance (35% weighting), in each case, in respect of a three year period ending at the end of April 2027; together with annual emissions intensity targets (30% weighting) in respect of 2024, 2025 and 2026. For the awards to vest in full, the 90 day end average share price must be at least equal to 400p, the Company's relative total shareholder return performance must be at least upper quartile relative performance (relative to a comparator group of companies) and an emissions intensity target (relating to CO_2e per barrel of oil equivalent from the Group's entire producing portfolio of assets) met in respect of each of 2024, 2025 and 2026. 1,518,983 of the total awards were outstanding and are not exercisable at 31 December 2024.

In November 2024, the Company granted nil-cost Retention Share Awards over 760,771 ordinary shares under the LTIP. The award was made to members of the Group's senior management. These awards are not subject to market conditions and vest after three years of service by the individual. All of the total awards were outstanding and are not exercisable at 31 December 2024.

Share-based compensation

The Company calculates the value of share-based compensation using a Black-Scholes option pricing model (or other appropriate model for those options subject to certain market conditions) to estimate the fair value of share options at the date of grant. There are no cash settlement alternatives. The options granted in 2023 and 2024 were consistently valued in line with the Company's valuation policy. For the options subject to market conditions, assumptions made included a weighted average risk-free interest rate of 2%, a weighted average expected life of 5 years, and a volatility factor of expected market price of in a range from 55-70%. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The weighted fair value of options granted during the year was $1.68 (2023: $2.10). The estimated fair value of options is amortised to expense over the options' vesting period.

$3,735,000 has been charged to the income statement for the year ended 31 December 2024 (2023: $4,942,000) and a similar amount credited to the share-based payments reserve, classified as 'Other reserve' in the Balance Sheet. The 'Other reserve' was comprised solely of the share-based payment reserve which totaled $37,540,000 as at 31 December 2024 (2023: $37,650,000). A charge of $193,000 (2023: $2,911,000) of the total charge was in respect of key management personnel (defined in note 7).

26. Leases

A right of use asset for oil and gas operations (note 13) and its related lease liability were acquired as part of the Tailwind acquisition (note 29). This lease is secured by the assets leased and bears interest at a fixed rate with repayments due over a 5-year period. The total lease liability at 31 December 2024 amounts to $1,675,000 of which $683,000 is due for settlement within 12 months and $992,000 due after 12 months. A depreciation charge of $1,044,000 (2023: $780,000) was expensed within cost of sales.

The Group entered into a five-year lease at its new registered office, 72 Welbeck Street, following the expiry of its previous London office lease at 52 George Street. The total lease liability at 31 December 2024 amounts to $3,512,000 of which $735,000 is due for settlement within 12 months and $2,777,000 after 12 months. A depreciation charge of $1,070,000 (2023: $216,000) was expensed within administrative expenses in respect of office leases.

$2,697,000 (2023: $777,000) of cash payments made against the lease liabilities during 2024 are reflected in the 2024 Group cash flow statement as a cash outflow in financing activities.

27. Capital commitments and contingencies

The Company also has obligations to carry out defined work programmes on its oil and gas properties, under the terms of the award of rights to these properties. The Company is not obliged to meet other joint venture partner shares of these programmes.

Serica's planned 2025 investment programme includes two remaining wells from the 2024-25 drilling campaign in the Triton Area (Evelyn Phase 2 (EV02) and Belinda) and further capital work on the Bruce facilities. At 31 December 2024, the Group had commitments for future capital expenditure relating to its oil and gas properties amounting to $249 million, with the majority relating to the Triton Area drilling programmes on EV-02 and Belinda wells.

The Group's only significant exploration commitment is the drilling of a commitment well on Licence P2400 (Skerryvore – Serica 20%) to be drilled before October 2025. Given the lack of clarity regarding the future fiscal and licencing regime, Serica expects an extension to the licencing period to be granted.

Serica has posted cash collateral of approximately $31.0 million under decommissioning security arrangements, in support to the issue of letters of credit required. This secured amount is within the Group's cash balances of $148.5 million as at 31 December 2024. The funds are freely transferable but alternative collateral would need to be put in place to replace the cash security.

Other

The Group occasionally has to provide security for a proportion of its future obligations to defined work programmes or other commitments.

28. Related party transactions and transactions with Directors

The Group financial statements include the financial statements of Serica Energy plc and its subsidiaries listed in note 30. Balances and transactions between the Company and its subsidiary, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The related party balances have no fixed repayment terms and bore no interest.

The Group's main related parties comprise the Directors and Mercuria Group entities, the latter being related parties due to the significant shareholding of a Mercuria Group subsidiary, Mercuria Holdings (UK) Limited, in Serica Energy plc. Balances and transactions with Mercuria Energy Trading S.A., a subsidiary of the Mercuria Group are disclosed below.

Balances with related party at year end

	2024 $000	2023 $000
Mercuria Energy Trading S.A.		
Accrued receivables	–	26,130
Other financial liabilities	–	(5,564)
Trade and other payables	**(4,336)**	(1,815)
Accruals	**(8,398)**	(1,258)

On 24 September 2019, the Tailwind sub-group entered in a Junior Facility agreement with Mercuria Energy Trading S.A. for a facility of US$50.0 million with a maturity of 24 September 2026. There were no drawdowns on this facility as at 31 December 2023. This facility was terminated in January 2024 following the refinancing of the Group's reserve-based lending facility (note 21).

28. Related party transactions and transactions with Directors continued

Transactions in income statement with Mercuria Energy Trading S.A.

	Year ended 31 December 2024 $000	Year ended 31 December 2023 $000
Revenue	**181,124**	203,699
Cost of sales	**(6,874)**	(9,493)
Loss on commodity derivative contracts	**(1,155)**	(8,610)
Gain on currency derivative contracts	**–**	928
Finance costs	**(24)**	(281)

The above transactions were conducted under contracts already in place when Serica acquired Tailwind Energy Investments Ltd on 23 March 2023, principally the Offtake and Marketing Agreement covering oil offtake from Serica's share in the Triton area and part of Serica's share in Columbus. These contracts were set on prevailing market terms.

Transactions with North Sea Midstream Partners Limited ('NSMP') are also considered related party transactions with effect from 1 July 2024, when a director assumed a key management personnel position within Serica Energy plc and a close member of his family held a key management position within NSMP during 2024. The Group incurred pipeline tariff costs of $13.0 million recorded within cost of sales in 2024 and had a trade payable of $2.0 million owed to NSMP at 31 December 2024.

There are no related party transactions, or transactions with Directors that require disclosure except for the remuneration items disclosed in the Directors Report and note 7 above. These disclosures include the compensation of key management personnel.

29. Acquisition of Tailwind Energy Investments Ltd

As reported previously in the 2023 Financial Statements, on 23 March 2023, the Company acquired 100% of the shares of Tailwind Energy Investments Ltd (renamed Serica Energy Investments Ltd) for an initial purchase consideration of $373.7 million (£297.4 million). This comprised cash of $75.8 million (£61.6 million) and the fair value of 108,170,426 ordinary shares in Serica Energy plc issued in exchange for all Tailwind shares. The fair value of the shares issued was calculated using the market price of the Company's shares of £2.18 on the AIM Market of the London Stock Exchange at its opening of business on 23 March 2023.

A further 2,877,698 ordinary shares were issued to the sellers in two equal tranches of 1,438,849 ordinary shares in September 2023 and March 2024 respectively. These formed part of the aggregate 111,048,124 ordinary shares issued as part of the purchase consideration and were issued after periods of no successful warranty claims.

The activities acquired comprised development and production oil & gas assets in the UK North Sea held in interests in joint operations and as they constituted a business as defined in IFRS 3 Business Combinations, the acquisitions were accounted for as a business combination. The consolidated 2023 financial statements included the fair values of the identifiable assets and liabilities as at the date of acquisition 23 March 2023, and the results of the combined transaction assets for the nine-month period from the acquisition date. In accordance with IFRS 3 Business Combinations, the fair values of the assets and liabilities in the acquisition table below (restated from GBP to US$ – see note 2) were final.

29. Acquisition of Tailwind Energy Investments Ltd continued

Assets acquired and liabilities assumed at date of acquisition

	Fair value recognised on acquisition $000 *Restated
Assets	
Property, plant and equipment (note 13)	598,333
Net deferred tax asset (note 9)	325,924
Debtors and other assets	83,937
Inventory	7,520
Cash and cash equivalents	21,654
	1,037,368
Liabilities	
Trade and other payables	(88,331)
Contract liabilities (note 16)	(66,651)
Financial liabilities	(4,724)
Royalty liabilities (note 19)	(42,899)
Provisions (note 20)	(93,379)
Interest bearing loans (note 21)	(325,827)
	(621,811)
Total identifiable net assets at fair value	**415,557**
Cash consideration	75,831
Initial consideration shares issued	290,119
Deferred consideration shares	7,718
Purchase consideration	**373,668**
Gain arising on acquisition	**41,889**

*See note 2

Fair value of consideration

The combined purchase consideration of the transaction was $373.7 million (£303.7 million), which comprised cash of $75.8 million (£61.6 million), the fair value of 108,170,426 ordinary shares in Serica Energy plc issued in exchange for all Tailwind shares, and the fair value of a further 2,877,698 ordinary shares which were issued to the sellers subsequent to the acquisition after the conclusion of periods with no successful warranty claims. The fair value of the initial consideration shares issued was calculated using the market price of the Company's shares of £2.18 on the AIM Market of the London Stock Exchange at its opening of business on 23 March 2023. The deferred consideration share consideration was also valued using the share price on acquisition and this value was considered approximate to the fair value.

The excess of fair value of the net assets acquired over the purchase consideration was recognised as a gain on acquisition in the 2023 income statement. Transaction costs of $12.5 million were incurred in 2023 and expensed in the Income Statement.

30. Acquisition of interest in Greater Buchan Area

In February 2024, Serica Energy (UK) Limited acquired JOG Fox Limited (renamed Serica GBA Limited during 2024), an entity holding 30% non-operated interests in the P2498 and P2170 licences (together the Greater Buchan Area from Jersey Oil & Gas ('JOG'). The interests were subsequently transferred to Serica Energy (UK) Limited in October 2024. The partners in the GBA are Serica Energy (UK) Limited (30%), NEO Energy (50% and operator) and JOG (20%). This transaction gives Serica the option of participating in the re-development of the Buchan field and other potential developments in the GBA. The transaction was treated as an asset acquisition as it did not include relevant supplementary and other substantive activities beyond the assets acquired to be considered a business combination.

The transaction is structured as a farm-in, with modest up-front and contingent consideration payments, and a carry of pre-Financial Investment Decision ('FID') and development costs.

In return for a 30% working interest in the GBA licences, on completion Serica made a cash payment to JOG of $7.7 million (£6 million) which reflected adjustments between buyer and seller to reflect an economic date for the transaction of 1 April 2023. This amount is recorded as an Exploration and Evaluation asset acquisition cost (see note 12). Serica is not committed under the terms of the transaction to participate in the GBA developments. In the event of participation at each relevant stage, Serica will make further payments to JOG as follows:

- $7.5 million on approval of the Buchan Horst FDP by the NSTA
- A 7.5% carry of the Buchan Horst field pre-FID and development costs (paying 37.5% for a 30% working interest). The development cost carry is capped at 7.5% of the budget approved by the Buchan Joint Venture for the development of the Buchan Horst field at the time of the FDP. Subject to the cap, the development cost carry equates to a 1.25 carry ratio for development costs; the same as an arrangement previously agreed between JOG and NEO Energy
- $3 million on approval by the NSTA of a J2 FDP
- $3 million on approval by the NSTA of a Verbier FDP.Serica's accounting policy (see note 2) in respect of this asset acquisition is that the cost of asset on initial recognition excludes any variable or contingent payments. Accordingly, no liability is currently recognised for those contingent amounts

31. Subsidiaries

The Group and the Company (unless indicated) had investments in the following subsidiaries as follows:

Name of company:	Holding	Nature of business	% voting rights and shares held 2024	% voting rights and shares held 2023
Serica Holdings UK Ltd (ii)	Ordinary	Holding	100	100
Serica Energy Investments Limited (ii)	Ordinary	Holding	100	100
Serica Energy Holdings BV (i & iii)	Ordinary	Holding	100	100
Serica Energy (UK) Ltd (i & ii)	Ordinary	E&P	100	100
NSV Energy Limited (i & ii)	Ordinary	Holding	100	100
Serica Energy Meltemi Limited (i & ii)	Ordinary	E&P	100	100
Serica Energy Sirocco Limited (i & ii)	Ordinary	Holding	100	100
Serica Energy Chinook Limited (i & ii)	Ordinary	E&P	100	100
Serica Energy Mistral Limited (i & ii)	Ordinary	E&P	100	100
Serica Energy Bora Limited (i & ii)	Ordinary	E&P	100	100
Serica Energy Corporation (i & iv)	Ordinary	Dormant	100	100
APD Ltd (i & iv)	Ordinary	Dormant	100	100
PDA Asia Ltd (i & iv)	Ordinary	Dormant	100	100
Serica UK Exploration Limited (i & ii)	Ordinary	Dormant	100	100
PDA (Lematang) Ltd (i, ii & v)	Ordinary	Dormant	–	100
Serica GBA Limited (i & ii) (note 30)	Ordinary	Dormant	100	–

(i) Held by a subsidiary undertaking
(ii) Incorporated in the UK
(iii) Incorporated in the Netherlands
(iv) Incorporated in the British Virgin Islands
(v) Entity struck off in year

31. Subsidiaries continued

The registered office of Serica Holdings UK Limited, Serica Energy (UK) Limited, Serica Energy Investments Limited , Serica Energy Meltemi Limited , Serica Energy Mistral Limited , Serica Energy Sirocco Ltd, Serica Energy Chinook Limited, Serica Energy Bora Limited, Serica UK Exploration Limited and Serica GBA Limited is 4th Floor, 72 Welbeck Street, London, W1G 0AY.

The registered office of Serica Energy Chinook Ltd is H1 Building, Hill of Rubislaw, Anderson Drive, Aberdeen, AB15 6BY.

The registered office of the Company's subsidiaries incorporated in the Netherlands is Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands.

The registered office of APD Ltd and PDA Asia Ltd is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The registered office of Serica Energy Corporation is P.O. Box 71, Road Town, Tortola, British Virgin Islands.

32. Events since balance sheet date

There have been no events since the balance sheet date that require disclosure.

DIRECTORS' RESPONSIBILITIES STATEMENT in relation to the Company financial statements

The Directors are responsible for preparing the Company financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under United Kingdom company law the Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101 'Reduced Disclosure Framework' (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing the Company financial statements the Directors are required to:

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

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

COMPANY BALANCE SHEET as at 31 December 2024

Serica Energy plc

Registered Number: 5450950

	Note	2024 $000	(Restated*) 2023 $000
Non-current assets			
Property, plant and equipment		**3,977**	55
Investments in subsidiaries	3	**525,803**	534,808
		529,780	534,863
Current assets			
Trade and other receivables	4	**123,456**	23,531
Cash and cash equivalents	5	**85,870**	153,678
		209,326	177,209
TOTAL ASSETS		**739,106**	712,072
Current liabilities			
Trade and other payables	6	**11,147**	3,276
Leases		**3,512**	55
Financial liabilities	7	**–**	4,627
TOTAL LIABILITIES		**14,659**	7,958
NET ASSETS		**724,447**	704,114
Share capital	8	**210,266**	209,986
Merger reserve	8	**398,762**	395,539
Other reserve	8	**37,540**	37,650
Treasury/own shares	8	**(8,931)**	–
Accumulated funds		**89,325**	51,473
Currency translation reserve		**(2,515)**	9,466
TOTAL EQUITY		**724,447**	704,114

The profit for the Company was $157.2 million for the year ended 31 December 2024 (2023: $160.4 million).

Approved by the Board on 31 March 2025

Chris Cox
Chief Executive Officer

Martin Copeland
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2024

Company	Share capital $000	Merger reserve $000	Other reserve $000	Treasury/ own shares $000	Currency translation $000	Accum'd funds $000	Total $000
At 1 January 2023 (Restated*)	197,989	112,172	32,708	–	(19,582)	1,645	324,932
Profit for the year (Restated*)	–	–	–	–	–	160,452	160,452
Total comprehensive income (Restated*)	–	–	–	–	–	160,452	160,452
Share-based payments (Restated*)	–	–	4,942	–	–	–	4,942
Issue of share capital (Restated*)	11,997	283,367	–	–	–	–	295,364
Dividend paid (Restated*)	–	–	–	–	–	(110,624)	(110,624)
Foreign exchange (Restated*)	–	–	–	–	29,047	–	29,047
At 31 December 2023 (Restated*)	209,986	395,539	37,650	–	9,465	51,473	704,113
Profit for the year	–	–	–	–	–	157,236	157,236
Total comprehensive income	–	–	–	–	–	157,236	157,236
Share-based payments	–	–	3,735	–	–	–	3,735
Issue of share capital (note 8)	280	3,223	–	–	–	–	3,503
Treasury shares	–	–	–	(18,775)	–	–	(18,775)
Share payments	–	–	(3,845)	–	–	3,845	–
Release of shares	–	–	–	9,844	–	(9,844)	–
Dividend paid	–	–	–	–	–	(113,385)	(113,385)
Foreign exchange	–	–	–	–	(11,980)	–	(11,980)
At 31 December 2024	**210,266**	**398,762**	**37,540**	**(8,931)**	**(2,515)**	**89,325**	**724,447**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Corporate information

The Company's financial statements for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 31 March 2025 and the balance sheet was signed on the Board's behalf by Chris Cox and Martin Copeland. Serica Energy plc is a public limited company incorporated and domiciled in England & Wales with its registered office at 4th Floor, 72 Welbeck Street, London, W1G 0AY. The principal activity of the Company and its subsidiaries (together the 'Group') is to identify, acquire and subsequently exploit oil and gas reserves.

2. Accounting policies

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2024.

The Company financial statements have been prepared on a historical cost basis and presented in US dollars. The Company's functional currency remains as Pounds Sterling. All values are rounded to the nearest thousand US dollars ($000) except when otherwise indicated.

These separate financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100, 'Application of Financial Reporting Requirements' as issued by the Financial Reporting Council. The Company has undergone a transition to FRS 101 for the year ended 31 December 2023 and, as permitted by FRS 101, has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, fair value measurement, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Group accounts.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes. The profit of the parent Company was $157,236,000 (2023: $160,452,000).

Change in presentation currency

On 1 January 2024, the Company changed its reporting currency from Pounds Sterling to US Dollars as the Company believes that the presentation currency change will give investors and other stakeholders a clearer understanding of Serica's performance over time and align with the presentation currency of its peers.

In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentation currency was applied retrospectively and accordingly, prior year comparatives have been restated.

Financial information included in the financial statements for the years ended 31 December 2022 and 31 December 2023 has been restated in US Dollars as follows:

- Assets and liabilities were translated into US Dollars at the rate of exchange ruling at the relevant balance sheet date;
- Income statements and cash flows were translated into US Dollars at average rates of exchange for the relevant period; and
- Share capital, merger reserve, and all other equity items were translated using the rates that were used in 2018 when the Company had changed its presentation currency from US Dollars to Pounds Sterling, or the subsequent rates prevailing on the date of each relevant transaction since.

In preparing these financial statements, the exchange rates used in respect of the US Dollars ($) and Pounds Sterling (£) are: Pounds Sterling to US Dollar.

	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2022
Average for the period	**1.278**	1.243	N/A
At the end of the period	**1.253**	1.273	1.209

Going concern

The Directors' assessment of going concern concludes that the use of the going concern basis is appropriate and the Directors have a reasonable expectation that the Group, and therefore the Company, will be able to continue in operation and meet its commitments as they fall due over the going concern period. See note 2 of the Group financial statements for further details.

2. Accounting policies continued

Critical accounting estimates and judgements

The management of the Company has to make estimates and judgements when preparing the financial statements of the Company. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Company's results.

The most important judgements and estimates in relation thereto are:

Impairment of investments in subsidiaries

Management is required to assess the carrying value of investments in subsidiaries in the parent company balance sheet for impairment. This requires a judgement whether impairment triggers exist that might lead to the impairment of investments in subsidiaries. If a trigger is identified then the assessment for impairment requires an estimate of amounts recoverable from oil and gas assets within the underlying subsidiaries.

Investments

In its separate financial statements the Company recognises its investments in subsidiaries at cost less any provision for impairment.

Trade and other receivables and contract assets

Provision for expected credit losses of trade receivables and contract assets

The Company holds inter-company loans with subsidiary undertakings with repayment dates being repayable on demand. These inter-company loans are disclosed on the face of the balance sheet. None are past due nor impaired. The carrying value of these loans approximates their fair value. The expected credit loss on these loans with subsidiary undertakings is expected to be immaterial, both on initial recognition and subsequently.

Financial instruments

Equity

Equity instruments issued by the Company are recorded in equity at the proceeds received, net of direct issue costs.

Treasury/own shares

The Company's holdings in its own equity instruments are shown as deductions from shareholders' equity. Treasury shares represent Serica shares repurchased and available for specific and limited purposes. For accounting purposes, shares held in Employee Benefit Trusts to meet the future requirements of the employee share-based payment plans are treated in the same manner as treasury shares and are, therefore, included in the consolidated financial statements as treasury/own shares. The cost of treasury shares subsequently sold or reissued is calculated on a weighted-average basis. Consideration, if any, received for the sale of such shares is also recognised in equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange ruling at the balance sheet date and differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange gains and losses arising are charged to the income statement.

3. Investments

Company – Investment in subsidiaries

	Total $000
Cost:	
At 1 January 2023 (Restated*)	127,251
Acquisitions (Restated*)	387,360
Foreign exchange (Restated*)	20,197
At 31 December 2023 (Restated*)	534,808
Revisions	(811)
Foreign exchange	(8,194)
At 31 December 2024	525,803
Provision for impairment:	
At 1 January 2023, 31 December 2023 and 31 December 2024	–
Net book amount:	
At 31 December 2024	525,803
At 1 January and 31 December 2023	534,808
At 1 January 2023	127,251

*see note 2

Historic reorganisation

In the Company financial statements, the cost of the investment acquired on an historic reorganisation in 2005 was calculated with reference to the market value of Serica Energy Corporation as at the date of the reorganisation. As a UK company, under Section 612 of the Companies Act 2006, the Company is entitled to merger relief on its share reorganisation with Serica Energy Corporation, and the excess of £88,088,000 over the nominal value of shares issued (US$7,475,000) was credited to a merger reserve. The merger reserve is adjusted for any write-down in the value of the investment in subsidiary.

2023 acquisition of Tailwind Energy Investments Ltd

Merger relief was applied by the Company upon the issue of ordinary shares in 2023 for the acquisition of Tailwind Energy Investments Ltd. The valuation of the shares issued was based on the fair value at the date of issue, with the nominal value of the shares issued credited to share capital and the excess value above nominal share capital credited to a merger reserve in the Company accounts (see note 8).

Details of the investments in which the Company's subsidiaries are provided in note 30 of the Group financial statements.

Impairment of investments in subsidiaries

A review was performed for any indication that the value of the Company's investments in subsidiaries may be impaired at the balance sheet date of 31 December 2024 in accordance with the stated policy. The Company considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2024, the market capitalisation of the Group was below the book value of the Company's equity, which was assessed by management as a trigger for potential impairment of its investments in subsidiaries.

Management has assessed the carrying value of investments in subsidiaries in the parent company balance sheet for impairment by reference to the recoverable amount. In assessing whether a write-down is required in the carrying value of a potentially impaired investment, the investment carrying value is compared with its recoverable amount being the higher of the asset's fair value less costs to sell and value in use.

3. Investments continued

Underpinning the Company's assessment of value in its investments in subsidiaries is the recoverable amount of the Group's CGUs, which represent individual oil and gas fields or a group of fields within a production area. These were determined based on a fair value less costs to sell ('FVLCS') calculation on an income approach using a discounted cash flow model. The projected cash flows are adjusted for risks specific to the assets and are discounted using a post-tax discount rate of 9%. Further appropriate adjustments were then applied as necessary to determine the recoverable amount of each investment held by the Company. The future recoverable amounts of the Company's investments in subsidiaries were assessed against their carrying amounts and no impairment was identified.

The calculation of FVLCS is most sensitive to the following assumptions: reserve estimates, oil and gas commodity prices, discount rates and growth rates used to extrapolate cash flows during the forecast period.

The Company considers a 10% change in the oil and gas prices and a 1% increase in the post-tax discount rate to be reasonable possibilities for the purpose of sensitivity analysis. Based on sensitivities performed, there is no risk of a material adjustment to the carrying value of the Company's investments in subsidiaries, because a reasonable change in key assumptions used to determine the recoverable amount would not result in an impairment.

4. Trade and other receivables

	2024 $000	2023 $000
Due within one year:		
Amounts owed by Group undertakings	**121,776**	20,564
Other receivables	**1,680**	2,948
Prepayments and accrued income	**–**	19
	123,456	23,531

At the reporting date the amounts owed by Group undertakings to the Company are disclosed net of an impairment of $nil (2023: $nil). Amounts previously impaired were written-off in the prior year as there was no reasonable expectation of recovery. These amounts have not been secured, have no maturity and bear no interest.

The Company holds inter-company loans with subsidiary undertakings being repayable on demand. The carrying value of these loans approximates their fair value. The expected credit loss on these loans with subsidiary undertakings is expected to be immaterial, both on initial recognition and subsequently.

5. Cash and cash equivalents

	2024 $000	2023 $000
Cash at bank and in hand	**60,800**	112,717
Short-term deposits	**25,070**	40,961
Cash and cash equivalents	**85,870**	153,678

6. Trade and other payables

	2024 $000	2023 $000
Current:		
Amounts owed to Group undertakings	**8,205**	–
Trade payables	**1,262**	1,766
Other payables	**1,358**	176
Accrued expenses	**322**	1,334
	11,147	3,276

7. Financial liabilities

	2024 $000	2023 $000
Current:		
Consideration payable	–	4,627
	–	4,627

Other consideration reflected the final tranche of deferred consideration payable under the Tailwind acquisition. This was settled in March 2024 (note 29 of Group accounts).

8. Equity share capital and reserves

As at 31 December 2024, the share capital of the Company comprised one 'A' share of GB£50,000 and 393,468,407 ordinary shares of US$0.10 each. The 'A' share has no special rights.

The balance classified as total share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising US$0.10 ordinary shares and one 'A' share.

Allotted, issued and fully paid:

Company	Number '000	Share capital $000	Share premium $000	Total Share capital $000
As at 1 January 2023	272,953	27,295	170,694	197,989
Shares issued	118,368	11,837	160	11,997
As at 1 January 2024	391,321	39,132	170,854	209,986
Shares issued	2,147	215	65	280
As at 31 December 2024	**393,468**	**39,347**	**170,919**	**210,266**

Company merger reserve

Merger relief was applied by the Company upon the issue of ordinary shares for the acquisition of Tailwind Energy Investments Ltd in 2023. The valuation of the shares issued was based on the fair value at the date of issue, with the nominal value of the shares issued credited to share capital and the excess value above nominal share capital credited to a merger reserve in the Company accounts.

Treasury/own shares reserve

Treasury represent Serica shares repurchased and available for specific and limited purposes. In Q2 2024 the Company acquired 8,437,478 shares for $18.8 million (£15.0 million) at an average price of $2.22 (£1.78 per share). 4,430,193 of the shares in held in treasury were then used to satisfy share option awards in 2024 and a balance of 4,007,285 shares included in the reserve of $8,931,000 is held at 31 December 2024.

Other reserve

The 'Other reserve' was comprised solely of the share-based payment reserve which totaled $37,540,000 as at 31 December 2024 (2023: $37,650,000).

9. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company and Group financial statements are disclosed in note 6 of the Group financial statements.

RECONCILIATION OF NON-IFRS MEASURES

The directors do not believe it is practicable to apportion these amounts between their services as directors of the Company and their services as directors of the operating group subsidiary entities.

Reconciliation of non-IFRS measures

Serica uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles ('GAAP'). These non-IFRS measures, which are presented within the financial review, are defined below:

EBITDAX: Earnings before interest, tax, depreciation and amortisation, impairments, transaction costs, unrealised hedging expenses, FX translation effects, asset revaluation effects, other noncash gains or expenses and exploration expenditure. This is a useful indicator of underlying business performance and the definition adopted by Serica is consistent with that stipulated in the Group's reserve based lending ('RBL') facility. A reconciliation from Operating Profit to EBITDAX is provided below:

	2024 $000	Restated* 2023 $000
Operating profit	**186,467**	399,893
Add back transaction costs	–	12,539
Add back DD&A	**187,250**	136,335
Add back depreciation in G&A	**1,070**	216
Add back E&E expenses and licence costs	**2,446**	13,493
Deduct contract revenue – other	**(31,292)**	(29,951)
Add back/(deduct) unrealised hedging	**31,814**	(25,317)
(Deduct)/add back FX effects/remeasurements	**(2,633)**	4,926
Add back share based payments	**3,735**	4,942
Deduct gain on acquisition	–	(41,889)
EBITDAX	**378,857**	475,187

* See note 2

Capital expenditure (Capex and Abex): Comprises the cash spend (prior to tax allowances) on the acquisition of PP&E assets, the purchase of exploration and appraisal assets and decommissioning spend. Depicts how much the Group has spent, on a cash basis, on purchasing fixed assets in order to further its business goals and objectives. It is a useful indicator of the Group's organic expenditure on oil and gas assets, and exploration and appraisal assets, incurred during a period on a pre-tax basis.

	2024 $000	Restated* 2023 $000
Purchase of PP&E assets	**249,050**	85,626
Purchase of E&E assets	**11,123**	12,027
Decommissioning spend	**18,142**	1,112
Capital expenditure	**278,315**	98,765

* See note 2

Adjusted CFFO less current tax: comprises cash inflow from operations adjusted by the current tax charge for the year as reflected in Note 9 and also excludes cash movement arising from the return or posting of security deposits for decommissioning and hedging. Serica considers that this is a useful measure of the cash generation of the business after tax charge more directly related to the activity of the period, prior to the decisions made by the Group in relation to capital allocation.

RECONCILIATION OF NON-IFRS MEASURES continued

	2024 $000	Restated* 2023 $000
Cash inflow from operations	**452,222**	470,022
Less current tax (excluding prior year adjustments)	**(14,191)**	(225,839)
Changes in DSA advances	**(35,055)**	35,055
Changes in hedging security advances	**–**	(29,402)
Adjusted CFFO less tax	**402,976**	**249,836**

* See note 2

Free cash flow: net cash flow from operating activities less cash used in investing activities (excluding acquisition costs) and financing activities. This measure is considered a useful indicator of the Group's ability to invest, repay the Group's debt and meet other payment obligations. Group free cash flow reconciles to net cash flow from operating activities as follows:

	2024 $000	Restated* 2023 $000
Net cash flow from operating activities	**281,563**	121,319
Net cash flow from investing activities	**(253,911)**	(135,000)
Net cash flow from financing activities	**(213,278)**	(192,576)
Adjusted by:		
Repayment of loans and borrowings (net)	**40,200**	58,800
Facility fees and interest	**12,300**	–
Proceeds from issue of shares (net of costs)	**(280)**	(996)
Payment of dividends/share buyback	**132,160**	110,391
Acquisition costs	**–**	54,177
Free cash flow	**(1,246)**	**16,115**

Adjusted Net cash/(debt): Total cash and cash equivalents plus the balance of amounts of cash security temporarily lodged in respect of DSAs prior to the finalisation of the RBL recognised on the consolidated balance sheet less the drawn balance under RBL. This is an indicator of the Group's indebtedness and contribution to capital structure.

	2024 $000	Restated* 2023 $000
Interest bearing loans	**(219,130)**	(271,200)
Add back unamortised fees	**(11,870)**	–
Cash and cash equivalents	**148,460**	335,433
DSA cash	**–**	35,055
Adjusted net (debt)/cash	**(82,540)**	**99,288**

* See note 2

GLOSSARY

AIM	Alternative Investment Market
bbl	barrel of 42 US gallons
bcf	billion standard cubic feet
boe	barrels of oil equivalent (barrels of oil, condensate and LPG plus the heating equivalent of gas converted into barrels at the appropriate rate)
BKR	Bruce, Keith and Rhum fields
CGU	Cash generating unit
CPR	Competent Persons Report
CSOP	Company Share Options Plan
DD&A	Depreciation, Depletion and Amortisation
DTA	Deferred tax Asset
DSA	Decommissioning Security Agreement
EBITDAX	Earnings Before Interest Depreciation Amortisation and Exploration
ESG	Environmental, Social and Governance
EPL	Energy Profits Levy
ETS	Emissions Trading Scheme
FID	Final Investment Decision
FDP	Field Development Plan
GBA	Greater Buchan Area
IFRS	International Financial Reporting Standards
JOA	Joint Operating Agreement
LTIP	LongTerm Incentive Plan
LWIV	Light Weight Intervention Vessel
mmbbl	million barrels
mmboe	million barrels of oil equivalent
NBP	National Balancing Point
NGLs	Natural gas liquids extracted from gas streams
NSTA	North Sea Transition Authority
NTS	National Transmission System
Overlift	Volumes of oil or NGLs sold in excess of volumes produced
Underlift	Volumes of oil or NGLs produced but not yet sold
P50	A best estimate that there should be at least a 50% probability that the quantities recovered will actually equal or exceed the estimate
P90	A low estimate that there should be at least a 90% probability that the quantities recovered will actually equal or exceed the estimate
PPA	Purchase Price Allocation
Proved Reserves	Proved reserves are those Reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves
Probable Reserves	Probable reserves are those additional Reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved + probable reserves
Possible Reserves	Possible reserves are those additional Reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved + probable + possible reserves
RBL	Reserves Based Loan
Reserves	Estimates of discovered recoverable commercial hydrocarbon reserves calculated in accordance with the revised June 2018 Petroleum Resources Management System (PRMS) version 1.01
Tcf	trillion standard cubic feet
TCFD	Taskforce on Climate-related Financial Disclosures
UKCS	United Kingdom Continental Shelf

LICENCE HOLDINGS

The following table summarises the Group's licences as at 31 December 2024.

Licence	Block(s)	Description	Role	%	Location
UK					
P090	9/9a Bruce	Bruce Field Production	Operator	99%	Northern North Sea
P090	9/9a Rest of Block Excluding Bruce (REST)	Development	Operator	98%	Northern North Sea
P198	3/29a (ALL)	Rhum Field Production	Operator	50%	Northern North Sea
P209	9/8a Bruce	Bruce Field Production	Operator	98%	Northern North Sea
P209	9/8a Keith	Keith Field Production	Operator	100%	Northern North Sea
P209	9/8a Rest of Block Excluding Bruce and Keith (REST)	Development	Operator	98%	Northern North Sea
P276	9/9b BRUCE	Bruce Field Production	Operator	98%	Northern North Sea
P276	9/9c (ALL)	Bruce Field Production	Operator	98%	Northern North Sea
P276	9/9b Rest of Block Excluding Bruce Unit (REST)	Development	Operator	98%	Northern North Sea
P566	3/29b (ALL)	Rhum Field non-unitised production	Operator	100%	Northern North Sea
P975	3/24b (ALL)	Rhum non-unitised production	Operator	100%	Northern North Sea
P975	3/29d (ALL)	Rhum non-unitised production	Operator	100%	Northern North Sea
P101	23/21a Columbus	Columbus Development Area	Operator	75%	Central North Sea
P1314	23/16f	Columbus Development Area	Operator	75%	Central North Sea
P57	23/26a Area A	Erskine Field – Production	Non-operator	18%	Central North Sea
P264	23/26b Area B	Erskine Field – Production	Non-operator	18%	Central North Sea
P264	23/26b Area C	Erskine Field – Production	Non-operator	40%	Central North Sea
P2400	30/12c, 30/13c, 30/17h, 30/18c	Exploration	Non-operator	20%	Central North Sea
P215	21/29b	Guillemot W	Non-Operator	50%	Central North Sea
P233	29/1a Bittern	Bittern	Operator	100%	Central North Sea
P361	29/1b	Bittern	Non-Operator	29.26%	Central North Sea
P13	21/30c A	Gannet E	Operator	100%	Central North Sea
P13	21/25a UPPER, 21/30a UPPER	Gannet E	Non-operator	50%	Central North Sea
P1606	3/3b	Orlando	Operator	100%	Northern North Sea
P1792	21/30f	Evelyn/Belinda	Operator	100%	Central North Sea
P2170	20/5b, 21/1d	Greater Buchan Area	Non-operator	30%	Central North Sea
P2448	3/8g	Mansell/Staffa	Operator	100%	Central North Sea
P2498	20/5a, 20/5e, 21/1a	Greater Buchan Area	Non-operator	30%	Central North Sea
P2616	29/2c	Kyle	Operator	100%	Central North Sea
P2634	21/30g	Triton	Non-operator	46%	Central North Sea

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