Serica Energy plc
("Serica" or the "Company")

Results for the six months ended 30 June 2024

London, 10 September 2024 - Serica Energy plc (AIM: SQZ), a British independent upstream oil and gas company with operations in the UK North Sea today announces its unaudited financial results for the six months ended 30 June 2024. The results are included below and copies are available at www.serica-energy.com and www.sedar.com.

Chris Cox, Serica's CEO, stated:
"*I am delighted to introduce my first set of results as Serica CEO. Prior to joining, I felt that the Company stood out due to the quality of the team, its strong financial position, and the opportunities for growth both organically and through acquisition – my opinion of the Company's potential to create value for shareholders has only increased since my arrival.*

Despite an unjustifiably punitive fiscal regime that may make future investment on the UKCS challenging – and with the level of capital allowances remaining uncertain until the Autumn Budget on 30 October – what is clear is that, thanks to our investment in our assets and our lean operating model, our producing assets remain cash generative, even after paying taxes at a rate of 75% today and due to rise to 78% from 1 November.

Our confidence in our cash generation outlook, together with our strong balance sheet, gives us capital allocation options. Paramount amongst these will always be supporting material shareholder returns which is why we are announcing today that we are holding the interim dividend flat at 9p per share. In addition, to sustain the longevity of our model, we want to continue reinvesting our cash flows into our UK North Sea assets. As a reservoir engineer, I am encouraged that there are multiple attractive opportunities to invest in our portfolio to allow us to sustain production and deliver home-grown low-carbon energy in the medium term. However, we will only be able to make these investments if the fiscal environment allows us to generate a fair return on your capital. We also have the option to add to our portfolio through acquisitions and that is why we will continue, intensively but prudently, to seek value-accretive M&A, both at home and abroad.

Whatever the outcome of the Autumn Budget, my focus will not waver from safety, operational delivery, and growth. The potential in the fields we operate is demonstrated by the positive early signs we are seeing from the Triton drilling programme, and I have been deeply impressed by the talented team we have within Serica that will enable us to unlock further value. Serica will continue to pursue a returns-led investment strategy, and I am confident that we are set to deliver materially cash-generative production for many years to come."

Results summary ($ million[1] unless stated)

	H1 2024	*H1 2023*
Average Brent oil price ($/bbl)	**84**	*80*
Average gas price (pence per therm)	**73**	*108*
Production (boepd)	**43,700**	*49,350*[2]
Revenue	**462**	*545*[2]
EBITDAX[3]	**279**	*290*
Cash Tax paid	**72**	*174*
CFFO less Current Tax[3]	**193**	*137*
Capital expenditure[3]	**124**	*24*
Free cash flow[3]	**98**	*134*
Cash	**362**	*562*
Total debt	**(231)**	*(270)*
Net cash	**131**	*292*
Interim dividend declared (pence per share)	**9**	*9*

[1] *Please note that from these Interims and going forward, the Directors have elected to change the Group's presentational currency from Pounds Sterling to US Dollars, as the Group believes that the 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*

[2] *Pro-forma, following the acquisition of Tailwind on 23 March 2023*

[3] *See Reconciliation of non-IFRS measures for further detail*

Highlights

Production in first half of 2024 in line with guidance, with positive initial drilling results

- Production of 43,700 boepd the first half of 2024 (H1 2023 pro forma: 49,350 boepd)
  - Production split of 60% gas, and 40% liquids
- Operating costs were around $19/boe in H1 2024 (H1 2023: $17.5/boe)
- Five well-drilling campaign on Triton ongoing:
  - The B6 well (formerly B1z sidetrack) on the Bittern field (SQZ: 64.6%) has been tied into the Triton FPSO. Promising data were collected during drilling and we eagerly anticipate initial flow rates in coming days
  - The GE-05 well on the Gannet field (SQZ: 100%) has now been drilled to TD and completed safely and ahead of schedule, with initial signs looking positive and production from the well expected to start in November 2024

Material cash generation supporting shareholder returns

- Cash inflow from operations of $301 million and EBITDAX of $279 million
  - Cash tax paid of $72 million in H1 2024. Serica's tax liabilities, apart from the EPL, are partially shielded due to the tax losses acquired with Tailwind, the balance of which remained at over $1 billion at 30 June
  - Capital expenditure of $124 million, comprising largely the light well intervention vessel ('LWIV') campaigns on BKR and initial stages of Triton well investments
- Free cash flow of $98 million in H1 2024 (H1 2023: $134 million)
- Following the share buyback of £15 million ($19 million), interim dividend of 9p declared today, unchanged on 2023. This reflects the Company's confidence in its medium-term robust cash generation outlook, with the expectation of generating over half a billion dollars of cash flow after currently committed investments over the coming three years at current commodity prices, after factoring in the expected tax regime
  - The interim dividend is payable on 21 November 2024 to shareholders registered on 25 October 2024, with an ex-dividend date of 24 October 2024
- Given the importance of capital allowances to the economics of future investments in our UK portfolio, we will provide further guidance on our future ability to reinvest in our portfolio as part of our medium-term capital allocation policy following the Autumn Budget

Strong balance sheet provides platform for future growth

- Serica's robust liquidity position underpins the Company's ability to make targeted growth investments, both through continuing to unlock the potential in our assets and by investing in value accretive M&A opportunities
- During the period we completed our acquisition of a 30% working interest in the Buchan Horst field from Jersey Oil & Gas
- The Company has been and will continue to be very active in screening cash-generative M&A opportunities at home and in the wider North Sea, as well as increasingly in other geographies, but we will remain disciplined and will only conclude such transactions where we are confident of the potential to deliver value to shareholders

Outlook and guidance

- Due to unplanned downtime at the Triton hub, full year average production is expected to be at the bottom end of the previously stated 41-46,000 boepd guidance range
- Full-year capital expenditure is expected to be around $260 million pre-tax, in line with expectations

- The cash payment of both the 2023 Final and the 2024 Interim dividends, a combined total of $112 million, occurs in H2 2024. Combining this with the schedule for cash tax payments, which is also weighted to the second half, means that these cash outflows are expected to be higher in H2 than in H1, as is typically the case

Regulatory

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

The technical information contained in the announcement has been reviewed and approved by Fergus Jenkins, VP Technical at Serica Energy plc. Mr. Jenkins (MEng in Petroleum Engineering from Heriot-Watt University, Edinburgh) is a Chartered Engineer with over 25 years of experience in oil & gas exploration, development and production and is a member of the Institute of Materials, Minerals and Mining (IOM3) and the Society of Petroleum Engineers (SPE).

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Serica will host a live presentation on the Investor Meet Company platform today at 0900 BST. The presentation is open to all existing and potential shareholders. Questions can be submitted at any time during the live presentation. Investors can sign up to Investor Meet Company for free and add to meet Serica Energy plc via:

https://www.investormeetcompany.com/serica-energy-plc/register-investor.

CHIEF EXECUTIVE OFFICER'S REVIEW

Given the ongoing challenges of running assets on the UKCS, it is not surprising that I have been asked the question as to why I chose to join Serica. It is however not a difficult decision – the Company is positioned well, with a great team, positive ESG performance, demonstrable track record, robust balance sheet, and a current portfolio of assets that is the bedrock of a very strong business, with material cash generation and significant upside potential.

Having worked in this industry, and the North Sea, for over 40 years I am no stranger to managing uncertainty – primarily as a result of fluctuations in commodity prices and surprises thrown at us by geology – but in the UK we have had the additional challenge of successive governments amending the fiscal regime. As we present these results, the uncertainty around the level, duration and availability of investment allowances related to the Energy Profits Levy ('EPL') is at least finally close to being removed. The maintenance of full allowances for capital investment and confidence in the cessation of the EPL and its replacement by a long-term sustainable fiscal regime at the latest by 2030 are crucial for the future of investment into the domestic oil and gas sector.

These investments are needed not only for new fields, but to extend the life of current operations and are the lifeblood for companies in our supply chain across the UK. Serica has spent over a billion Pounds in the UK supply chain over the last five years, and similar expenditures will be lost going forward should the tax regime make future investment uneconomic. Investment sustains production and ultimately increases Government tax revenues, supports the ability of companies in the North Sea ecosystem to play their part in the UK's energy transition, and limits global emissions by lessening the need for higher-carbon imports. Our industry's expenditure also supports highly-skilled jobs in an already established domestic supply chain across the UK. The skills which these companies have developed can largely be transferred and will be required during the energy transition.

Although where we land on capital allowances in the Autumn Budget is of course vital for future projects in our portfolio (such as Buchan Horst project and a range of infill wells), whatever happens on capital relief does not materially impact our existing operations. Our producing fields are profitable today and will remain so for many years, and are set to generate over half a billion Dollars over the next several years assuming commodity prices at current levels and after taking into account our existing capital commitments. We also benefit from our low exposure to decommissioning expenditure. This is a strong base from which to pursue growth both domestically and internationally.

As someone with a subsurface background, I believe that fundamentally the success of an oil and gas company hinges on the quality of the reservoirs in the portfolio – it is all about the rocks. Clearly it is also important to run your facilities safely and efficiently, but if these things are not running perfectly they can be fixed. You cannot change the rocks. I am assured that at Serica the rocks are good and, crucially, we have a great subsurface team with the skills to maximise their potential. I am confident that the same subsurface strengths will equip us well to add value to assets we acquire in the future.

The Tailwind acquisition is now bedded in and two of the five wells in the 2024/25 Triton drilling programme – Bittern B6 and Gannet E GE05 – have been drilled with very promising results. The B6 well is just being brought onto production and the Gannet GE05 well is planned for first production in early November 2024. Both wells encountered excellent quality, oil-filled reservoirs, and along with the remaining three wells, are expected to enhance production from the Triton hub.

While the subsurface is good, one of my key priorities is to drive increased rigour in the management of our facilities. We intend to work hard – including with our partners on non-operated assets - to boost operational efficiency with maintenance programmes delivered on schedule and on budget, providing more consistent and predictable future production. This is an area where the Company has disappointed in recent years and it will be a key focus of mine. We need to get better at planning shutdowns, we need to reduce our backlog of maintenance activities, and we need to optimise our facilities configurations to maximise the potential that exists in our wellstock. This will not be a quick fix, but I am convinced that we can and will deliver significant improvements.

With an efficient subsurface programme, we believe Serica can offset the natural decline rates from our fields. The viability of sustaining production levels from our existing assets over the longer term, however, depends significantly on the future fiscal regime. With an appropriate fiscal regime, including full tax relief for capital expenditure, we have attractive options to invest both in our existing producing hubs and the Buchan Horst project.

Buchan Horst is precisely the sort of project that the UK needs, involving the creation of over a thousand jobs across the UK, the re-use of existing infrastructure, industry-leading low emissions and domestically produced oil. We and our partners are keen to have the opportunity to allocate capital to the project and we hope that Government will deliver a fiscal framework, and (following the recently announced consultation on Environmental Impact Assessment guidance) a regulatory environment, which will enable this.

Serica, in common with all businesses, has the challenge of determining where cashflow should be allocated, but we view a robust competition for capital as a sign of a business focused on delivering value. Despite the increased call on our capital from a 'super-tax' now scheduled to stay in place until 2030, an area in which our capital allocation commitment remains unchanged is direct shareholder distributions, and these will remain a cornerstone of our value creation strategy going forward. Given the strength of our balance sheet and our confidence in future cashflow generation capacity, we have today been able to announce an unchanged interim dividend of 9 pence per share at a time when we are also in an intensive capital expenditure phase on our Triton well programme.

Once there is more clarity on capital allowances (and hence the viability of further investment opportunities in our portfolio), we will be able to conclude our analysis of all possible ways to maximise the creation of shareholder value. This will include giving investors greater medium-term visibility on our capital allocation policy, including the mix of dividends and share buybacks. In addition, following recent changes to the UK listing rules, and as part of our goal to maximise our potential investor base, we are considering a potential move from the AIM to the Main Market. If, following the conclusion of our evaluation, our Board concludes that this is in the best interests of shareholders, we would give ample notice of the timing of such a move.

We are also very active in seeking compelling M&A opportunities which are accretive for our shareholders. M&A is an area in which Serica has delivered in the past and, given the decades of experience of the team in this area, I am confident that we can and will build on this legacy. With a strong balance sheet and an exceptionally strong team, we are actively pursuing opportunities internationally as well as at home. However, while we appreciate it may be frustrating for some shareholders, we cannot predict whether and when we will be able to announce a transaction and we will make no apologies for waiting to ensure that we deliver the right deal rather than any deal.

It is my firm belief that Serica has the platform to adapt to the circumstances and take advantage of the opportunities to deliver returns to shareholders. To that end, I have set some clear priorities :

- A continuing focus on ensuring safe, reliable, and responsible operations
- A drive towards industry-leading, predictable operational performance through a structured programme of process improvements
- Reprioritisation of our organic investment opportunities in light of sub-surface potential and the evolving fiscal and regulatory regimes in the UKCS
- Manage capital allocation to balance long-term value growth with sustainable direct shareholder distributions
- Leaving no stone unturned in uncovering and delivering M&A that is accretive to shareholder returns and diversifies our portfolio

As a management team we are focused on delivering on these priorities in order to create long-term value for shareholders. I look forward to updating you on our progress.

REVIEW OF OPERATIONS

Serica's assets contain 140 mmboe of oil and gas net to the Company, as of 31 December 2023, evenly split between oil and gas. The Company continues to pursue a returns-led approach to organic investment, investing in its assets to add value through increased production, decarbonisation, and extended field life. The current work programme, with the focus on the five-well Triton drilling campaign, is expected to sustain production around current levels into 2026.

Production by field (boepd)

Field	H1 2024	*H1 2023*	*FY 2023*
Bruce Hub			
Bruce	6,700	*7,200*	*6,500*
Rhum	16,700	*16,300*	*12,500*
Total	**23,400**	***23,500***	***19,000***
Triton Hub			
Bittern	3,500	*5,600*	*4,000*
Evelyn	4,600	*4,700*	*3,800*
Gannet E	5,700	*7,800*	*6,100*
Guillemot	400	*200*	*200*
Total	**14,200**	***18,300*** [1]	***14,100***
Other production assets			
Erskine	500	*1,700*	*1,300*
Columbus	1,800	*2,300*	*2,200*
Orlando	3,800	*3,500*	*3,500*
Total	**6,100**	***7,500***	***7,000***
TOTAL	**43,700**	***49,300***	***40,100***

[1] *Pro-forma, following the acquisition of Tailwind on 23 March 2023*

<u>Bruce Hub</u>

Bruce Field - Blocks 9/8a, 9/9b and 9/9c, Serica 98% and operator

Production from the field has been steady in H1 2024, averaging circa 6,700 boepd (H1 2023: 7,200 boepd) net to the Company.

The Bruce Hub LWIV 2024 programme on the Helix Well Enhancer was successfully completed in May, with the Bruce M5 well returning to production late in that month leading to an uptick in June produced volumes.

The summer programme of Bruce field platform well interventions commenced in July with a planned duration of 90 days. This programme includes a range of activities designed to enhance production and routine integrity monitoring. Serica has also taken advantage of required export system work in July and August, including the brief routine outage of the Forties Pipeline System, to carry out two short periods of maintenance work.

The Bruce field is geologically complex, highly faulted with multiple reservoir zones, but this complexity also creates opportunity. No wells have been drilled on Bruce since 2012, and we are conducting extensive subsurface work on identifying material potential for further infill drilling. However this drilling will only proceed should the fiscal regime (including capital allowances) be supportive.

Rhum Field - Blocks 3/29a, Serica 50% and operator

The Rhum field continues to produce consistently and in line with expectations, with minimal capital work. Average field production in H1 2024 totalled circa 16,700 boepd (H1 2023: 16,300 boepd) of gas net to Serica.

Keith Field - Block 9/8a, Serica 100%
The well intervention to re-instate production from the K1 well, which has not produced since 2022, was successfully completed in May 2024. Due to the ongoing topside optimisation and well intervention work on Bruce, K1 is expected to come online in Q4.

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

Triton Area production uptime was impacted in H1 2024 by an unplanned shutdown from 5-30 May following a trip on the single gas export compressor that is currently available. Full production was re-established following the trip and work to restore two-compressor operations, reducing the current operating vulnerability, will be performed by the end of the year. This work, which will increase future resilience of production, will not have an impact on Triton production in H2.

The operator, Dana, commenced the summer shutdown for annual maintenance work on Triton on 1 July. This was originally planned for 40 days but the work programme experienced some delays, with production only partially restarting on 1 September, just over three weeks later than originally scheduled. Average net Triton Area production in H1 2024 was 14,200 boepd (H1 2023 pro forma: 18,300 boepd) of oil and gas.

Encouraging results from Triton drilling campaign

Serica's current capital expenditure programme includes the five-well drilling campaign in the Triton area, with opportunities arising from relatively young, shallower reservoirs in well-established plays. The well campaign is estimated to deliver payback within two years.

The programme has started off promisingly, with the B6 horizontal well (a sidetrack from the B1 well) on the Bittern field being drilled during June and July. The data collected while drilling is very promising and we eagerly await the imminent commencement of production in order to assess the long-term potential.

The GE-05 well on the Gannet field has now been drilled to TD safely and ahead of schedule, with initial signs looking very positive and production from the well expected to start at the beginning of November 2024.

Following the completion of the GE-05 well, the rig will drill wells on the Guillemot NW and Evelyn fields, before finishing the campaign with a well on the Belinda development on which Serica took a final investment decision in April. The Belinda development well is scheduled to be drilled in the first half of 2025 with first oil expected in the first half of 2026 following tie-in work.

Other Production Assets

Erskine Field - Blocks 23/26a (Area B) and 23/26b (Area B), Serica 18%
Erskine encountered some production issues during H1 2024 with production levels averaging 500 boepd net (H1 2023: 1,700 boepd net). The field was shut-in on 26 January 2024 due to a compressor problem on the host Lomond platform. Although production was re-established in early May, it was taken offline shortly thereafter for the planned Lomond turnaround. Erskine production restarted on 26 August, with a rig-based intervention to return the W1 well to production having been successfully completed in July. The field has produced consistently at a rate of over 2,000 boepd net to Serica since restart.

Columbus Field - Blocks 23/16f and 23/21a (part), Serica 75% (operator)
During the first half of 2024, Columbus production has been steady despite some short-term Shearwater offtake facility outages.

Average net Columbus production of gas and condensate in H1 2024 for Serica's 75% interest was 1,800 boepd (H1 2023: 2,300 boepd for a pro-forma 75% interest).

Orlando Field - Block 3/3b, Serica 100%
Orlando produced steadily in H1 2024, although post period end there has been one unplanned shut-in with and a scheduled shut-in of 28 days to come in late October for planned annual maintenance on Ninian, its host platform.

Average Orlando field production in H1 2024 was 3,800 boepd (H1 2023: 3,500 boepd) net to Serica.

<u>Development</u>
Buchan Horst Field - 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 oil and gas accumulations 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 21 mmboe of 2C resources net to Serica, with the potential for 10,000 boepd peak net production. The project has the potential to increase low-carbon oil production for the UK while supporting over 1,000 UK jobs.

The draft FDP for the project has been submitted to the NSTA. However, the field partners' ability to take FID on this project depends in large part on the future fiscal regime and the outcome of the consultation on environmental guidance recently announced by the UK Government. Field partners are awaiting clarity around the UK regulatory and fiscal framework ahead of deciding next steps.

<u>Exploration assets</u>
North Eigg – Blocks 3/24c and 3/29c, Serica Energy (UK) Limited 100% and operator
Abandonment of the North Eigg exploration well has been completed and the previously retained licence area will be relinquished in Q4 2024.

Skerryvore – Blocks 30/12c (part), 30/13c (split), 30/17h, 30/18c and 30/19c (part), Serica Energy (UK) Limited: 20% working interest, operator Parkmead
The P2400 Licence is located in the Central North Sea, 60 km south of the Erskine field. Current equity holders are Serica 20%, Parkmead 50% (operator) and CalEnergy 30%. The commitment work programme includes drilling an exploration well on the Skerryvore prospect currently scheduled to be by end September 2025.

Licence Awards in the UK 33rd licensing round
The Kyle licence in UK block 29/2c (Serica 100% and operator) is a previously producing oil field, 20 km southeast of Triton and represents a potential redevelopment tie-back to existing Serica equity infrastructure. Studies in order to determine whether there is a viable project are continuing.

FINANCIAL REVIEW

SUMMARY OF H1 2024 UNAUDITED FINANCIAL RESULTS

Following the acquisition of Tailwind in the prior year and the refinancing of the Group's RBL in January 2024, the Directors have elected, with effect from 1 January 2024, to change the Group's presentation currency from Pounds Sterling to US Dollars. 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.

As a result of this change, the results for the six months ended 30 June 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	H1 2024	H1 2023	PF H1 2023
Production and sales realised prices				
Production	kboepd	43.7	39.3	49.3
Sales volumes	mmboe	7.9	6.8	8.6
Natural Gas (net of NTS system charges)	p/th	67	95	97
Crude Oil	$/Bbl	78	65	66
NGLs	$/MT	432	464	466
Income Statement			*Restated*	*Restated*
Revenue	$ million	462	422	545
EBITDAX(1)	$ million	279	290	n/a
Profit before taxation	$ million	188	268	n/a
Profit after taxation	$ million	82	98	n/a
Basic earnings per share	cents	21	30	n/a
Other key financial figures				
Capital expenditure(1)	$ million	124	24	
Operating cashflow	$ million	301	330	
CFFO less current tax(1)	$ million	193	137	
Share buyback	$ million	19	-	

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

Production for H1 2024 was 43.7 kboepd, compared to 39.3 kboepd for H1 2023 and 49.3 kboepd for H1 2023 on a pro forma basis. Market sales prices for oil and, to a greater extent, gas for the period were lower than for H1 2023 with NBP gas prices averaging 73p/th (H1 2023: 108p/th) and Brent crude averaging $84/bbl (H1 2023: $80/bbl). Total operating costs increased broadly in line with production volumes but with an additional impact from inflation over the year.

Serica generated EBITDAX of $279 million compared to $290 million for H1 2023 and a profit before taxation of $188.5 million for H1 2024 compared to $267.9 million for H1 2023. After book tax of $106.0 million (H1 2023: $169.4 million), profit after tax for the period was $82.5 million compared to $98.5 million for H1 2023.

Sales revenues

Revenue	Units	H1 2024	*Restated* H1 2023	*Restated* PF H1 2023
Total revenue	**$ million**	**462**	**422**	**545**
Gas Sales	$ million	195	267	281
Crude Oil	$ million	252	141	250
NGLs	$ million	15	14	14

The total H1 2024 sales revenue was $461.6 million, compared to pro forma H1 2023 sales revenue of $544.9 million. The reduction in like for like sales revenue is largely driven by the impact of the May 2024 Triton unplanned outage combined with marginally lower realised commodity prices, primarily driven by gas.

Sales comprised gas revenue of $194.5 million (PF H1 2023: $281.0 million), oil revenue of $251.7 million (PF H1 2023: $249.8 million) and NGL revenue of $15.4 million (PF H1 2023: $14.1 million). The fall in gas revenue was driven by lower realised pricing (67 pence per therm as compared to 97 pence per therm PF H1 2023) whilst the like for like oil revenue was relatively flat reflecting marginally lower production volumes offset by higher realised oil prices ($78 per barrel as compared to $66 per barrel PF H1 2023). Like for like NGL revenues were relatively flat, with slightly higher sales volumes offset by marginally lower realised prices for NGLs ($432 per metric tonne as compared to PF H1 2023: $466 per metric tonne).

Total product sales volumes for the period comprised approximately 229 million therms of gas (PF H1 2023: 235 million therms), 3.2 million lifted barrels of oil (H1 PF 2023: 3.9 million barrels) and 35,600 metric tonnes of NGLs (PF H1 2023: 30,200 metric tonnes). This amounted to product sales in the period of 7.9 million boe (PF H1 2023: 8.6 million).

Gross profit

The gross profit for H1 2024 was $206.8 million compared to $236.6 million for H1 2023. Overall cost of sales of $254.7 million compared to $185.2 million for H1 2023. This comprised $156.4 million of field operating and lifting costs (H1 2023: $123.4 million), movements in oil over/underlift charge of $11.2 million (H1 2023: credit of $17.1 million), and $87.1 million of non-cash depletion charges (H1 2023: $78.9 million).

Cost of sales	Units	H1 2024	*Restated* H1 2023
Total operating costs	**$ million**	**255**	**185**
Field operating costs	$ million	151	121
Lifting costs	$ million	6	2
Movement in over / underlift	$ million	11	(17)
DD&A	$ million	87	79

The increase in total operating costs largely reflected higher production volumes for the enlarged business. Operating costs as reported per boe were approximately $19 per boe, increased from $17.5 per boe for H1 2023, with the increased unit rate mainly due to the reduced production from the unplanned Triton Area shut-in during May 2024.

EBITDAX, operating profit before net finance costs and tax

EBITDAX for H1 2024 was $279 million compared to $290 million for H1 2023.

Operating profit to EBITDAX(1)	Units	H1 2024	*Restated* H1 2023
Operating profit	**$ million**	**202**	**269**
Add back DD&A	$ million	87	79
Add back E&E costs	$ million	2	8
Add back / (Deduct) unrealised hedging	$ million	15	(25)
Deduct contract revenue – other	$ million	(29)	(16)
(Deduct) / Add back transaction costs and other	$ million	-	14
Add back share-based payments	$ million	2	3
Deduct gain on acquisition	$ million	-	(42)
EBITDAX(1)	**$ million**	**279**	**290**

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

The operating profit for H1 2024 was $201.8 million compared to $269.0 million (inclusive of a restated gain on acquisition of $41.9 million on the Tailwind transaction) for H1 2023. The restated gain on acquisition now reflected in the restated H1 2023 figures represents the final gain on acquisition as disclosed in the 2023 year-end financial statements, which included adjustments made during the 12-month post-acquisition measurement period in accordance with IFRS 3.

Net hedging expense of $18.4 million (H1 2023: $9.2 million income) comprised unrealised hedging losses of $14.9 million (H1 2023: gains of $25.1 million) and realised hedging losses of $3.5 million (H1 2023: $15.9 million losses). Unrealised hedging losses arose from the movement in valuation of Serica's H1 2024 period-end commodity hedge positions, primarily gas derivatives which were entered into during H1 2024 to comply with minimum hedging requirements under the Group's RBL facility as well as to manage commodity price risks. Realised hedging expense during H1 2024 primarily related to UKA Emission Trading Scheme ('UKA ETS') swaps.

Contract revenue of $28.6 million (H1 2023: $16.1 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 and 2024 as the underlying contract unwinds, with the final unwind impact of $8.1 million to be included in H2 2024.

Exploration expenses and asset write-offs totalled $2.0 million in H1 2024 (H1 2023: $7.9 million which included final charges from the North Eigg exploration well drilled in 2022).

Administrative expenses for H1 2024 of $11.2 million reflected a full half year period of the enlarged group activities compared to $9.8 million for H1 2023. The H1 2023 comparable period also separately included transaction costs of $10.5 million relating to fees and other transaction costs associated with the acquisition of Tailwind Energy Investments Ltd.

H1 2024 currency gains of $0.6 million compared to H1 2023 losses of $3.5 million reflecting the reduced volatility between Pounds Sterling and US Dollars in the H1 2024 period. Share-based payments were $2.1 million (H1 2023: $3.0 million).

Profit before taxation and profit after taxation for the period

Profit before taxation for H1 2024 of $188.5 million (H1 2023: $267.9 million) included a $2.9 million charge arising from an increase in the fair value of financial liabilities (H1 2023: $1.8 million charge), $6.9 million of finance revenue (H1 2023: $8.7 million) and $17.3 million of finance costs (H1 2023: $7.9 million).

Finance revenue of $6.9 million (H1 2023: $8.7 million) primarily represented interest income earned on cash deposits and decreased as a result of lower cash balances held in the period compared to H1 2023. Finance costs of $17.3 million (H1 2023: $7.9 million) included interest payable and other charges on the RBL facility, the discount unwind on decommissioning provisions and other minor finance costs. The increase reflects the full six-month period of interest charges and fees on the RBL in H1 2024 compared to the shorter post-acquisition period in H1 2023.

The H1 2024 taxation charge of $106.0 million (H1 2023: $169.4 million) comprised current tax charges of $72.7 million (H1 2023: $163.0 million) and a deferred tax charge of $33.3 million (H1 2023: $6.4 million) relating mainly to the utilisation of tax losses brought forward, accelerated capital allowances and the contract revenue unwind during the period. The reduction in current tax charges mainly reflected lower income and higher capital spend in H1 2024 as well as the utilisation of brought forward tax losses within the acquired Tailwind business.

Reported and Effective tax rate(1)	Units	H1 2024	*Restated* H1 2023
Profit before tax	**$ million**	**188**	**268**
Current tax	$ million	73	163
Deferred tax charge	$ million	33	6
Tax charge for the period	**$ million**	**106**	**169**
Book tax rate	%	**56%**	**63%**
Effective tax rate(1)	**%**	**26%**	**56%**
Applicable ring-fence aggregate tax rate	%	75%	75%

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

Overall, profit after taxation for H1 2024 was $82.5 million compared to a profit after taxation of $98.5 million for H1 2023. This resulted in an earnings per share of 21 cents (H1 2023: 30 cents) after taking into account the weighted average number of ordinary shares in issue.

GROUP BALANCE SHEET

Serica retains a strong balance sheet following completion of the Tailwind acquisition including remaining in a net cash position as of 30 June 2024. This position of balance sheet strength gives the Group flexibility in capital allocation including the ability to fund its ongoing capital investment programmes while continuing to support distributions to shareholders. Completion of a new financing facility in H1 2024 to refinance the RBL assumed as part of the Tailwind acquisition in 2023 has further boosted the Group's financial resources and liquidity at a time of continuing uncertainty on the UK fiscal regime as well as maintaining firepower as Serica continues to seek new acquisition and investment opportunities.

Assets	30 June 2024	*Restated* 31 December 2023
	$ million	**$ million**
E&E	16	2
PP&E	956	906
Deferred tax asset	75	107
Inventory	15	14
Trade and other receivables	170	176
DSA Security	-	35
Cash & cash equivalents	362	335
Total Assets	**1,594**	**1,575**

Equity and liabilities	30 June 2024	31 December 2023
	$ million	**$ million**
Equity	832	834
RBL borrowings, drawn amounts	231	271
RBL unamortised fees	(12)	-
Provisions	141	148
Financial liabilities	107	93
Contract liabilities	8	37
Tax payable	69	68
Trade and other payables	149	124
Dividend payable	69	-
Total Equity and Liabilities	**1,594**	**1,575**

Total property, plant and equipment increased from $905.8 million at year end 2023 to $955.7 million at 30 June 2024.

PP&E additions comprised book capital expenditure including accruals during H1 2024 of $135.2 million across various field assets. This included expenditure on the Bruce and Keith LWIV campaigns of $49.8 million, $18.2 million early project spend on the Belinda development for which FDP was received in May 2024, drilling expenditure of $31.8 million on the Bittern B6 (formerly B1Z) well which was completed shortly after period end in July, preparations for the second and third Triton area drilling programme wells GE05 (Gannet E) and EV02 (Evelyn), life extension work for the Triton FPSO and other asset work including water injection pipeline replacement work scope on the Bittern field. There were also increases from right of use assets of $5.0 million offset by depletion charges for H1 2024 of $87.1 million, other depreciation charges of $0.5 million and currency translation adjustments of $2.6 million. Depletion charges represent the allocation of field capital costs over the estimated producing life of each field and comprise costs of asset acquisitions and subsequent investment programmes.

The net deferred tax asset of $75.1 million at 30 June 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, partially offset by deferred tax liabilities 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.

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 increase in cash balances from $335.4 million at 31 December 2023 to $362.2 million at 30 June 2024 reflected cash flow from operations of $301.1 million mainly offset by $72.4 million of cash tax payments, capital expenditures paid of $123.8 million, $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 $149.0 million at 30 June 2024 from $124.0 million at the end of 2023 reflecting the significant ongoing capex projects in the period. UK corporation tax payable of $68.7 million at 30 June 2024 (31 December 2023: $68.3 million) reflects liabilities for corporation tax, supplementary charge, and the EPL.

Derivative financial liabilities of $20.5 million at 30 June 2024 represent the mark to market valuation of gas ($13.5 million), oil ($4.2 million) and UKA ETS ($2.8 million) hedging swap and collar products in place at the period end. New gas and oil hedging arrangements were entered into during H1 2024 to comply with minimum hedging requirements under the Group's RBL facility as well as to manage commodity price risks where management considered this prudent and/or available on attractive market terms. The 31 December 2023 liability of $5.6 million largely represented the valuation of UKA ETS swaps in place at the year end.

The dividend payable of $68.8 million at 30 June 2024 (31 December 2023: $nil) represents the final cash dividend in respect of FY2023 of 14.0 pence (17.7 cents) per share approved at the annual general meeting on 27 June 2024 and paid in July.

Contract liabilities of $8.1 million at 30 June 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 which is released to the Income Statement across 2023 and 2024 as the underlying contract unwinds.

Non-current financial liabilities of $86.9 million (31 December 2023: $82.8 million) comprise remaining deferred consideration projected to be paid under the BKR acquisition agreements of $47.2 million (31 December 2023: $44.9 million) and royalty liabilities of $39.7 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 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 $141.2 million (31 December 2023: $148.8 million) predominantly relate to future decommissioning obligations and are split between current balances of $8.0 million (31 December 2023: $16.5 million) and non-current of $133.2 million (31 December 2023: $132.3 million). The small decrease from the prior year balance of $148.8 million was mainly due to expenditure in the period on the ongoing 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 $218.9 million at 30 June 2024 represent drawn amounts of $231.0 million net of unamortised facility fees of $12.1 million under a new $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 30 June 2024 was at a level capped by the facility size of $525 million.

CASH BALANCES AND FUTURE COMMITMENTS

Current cash position and price hedging

At 30 June 2024 the Group held adjusted net cash of $131.2 million as compared to adjusted net cash of $99 million at 31 December 2023.

		Restated
Adjusted Net Cash / (Debt)	**30 June 2024**	**31 December 2023**
	$ million	**$ million**
Interest bearing loans	(219)	(271)
Add back unamortised fees	(12)	-
Cash & Cash Equivalents	362	335
DSA Security	-	35
Adjusted Net Cash	**131**	**99**

As at 4 September 2024, the Company held cash and cash equivalents of $262.3 million and debt drawings of $231 million. This reduced net cash position is after settlement of the 2023 final dividend and an initial tax instalment in respect of 2024, both paid in July 2024 and a period of lower revenues primarily as a result of the scheduled Triton turnaround stoppage.

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 August 2024:

Oil hedges

		2024		2025				2026
Weighted Average	*Units*	*Q3-24*	*Q4-24*	*Q1-25*	*Q2-25*	*Q3-25*	*Q4-25*	*Q1-26*
Put Net	*$/bbl*	*68*	*68*	-	-	-	-	-
Swap price	*$/bbl*	*66*	*70*	*81*	*75*	*75*	*75*	*75*
Collar floor net	*$/bbl*	*68*	*68*	*68*	*69*	*68*	*68*	*69*
Total weighted average	*$/bbl*	*67*	*69*	*72*	*69*	*69*	*69*	*70*
Collar ceiling	*$/bbl*	*111*	*100*	*96*	*88*	*88*	*86*	*86*
Hedged Volume	*Kboe/d*	*11*	*12*	*6*	*6*	*6*	*5*	*4*

Gas hedges

		2024		2025				2026
Weighted Average	*Units*	*Q3-24*	*Q4-24*	*Q1-25*	*Q2-25*	*Q3-25*	*Q4-25*	*Q1-26*
Put Net	*p/therm*	-	-	-	-	-	-	-
Swap price	*p/therm*	*71*	*84*	*84*	*87*	*86*	*90*	*93*
Collar floor net	*p/therm*	-	*80*	*80*	*70*	*70*	*80*	*80*
Total weighted average	*p/therm*	*71*	*82*	*81*	*80*	*78*	*87*	*89*
Collar ceiling	*p/therm*	-	*120*	*125*	*115*	*115*	*130*	*130*
Hedged Volume	*Kboe/d*	*2*	*3*	*4*	*5*	*4*	*3*	*3*

Included in the H2 2024 hedged volumes are volumes at fixed pricing under oil offtake agreements for approximately 0.7 million barrels (representing approximately 22% of forecast H2 2024 oil production) at an average price of $62.1 per barrel. These are applied to individual oil tanker liftings from the Triton area FPSO and are expected to be fully utilised during H2 2024.

UKA ETS hedges

In addition Serica continued to hold a small legacy position of fixed price swaps for UKA ETS products consisting of 66,000 MT at £80/MT for 2H 2024.

Field and other capital commitments

Serica's 2024 investment programme includes a LWIV campaign on the Bruce and Keith fields and a four-well drilling campaign in the Triton Area (Bittern B1z, Gannet GE-05, Evelyn Phase 2 (EV02) and a Guillemot NW infill well). In April 2024 Serica also took FID on the Belinda development which will be drilled as a fifth well in the Triton programme. Consent for the Belinda project was received from OPRED and the NSTA in May 2024.

Potential further programmes to enhance current production profiles and extend field life are under consideration, but will be reviewed carefully in the light of the outcome of the new UKCS fiscal regime following the Autumn Budget.

At 30 June 2024, the Group had commitments for future capital expenditure relating to its oil and gas properties which relate primarily to the remaining Triton Area five-well programme (including Belinda), the remaining Bruce LWIV campaign, other capital works on Bruce, Erskine, and decommissioning of the Arthur field. The Group's only significant exploration commitment is our 20% working interest share of a commitment well on Licence P2400 (Skerryvore) currently required to be drilled before October 2025.

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.

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.

Approved on behalf of the Board
Chris Cox
Chief Executive Officer

9 September 2024

Forward Looking Statements

This disclosure contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond Serica Energy plc's control, including: the impact of general economic conditions where Serica Energy plc operates, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Serica Energy plc's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Serica Energy plc will derive therefrom.

Serica Energy plc
Condensed Consolidated Income Statement

Continuing operations	*Notes*	Six months ended 30 June 2024 $000	Six months ended 30 June 2023 $000 (Restated*)	Year ended 31 December 2023 $000 (Restated*)
Sales revenue	4	461,559	421,843	788,920
Cost of sales	5	(254,725)	(185,224)	(406,790)
Gross profit		206,834	236,619	382,130
Other (expense)/income	6	(18,449)	9,156	5,848
Contract revenue - other		28,576	16,084	29,951
Exploration expense		(1,476)	(825)	(2,622)
E&E asset write-offs		(532)	(7,068)	(10,871)
Depreciation		(502)	-	-
Administrative expenses		(11,223)	(9,801)	(24,486)
Transaction costs		-	(10,542)	(12,539)
Foreign exchange gain/(loss)		639	(3,521)	(4,465)
Share-based payments		(2,114)	(2,999)	(4,942)
Gain on acquisition		-	41,889	41,889
Operating profit		201,753	268,992	399,893
Change in fair value of financial liabilities		(2,944)	(1,811)	(9,446)
Finance revenue		6,947	8,672	16,830
Finance costs	7	(17,258)	(7,929)	(26,906)
Profit before taxation		188,498	267,924	380,371
Taxation charge for the period	12	(106,023)	(169,439)	(252,614)
Profit after taxation and profit for the period		82,475	98,485	127,757
Earnings per ordinary share (EPS)				
Basic EPS on profit for the period ($)		0.21	0.30	0.35
Diluted EPS on profit for the period ($)		0.20	0.29	0.34

** See Note 2*

Serica Energy plc
Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June 2024 $000	Six months ended 30 June 2023 $000 (Restated*)	Year ended 31 December 2023 $000 (Restated*)
Profit for the period	82,475	98,485	127,757
Other comprehensive (loss)/profit			
Exchange differences on translation	(2,685)	20,368	22,594
Other comprehensive (loss)/profit for the period	(2,685)	20,368	22,594
Total comprehensive profit for the period	79,790	118,853	150,351
Total comprehensive profit attributable to:			
Equity owners of the Company	79,790	118,853	150,351

** See Note 2*

Serica Energy plc
Condensed Consolidated Balance Sheet

	Notes	30 June 2024 $000	31 December 2023 $000 (Restated*)
Non-current assets			
Exploration & evaluation assets	9	16,073	2,457
Property, plant and equipment	10	955,721	905,760
Deferred tax asset	12	75,144	107,071
		1,046,938	1,015,288
Current assets			
Inventories		14,529	13,860
Trade and other receivables		170,270	176,455
Decommissioning security advances		-	35,055
Cash and cash equivalents		362,203	335,433
		547,002	560,803
TOTAL ASSETS		1,593,940	1,576,091
Current liabilities			
Trade and other payables		149,021	124,012
Corporate tax payable		68,656	68,311
Derivative financial liability		20,483	5,564
Contract liabilities		8,124	36,700
Financial liabilities		-	4,627
Provisions		7,970	16,467
Dividends payable	8	68,786	-
Non-current liabilities			
Financial liabilities		86,917	82,751
Provisions		133,206	132,291
Interest bearing loans	11	218,890	271,200
TOTAL LIABILITIES		762,053	741,923
NET ASSETS		831,887	834,168
Share capital	13	245,607	245,257
Merger reserve	13	286,590	283,367
Other reserves		39,764	37,650
Treasury/own shares		(18,972)	-
Currency translation reserve		(11,580)	(8,895)
Accumulated funds		290,478	276,789
TOTAL EQUITY		831,887	834,168

** See Note 2*

Condensed Consolidated Statement of Changes in Equity

	Share capital $000	Merger reserve $000	Other reserves $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	-	-	-	-	-	127,757	127,757
Other comprehensive income	-	-	-	-	22,594	-	22,594
Total comprehensive income	-	-	-	-	22,594	127,757	150,351
Issue of shares	11,997	283,367	-	-	-	-	295,364
Share-based payments	-	-	4,942	-	-	-	4,942
Dividend payable	-	-	-	-	-	(110,624)	(110,624)
At 31 December 2023 (Restated*)	245,257	283,367	37,650	-	(8,895)	276,789	834,168
Profit for the period	-	-	-	-	-	82,475	82,475
Other comprehensive income	-	-	-	-	(2,685)	-	(2,685)
Total comprehensive income	-	-	-	-	(2,685)	82,475	79,790
Issue of shares	350	3,223	-	-	-	-	3,573
Share-based payments	-	-	2,114	-	-	-	2,114
Treasury/own shares	-	-	-	(18,972)	-	-	(18,972)
Dividend payable	-	-	-	-	-	(68,786)	(68,786)
At 30 June 2024	245,607	286,590	39,764	(18,972)	(11,580)	290,478	831,887

** See Note 2*

Serica Energy plc
Condensed Consolidated Cash Flow Statement

	Note	Six months ended 30 June 2024 $000	Six months ended 30 June 2023 $000 (Restated*)	Year ended 31 December 2023 $000 (Restated*)
Cash inflow from operations	14	301,137	329,607	470,022
Taxation paid		(72,414)	(173,640)	(347,588)
Decommissioning spend		(4,514)	(35)	(1,115)
Net cash inflow from operating activities	14	224,209	155,932	121,319
Investing activities:				
Interest received		6,947	8,672	16,830
Purchase of E&E assets		(12,666)	(6,915)	(12,027)
Purchase of property, plant & equipment		(106,664)	(16,742)	(85,626)
Acquisition of subsidiary, net of cash acquired		-	(54,177)	(54,177)
Net cash outflow from investing activities		(112,383)	(69,162)	(135,000)
Financing activities:				
Issue of ordinary shares		350	461	996
Repayment of borrowings		(52,545)	(60,000)	(102,000)
Proceeds from borrowings		-	-	43,200
Payments of lease liabilities		(415)	(368)	(786)
Dividends paid/share buyback		(18,972)	-	(110,391)
Finance costs paid		(13,572)	(6,907)	(23,595)
Net cash outflow from financing activities		(85,154)	(66,814)	(192,576)
Cash and cash equivalents				
Net increase/(decrease) in period		26,672	19,956	(206,257)
Effect of exchange rates on cash and cash equivalents		98	19,309	18,776
Amount at start of period		335,433	522,914	522,914
Amount at end of period		362,203	562,179	335,433

** See Note 2*

Serica Energy plc

Notes to the Unaudited Condensed Consolidated Financial Statements

1. Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 9 September 2024.

Serica Energy plc ('the Company') is a public limited company incorporated and domiciled in England & Wales. The Company's ordinary shares are traded on the AIM in London. The principal activity of the Company is to identify, acquire and exploit oil and gas reserves.

2. Basis of preparation and accounting policies

Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

These unaudited financial statements of the Group have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the year ended 31 December 2023 with the exception of the change in the Group's presentation currency (see below). These financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the consolidated financial statements and the notes thereto in the Serica Energy plc annual report for the year ended 31 December 2023. A number of amendments to existing standards and interpretations were effective from 1 January 2024, but there was no impact on the H1 2024 condensed consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The financial information contained in this announcement does not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006.

The comparative figures for the year ended 31 December 2023, restated to reflect the change in the Group's presentation currency (see below), are not the Group's statutory accounts for that financial year. Those financial statements have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

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 years ended 31 December 2022 and 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 at the historical rates prevailing at 31 December 2018, the date at which previously, 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			
	Six months ended 30 June 2024	Year ended 31 December 2023	Six months ended 30 June 2023	Year ended 31 December 2022
Average for the period	1.265	1.243	1.233	N/A
At the end of the period	1.264	1.273	1.266	1.209

Business Combination

In March 2023, the Group completed the acquisition of Tailwind Energy Investments Ltd which was accounted for as a business combination.

The comparative H1 2023 figures now presented reflect the impact of final measurement period adjustments as disclosed in Serica's 2023 year-end financial statements, in accordance with IFRS 3 Business Combinations.

Going Concern

The Directors are required to consider the availability of resources to meet the Group's liabilities for the period ending 31 December 2025, the 'going concern period'.

As at 4 September 2024 the Group held cash and term deposits of $262.3 million. Following the re-financing completion in January 2024, separate RBL liquidity headroom of $294 million existed at 4 September 2024 ($231 million drawn versus $525 million available). See note 11 for further details of the current RBL facility.

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 management has stress tested cash projections considering a combination of downward pressure on commodity prices and extended production outages during 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 70 pence/therm for gas and $75/bbl for oil for the remainder of 2024 and 75 pence/therm gas and $75/bbl oil for 2025. 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 full six-month shut-in of Triton hub production for Q4 2024 and Q1 2025 and a full six-month shut-in of BKR hub production for Q2 and Q3 2025. Production remains at base case levels to the end of the going concern period outside of these separate production hub shut-ins. Base case commodity pricing is retained for 2024 but lower commodity pricing of 50 pence/therm gas and $60/bbl oil are assumed for the 2025 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 these 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.

Significant accounting policies

A number of new standards, amendments to existing standards and interpretations were applicable from 1 January 2024. The adoption of these amendments did not have a material impact on the Group's interim condensed consolidated financial statements for the period ended 30 June 2024.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023. The impact of seasonality or cyclicality on operations is not considered significant on the interim consolidated financial statements.

The Group financial statements are now presented in $ and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Serica Holdings UK Limited, Serica Energy Holdings BV, Serica Energy Corporation, Asia Petroleum Development Limited, Petroleum Development Associates (Asia) Limited, Serica Energy (UK) Limited, PDA Lematang Limited, Serica Energy Investments Limited, NSV Energy Limited, Serica Energy Meltemi Limited, Serica Energy Mistral Limited, Serica Energy Sirocco Limited, Serica Energy Chinook Limited and Serica Energy Bora Limited. Together, these comprise the 'Group'.

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);
- 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.

All inter-company balances and transactions have been eliminated upon consolidation.

3. Segmental 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

	Six months ended 30 June 2024 $000	Restated* Six months ended 30 June 2023 $000	Restated* Year ended 31 December 2023 $000
Gas sales	194,507	266,269	429,987
Gas supply contract revenue	-	1,017	1,227
Total gas sales	194,507	267,286	431,214
Oil sales	251,661	140,641	332,265
NGL sales	15,391	13,916	25,441
Total revenue	461,559	421,843	788,920

** See note 2*

5. Cost of sales

	Six months ended 30 June 2024 $000	Restated* Six months ended 30 June 2023 $000	Restated* Year ended 31 December 2023 $000
Operating costs	150,975	121,282	272,686
Lifting costs	5,408	2,105	8,853
Change in decommissioning estimates expensed	-	-	461
Movement in liquids overlift / underlift	11,195	(17,110)	(11,545)
Depletion (note 10)	87,147	78,947	136,335
	254,725	185,224	406,790

** See note 2*

6. Group Operating Profit

	Six months ended 30 June 2024 $000	Restated* Six months ended 30 June 2023 $000	Restated* Year ended 31 December 2023 $000
Unrealised hedging (losses)/gains	(14,918)	25,144	25,317
Realised hedging losses	(3,531)	(15,988)	(19,469)
Other (expense)/income	(18,449)	9,156	5,848

** See note 2*

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 30 June 2024 comprised oil, gas swaps and collars and UKA ETS swaps. At 31 December 2023 they 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 currently held are provided in the financial review above.

The mark-to-market of the Group's open contracts as at 30 June 2024 was a liability of $20.5 million (31 December 2023: $5.6 million).

7. Finance Costs

	Six months ended 30 June 2024 $000	Restated* Six months ended 30 June 2023 $000	Restated* Year ended 31 December 2023 $000
Loan interest payable	11,448	6,769	17,237
Loan commitment fees	2,590	780	5,390
Other charges, net FX swaps, and interest payable	459	(1,729)	637
Unwinding of discount on provisions	2,761	2,109	3,642
Total finance costs	17,258	7,929	26,906

** See note 2*

8. Dividends payable

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. Following the approval in the H1 2024 period, the dividend payable of £54.4 million ($68.8 million) is recognised as a liability in the Balance Sheet at 30 June 2024. The dividend was paid in July 2024.

Dividends on ordinary shares paid in 2023

A final cash dividend for 2022 of 14.0 pence per share was proposed in April 2023 and approved at the annual general meeting on 29 June 2023. Following the approval in the H1 2023 period, the dividend payable of £53.7 million ($68.0 million) was recognised as a liability in the Balance Sheet at 30 June 2023. The dividend was paid in July 2023.

An interim cash dividend for 2023 of 9.0 pence per share was announced in September 2023 and was paid in November 2023.

9. Exploration and Evaluation Assets

	Total $000
Cost:	
At 1 January 2023 (restated*)	1,210
Additions	12,027
Asset write-offs	(10,871)
Currency translation adjustment	91
At 31 December 2023 (restated*)	2,457
Additions	14,166
Asset write-offs	(532)
Currency translation adjustment	(18)
At 30 June 2024	16,073
Net Book Amount:	
30 June 2024	16,073
31 December 2023 (restated*)	2,457
1 January 2023 (restated*)	1,210

** See note 2*

10. Property, Plant and Equipment

	Oil and gas properties $000	Fixtures and fittings $000	Right-of-use assets $000	Total $000
Cost:				
At 1 January 2023 (restated*)	580,639	256	1,042	581,937
Acquisitions	594,088	-	4,245	598,333
Additions	85,626	-	-	85,626
Decommissioning asset revisions	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	135,164	-	5,017	140,181
Currency translation adjustment	(5,022)	(2)	(6)	(5,030)
At 30 June 2024	1,442,610	268	10,353	1,453,231
Depreciation and depletion:				
At 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
At 31 December 2023 (restated*)	410,229	270	1,821	412,320
Charge for the period (note 5)	86,605	-	542	87,147
Charge for the period - other	-	-	502	502
Currency translation adjustment	(2,449)	(2)	(8)	(2,459)
At 30 June 2024	494,385	268	2,857	497,510
Net book amount:				
At 30 June 2024	948,225	-	7,496	955,721
At 31 December 2023 (restated*)	902,239	-	3,521	905,760
At 1 January 2023 (restated*)	321,212	-	262	321,474

** See note 2*

Acquisition of Tailwind Energy Investments Ltd

On 23 March 2023 the Group acquired Tailwind Energy Investments Ltd, which included oil and gas assets in the UK North Sea, resulting in an acquisition of assets with a value of $598.3 million allocated to property, plant and equipment.

Depreciation and depletion

Depletion charges on oil and gas properties are classified within ‘cost of sales’. Depreciation on other elements of property, plant and equipment is provided on a straight-line-basis and taken through general and administration expenses.

11. Interest bearing loans

The Group's loan is carried at amortised cost as follows:

	30 June 2024 $000	Restated* 31 December 2023 $000
Reserve based lending – principal	231,000	271,200
Loan commitment fees	(12,110)	-
Reserve based lending – net of fees	218,890	271,200
Due within one year	-	-
Due after more than one year	218,890	271,200
	218,890	271,200

** See note 2*

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 $272.2 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 RBL has a maturity date of 31 December 2029 with amortisation commencing on 31 December 2026. 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 except Serica's largest single producing field the Rhum field, and the available amount under the facility is subject to semi-annual redeterminations. 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). In February 2024, the Group made a voluntary repayment of $52.5 million.

In July, Serica announced that it had completed the first semi-annual redetermination under its RBL facility. Reflecting the increased reserves, together with the programme of hedging recently implemented, the borrowing base has been increased from $463 million up to the full amount of the committed facility of $525 million.

12. Taxation

The major components of income tax charged in the consolidated income statement are:

	Six months ended 30 June 2024 $000	Restated* Six months ended 30 June 2023 $000	Restated* Year ended 31 December 2023 $000
Current income tax charge	72,728	163,009	228,544
Deferred income tax charge	33,295	6,430	24,070
Total taxation charge for the period	106,023	169,439	252,614

The deferred tax included in the Balance Sheet is as follows:

	30 June 2024 $000	Restated* 31 December 2023 $000
Deferred tax assets	559,426	557,716
Deferred tax liabilities	(484,282)	(450,645)
Total deferred tax asset	75,144	107,071

Reconciliation of net deferred tax asset	$000
At 1 January 2024 (restated*)	107,071
Tax charge for the period recognised in profit	(33,295)
Currency translation adjustment	1,368
At 30 June 2024	75,144

** See note 2*

Recognised and unrecognised tax losses
The Group's Balance Sheet has a deferred tax asset amount of $559.4 million as at 30 June 2024 (31 December 2023: $557.7 million) arising from ring-fence losses, decommissioning liabilities and other temporary differences. These deferred tax assets are expected to be recovered through utilisation against deferred tax liabilities, primarily related to temporary differences on fixed assets ($484.3 million) and through future taxable profits.

The Group's deferred tax assets at 31 December 2023 and 30 June 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 30 June 2024 with respect to ring fence losses and allowances.

Changes to UK corporation tax legislation

The Energy Profits Levy on the profits earned from the production of oil and gas in the UK was introduced in 2022. From 1 January 2023, the EPL is charged at the rate of 35 per cent on taxable profits in addition to ring fence corporation tax of 30 per cent and the Supplementary Charge of 10 per cent. The EPL is a temporary measure which at 30 June 2024 was to cease to apply on 31 March 2028. In the H1 2024 financial statements, any temporary differences subject to the EPL expected to reverse in the period to 31 March 2028 have been measured to the higher rate.

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.

Since the balance sheet date there has been a change in UK Government which has announced its intention to make further changes to the EPL regime which are described in Note 15 Post Balance Sheet Events.

13. Equity Share Capital

As at 30 June 2024, the share capital of the Company comprised one “A” share of £50,000 and 393,468,408 ordinary shares of $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 and Company’s equity share capital, comprising $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
At 1 January 2023 (restated*)	272,953	27,295	205,965	233,260	-
Shares issued	118,368	11,837	160	11,997	283,367
At 31 December 2023 (restated*)	391,321	39,132	206,125	245,257	283,367
Shares issued	2,147	215	135	350	3,223
At 30 June 2024	393,468	39,347	206,260	245,607	286,590

** See note 2*

During H1 2024, 708,505 ordinary shares were issued to satisfy awards under the Company’s share-based incentive schemes and 1,438,849 ordinary shares were issued in connection with the final tranche of share consideration for the 2023 acquisition of Tailwind Energy Investments Ltd.

Merger relief was applied by the Group’s parent entity Serica Energy plc upon the issue in March 2024 of the 1,438,849 ordinary shares 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 consolidated Group accounts.

As at 30 August 2024, the issued share capital of the Company was 393,468,408 ordinary shares, with the total number of voting rights of 390,457,635 shares in issue.

14. Additional Cash Flow Information

Net cash flows from operating activities consist of:

	Six months ended 30 June 2024 $000	Six months ended 30 June 2023 $000 (Restated*)	Year ended 31 December 2023 $000 (Restated*)
Operating activities:			
Profit for the period	82,475	98,485	127,757
Adjustments to reconcile profit for the period to net cash flow from operating activities:			
Taxation charge	106,023	169,439	252,614
Change in fair value of financial liabilities	2,944	1,811	9,446
Change in provisions	-	-	461
Gain on acquisition	-	(41,889)	(41,889)
Net finance (income)/costs	10,311	(743)	10,076
Depletion	87,147	78,947	136,335
Oil and NGL over/underlift movement	11,195	(17,110)	(11,545)
E&E asset write-offs	532	7,068	10,871
Unrealised hedging losses/(gains)	14,918	(25,144)	(25,317)
Movement in gas contract revenue	-	(1,017)	(1,227)
Contract revenue- other	(28,576)	(16,084)	(29,951)
Share-based payments	2,114	2,999	4,942
Other non-cash movements	(831)	3,922	3,859
Hedging security advances	-	29,402	29,402
Decrease/(increase) in DSA advances	35,055	-	(35,055)
(Increase)/decrease in receivables	(15,305)	81,119	87,056
(Increase) in inventories	(712)	(165)	(1,222)
Decrease in payables	(6,153)	(41,433)	(56,591)
Cash inflow from operations	301,137	329,607	470,022
Taxation paid	(72,414)	(173,640)	(347,588)
Decommissioning spend	(4,514)	(35)	(1,115)
Net cash inflow from operating activities	224,209	155,932	121,319

** See note 2*

15. Post Balance Sheet Events

On 29 July 2024, the UK government announced changes to the Energy Profits Levy (EPL) to take effect from 1 November 2024. The announcement follows the recent change of government in the UK and supersedes the previous government's announcement on 6 March 2024 that EPL would be extended by a further 12 months from 31 March 2028 to 31 March 2029. The details of the measures are expected to be finalised in the Budget scheduled to take place on 30 October 2024 and legislated thereafter in a Finance Bill.

From 1 November 2024 the rate of EPL will be increased by 3 per cent from 35 per cent to 38 per cent, the period to which the EPL applies will be extended from 31 March 2028 to 31 March 2030, the main EPL investment allowance will be abolished and the amount of relief available for capital expenditure in calculating EPL profits will be reduced. The extent of the reduction will not be known until the 30 October 2024 Autumn Budget.

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.

As the announced measures had not been enacted at the balance sheet date there is no impact on the balance sheet as presented. As the full details of the announced measures are not yet known it is not currently possible to calculate the potential impact on the balance sheet.

16. Publication of Non-Statutory Accounts

The financial information contained in this interim statement does not constitute statutory accounts as defined in the Companies Act 2006. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 31 December 2023, which are available at the Company's registered office at 72 Welbeck Street, London W1G 0AY and on its website at www.serica-energy.com and on SEDAR at www.sedar.com.

This interim statement will be made available at the Company's registered office at 72 Welbeck Street, London W1G 0AY and on its website at www.serica-energy.com and on SEDAR at www.sedar.com.

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:

$ 000	H1 2024	Restated* H1 2023
Operating Profit	**201,753**	**268,992**
Add Back Transaction Costs	-	10,542
Add Back DD&A	87,147	78,947
Add Back E&E Expenses and licence costs	2,008	7,893
Deduct contract revenue - other	(28,576)	(16,084)
(Deduct) / Add Back Unrealised Hedging	14,918	(25,144)
Add Back FX Effects	(639)	3,521
Add back remeasurements	-	-
Add back share based payments	2,114	2,999
Deduct Gain on Acquisition	-	(41,889)
EBITDAX	**278,725**	**289,777**

** See note 2*

Capital Expenditure (Capex): 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.

$ 000	30 June 2024	Restated* 31 December 2023
Purchase of PP&E Assets	106,664	16,742
Purchase of E&E Assets**	12,666	6,915
Decommissioning Spend	4,514	35
Capital Expenditure	**123,844**	**23,692**

** See note 2*

*** Includes Buchan Horst acquisition cost of $7.5 million*

CFFO less current tax: comprises Cash inflow from Operations adjusted by the tax charge for the year as reflected in Note 12 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 prior to the decisions made by the Group in relation to capital allocation.

$ 000	H1 2024	Restated* H1 2023
Cash inflow from operations	301,137	329,607
Less current tax	(72,728)	(163,009)
Changes in hedging security advances	-	(29,402)
Changes in DSA advances	(35,055)	-
Adjusted CFFO less tax	**193,354**	**137,196**

** 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

$ 000	H1 2024	Restated* H1 2023
Net cash flow from operating activities	254,209	155,932
Net cash flow from investing activities	(142,383)	(69,162)
Net cash flow from financing activities	(85,154)	(66,814)
Adjusted by:		
Repayment of loans and borrowings	52,545	60,000
Payment of dividends/share buyback	18,972	-
Acquisition Costs	-	54,177
Free Cash flow	**98,189**	**134,133**

Effective tax rate: Current period tax charge over EBITDAX as presented above.

$ 000	H1 2024	Restated* H1 2023
Current income tax charge	72,728	163,009
EBITDAX	278,725	289,777
Effective tax rate: current period tax/EBITDAX	**26%**	**56%**

** See note 2*

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 (net of the carrying value of unamortised fees). This is an indicator of the Group's indebtedness and contribution to capital structure.

$ 000	30 June 2024	Restated* 31 December 2023
Interest bearing loans	(218,890)	(271,200)
Add back unamortised fees	(12,110)	-
Cash and cash equivalents	362,203	335,433
DSA cash	-	35,055
Adjusted Net Cash/(Debt)	**131,203**	**99,288**

** See note 2*