

Supplying energy in an
environmentally conscious
manner to the benefit of
all our stakeholders

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Executive Chairman's Review

2023 marked a period of transformation for SDX. We welcomed new cornerstone investors, forged innovative gas pre-payment agreements, and reinforced our board and senior management team.

Our strategic focus and the evolution of SDX away from a pure oil and gas business into an integrated, hybrid energy provider in Morocco gained momentum throughout the year. We laid the groundwork to deliver on this strategy well into 2024 and beyond.

Sale of Egyptian Assets

In March 2023, the Company announced the reconstitution of the South Disouq disposal transaction where Sea Dragon Energy (Nile) B.V. ("Nile B.V.") assigned a direct 18.15% interest in the South Disouq concession to EFGL by way of a Deed of Assignment. EFGL simultaneously returned its 33% stake in Nile B.V. to SDX for a nominal fee. There was no change to the economic substance of the original transaction.

The divestment of the Egyptian assets has been a focal point and has occupied much of the board's time, particularly during the last quarter of 2023 and into early 2024. The West Gharib asset sale terms were agreed in January 2024 and the binding sale and purchase agreement was executed in April 2024. Following completion adjustments, the total sales proceeds received was \$7.2 million. The first instalment of \$3.5 million was received in April 2024 and part of it was used to fully repay the outstanding secured EBRD reserves-based lending facility, amounting to \$2.7 million.

The remaining \$3.7 million was received, following the deposit of EGP 100 million (c. \$2.1 million) into an escrow account to be used to settle any potential tax liabilities. The Company continues to negotiate the sale of its remaining Egyptian asset, South Disouq.

Morocco

With increasing energy demand from its offtakers, the Company directed its efforts towards expanding its base of production assets. In May 2023, the Company renegotiated its gas sales agreement with one of its key customers, which allowed it to move forward with a summer drilling campaign. In September 2023, the KSR-21 well was drilled and, earlier this year, was tied in and ready to supply offtakers. After receiving the necessary government approvals in April 2024, KSR-21 was brought into production to supply existing offtakers in the Atlantic Free Zone, near Kenitra. In April 2024, we drilled the BMK-2 well, encountering a 9-metre interval with strong gas shows up to c.100 times background readings. The well was drilled to its total depth of 1,412 metres, with a plug set to allow the well to be sidetracked to the target formation, once the required equipment has been mobilised.

Our partnership with CITIC Dicastal continued to strengthen through 2023 and early 2024 and 3-month gas prepayments were concluded for the three quarters, Q4-2023, Q1-2024 and Q2-2024, for approximately \$2.0 million per quarter. We continue to work with CITIC Dicastal (a subsidiary of CITIC Group - a Chinese holding company with a corporate portfolio approaching \$1 trillion) on a long-term prepayment agreement for future Moroccan gas deliveries as well as other longer-term projects aimed at increasing available energy resources to feed growing industrial demand.

Corporate and Funding

During 2023, we appointed William McAvoek as CFO and member of the board and Daniel Gould as Managing Director and subsequently CEO with a board seat. Following these appointments, I reverted back from my role as Interim Executive Chairman to Non-Executive Chairman effective 1 January 2024.

In addition to the two gas prepayment agreements, the Company worked tirelessly through the year to reduce costs and fund itself efficiently. This included successful balance sheet optimisation replacing a cash-backed bank guarantee with a parent company guarantee and releasing \$1 million of restricted cash.

As announced in July 2023, the Company entered into a syndicated unsecured convertible loan agreement with Aleph Finance Ltd for up to \$3.25 million. Pursuant to this agreement, the company drew down \$2.50 million during 2023. The period to draw the remainder expired, but the original agreement was amended in April 2024 to extend the draw-down period. This granted the Company access to further cash of \$0.75 million, which was drawn down in April 2024 to pay service providers in relation to Moroccan drilling activities and general corporate purposes.

Looking ahead

As outlined in our strategy update in November 2023, SDX is committed to continuing its upstream activity while embracing new opportunities for growth. Our dedication to delivering a diverse energy portfolio aligns with our vision of serving Morocco and beyond with reliable and sustainable energy solutions.

Thank you to all our stakeholders for their support in 2023 and look forward on delivering on our milestones in 2024.

Jay Bhattacharjee
Non-Executive Chairman
28 June 2024

Review of Operations

MOROCCO

The Company's Moroccan acreage (SDX 75% working interest and operator) consists of four petroleum agreements in the Rharb Basin in northern Morocco: Sebou Central, Rharb Occidental, Lalla Mimouna Sud, and Moulay Bouchta Ouest.

The Sebou Central petroleum agreement is a 105 km² exploration permit with several exploitation concessions contained within it. The exploitation concessions that remain active under the Sebou Central petroleum agreement are:

- Ksiri Central, expiry January 2025
- Sidi Al Harati Ouest, expiry October 2024
- Sidi Al Harati Nord, expiry September 2025
- Gaddari Nord, expiry October 2025
- Oulad N'Zala Central, expiry May 2025

In September 2021, according to the regulations governing petroleum agreements, SDX relinquished 25% of the original Sebou Central acreage and entered into a 2.5 year extension period of the exploration permit. In March 2024, SDX relinquished an additional 10% of the permit area and entered into a Second Extension Period of 1.5 years with expiry in September 2025.

The Rharb Occidental petroleum agreement is an 806 km² exploration permit with numerous prospects and leads already identified on the existing 3D seismic. The exploitation concessions that remain active under the Rharb Occidental petroleum agreement are:

- Beni Malek Sud-Est, expiry August 2026
- Oulad Youssef Central, expiry August 2025
- Gueddari Sud Ouest, expiry December 2024
- Sidi Al Harati Sud, expiry December 2024

The Company has held the Lalla Mimouna Sud permit since February 2019. A one year force majeure extension to the "Initial Period" of 2.5 years was granted by the Ministry of Energy, which expired in September 2022. SDX has entered into the "First Extension Period" of 2.5 years, expiring in March 2025. The Lalla Mimouna Sud concession is now a 629.9 km² permit.

All of the Petroleum Agreements remain valid until expiration of the last exploitation concession granted under the relevant Petroleum Agreement.

The Company was awarded the Moulay Bouchta Ouest exploration permit in February 2019 for a total period of eight years. A one-year force majeure extension to the "Initial Period" of the permit was granted by the Ministry of Energy, which expired in September 2023. An extension of 6 months to this period was granted by the Ministry of Energy, which expired in March 2024. We have not sought a further extension and therefore the concession is in process of being relinquished.

2023 Activity

In Q3 2023, the DOB-1 well was brought into production, and we completed our economic feasibility studies on the completed SAK-1 well and applied to ONHYM for the exploitation concession on it.

In September 2023, a new well was drilled (KSR-21). In October 2023, testing and completion was completed on this well, and it was successfully connected to our existing infrastructure.

No workovers were conducted in 2023.

Morocco gross production averaged 2.6 MMscf/d for 2023.

2024 Outlook

Testing and completion was concluded on the new BMK-1 well in January 2024, combined with the successful connection of the ONHYM pipeline which is connecting this well and the surrounding area to our existing infrastructure. We are currently working with ONHYM to obtain approval to commence production on SAK-1 and KSR-21.

The plan for 2024 is to drill two new wells. In April 2024, BMK-2 well was drilled to its total depth of 1,412 metres, and has been left temporarily suspended with a plug set to allow the well to be sidetracked, to the target formation at 1,265 metres, once the required equipment has been mobilised. The second well drilling is planned to commence in 2H 2024. These wells have shallow targets. Gas from these wells will supply our existing customers to serve their expanding needs.

We are currently in discussion with ONHYM in relation to agreeing future permit requirements, which include undertaking new 3D seismic work either in late 2024 or early 2025. SDX is also reviewing proposals on how best to extend its infrastructure to reach other potential new prospects (beyond what has already been mentioned above) within our permit acreages.

Review of Operations continued

EGYPT (HELD FOR SALE)

South Disouq

South Disouq is a 115km² concession located 65km north of Cairo in the Nile Delta region. It is on trend with several other prolific gas fields in the Abu Madi Formation.

Development leases have been granted for South Disouq (18 km²), Ibn Yunus (24 km²), and Ibn Yunus North (32 km²), and all development leases are operated by SDX. Production is currently from the Messinian-aged Abu Madi and Pliocene-aged Kafr El Sheikh formations. In addition, SDX operates the Amendment Concession Agreement Area, which is an exploration permit of 41km².

At the beginning of 2022, SDX held a 55% interest in the South Disouq and Ibn Yunus development leases and a 100% interest in the Ibn Yunus North development lease. Its partner, IPR, holds a 45% interest in the South Disouq and Ibn Yunus development leases. In February 2022, it was announced that SDX sold 33% of the shares in the entity that holds its interests across its South Disouq concession to Energy Flow Global ("EFG"), a private company with upstream and oilfield services activities in Egypt, the Middle East and Asia. In February 2023, SDX re-acquired these shares in exchange for a 33% direct share of the leases. After this transaction, SDX Energy still has an effective 36.9% working interest in the South Disouq and Ibn Yunus development leases and a 67.0% working interest in the Ibn Yunus North development lease.

2023 Activity

Analysis of the exploration MA-1X well on Mohsen has been completed, but future development has been paused in the light of our plans to sell our interest in South Disouq.

West Gharib

West Gharib is 22 km² in area and is producing from the Meseda and Rabul fields, both of which are included in the Block-H development lease. The concession is covered by a production service agreement, which allows for lower cost operations than the traditional joint venture structure. SDX had a 50% working interest in the operation, with Dublin International Petroleum, the operator, holding the remaining 50% working interest.

The Meseda field produces 18° API oil from the high-quality Miocene-aged Asl sands of the Rudeis formation. The Rabul field produces 16° API oil from the Miocene-aged Yusr and Bakr sands, which are also part of the Rudeis formation.

In 2021, a 10-year extension for both Meseda and Rabul was agreed with GPC, extending the licence to 9 November 2031. As part of the agreement, the contractors have a minimum commitment to drill six infill development wells (four in Meseda and two in Rabul) and one water-injection well in Rabul by 31 December 2022, and up to another six wells across the concession depending on the prevailing oil price. To take advantage of low drilling costs and the current oil price environment, however, the partnership planned to drill 13 infill development wells from 2022 onwards.

2023 Activity

The infill campaign has continued in 2023, with two infill development wells in the Rabul Field (Rabul-8 and 9) and an exploration well in the area to the south-east of Rabul (Rabul SE-1) drilled. The Rabul SE-1 was a dry-hole, but could potentially be converted to a water-injector for the Rabul Field.

Workovers of the existing wells have continued throughout 2023 to maximise production and recovery from the Meseda and Rabul Fields.

2024 Outlook (EGYPT)

Due to issues in relation to currency controls and ongoing devaluations of the Egyptian Pound, it was determined during 2023 that it would be better to focus our resources on our Morocco operations. Therefore, offers for our interests in South Disouq and West Gharib were entertained, and by 31 December 2023 we had entered into advanced negotiations on both assets.

On 19 April 2024, the sale of our interest in West Gharib had been finalised, and we expect the sale of our interest in South Disouq to be completed by the end of 2024. As part of the West Gharib sale, our investment in Brentford Oil Tools has also been sold. All revenues and costs in relation to these operations have been treated as discontinuing activities in the 2023 accounts – the impact will be a 65-70% reduction in Revenue and Group losses, the Balance Sheet impact is that 20% of Group Assets and 4% of Group liabilities have been reclassified as being Held for Sale.

¹ Based on 2023 Consolidated Revenues and Total Comprehensive losses for Continuing & Discontinuing operations combined, and is inclusive of \$10.8 million of write-offs & impairments of Assets Held for Sale to reflect their recoverable value.

Group proved plus probable reserves and contingent resources

The proved and probable reserves and contingent resources of the SDX Energy Plc and its subsidiary companies (the “Group”) presented below are extracted from an independent technical and economic valuation of the Group’s Egyptian and Moroccan assets performed by Chapman Hydrogen and Petroleum Engineering Limited, which has an effective date of 31 December 2023.

The reserve definitions used are contained within the Petroleum Resources Management System (“PRMS”) as approved by the Society of Petroleum Engineers and the Canadian Oil and Gas Evaluation Handbook.

Gas reserves as at 31 December 2022 and 31 December 2023 have been converted to barrels of oil equivalent (“boe”) using a factor of 6,000 cubic feet per boe for reporting and comparison purposes. Actual calorific value of produced gas may result in a different conversion factor for individual assets.

All figures below are SDX Energy working interest in MMboe:

Asset	Egypt		Morocco	Total
	South Disouq	West Gharib	Gharb Basin	
Working interest	36.85/67%	50%	75%	
As at 31 December 2022	2.30	2.45	0.19	4.94
Discoveries	-	-	0.02	0.02
Re-classification	-	-	-	-
Revisions	(0.88)	(1.40)	0.20	(2.08)
Production	(0.95)	(0.37)	(0.22)	(1.54)
As at 31 December 2023	0.47	0.68	0.19	1.34
Proved reserves	0.32	0.38	0.14	0.84
Probable reserves	0.15	0.30	0.05	0.50
As at 31 December 2023	0.47	0.68	0.19	1.34

Environmental, Social and Governance (ESG)

SDX's purpose is to supply energy in an environmentally conscious manner to the benefit of all its stakeholders. As an oil and gas exploration and production group, we recognise our responsibilities to our investors, the environment, particularly in the countries in which we operate, local communities affected by our business, our employees, host governments, and all our other business partners.

SDX is committed to measuring and reporting key ESG metrics so that we can provide stakeholders with information about our ESG performance on an annual basis. The Company and Group considered several reporting frameworks before adopting elements of the Sustainability Accounting Standard Board ("SASB") framework. In this 2023 report, metrics reported are calculated in accordance with the methodologies set out in the SASB standards.

MATERIALITY ASSESSMENT

SDX has undertaken a materiality assessment and mapping exercise to rank ESG topics according to their significance to our business and stakeholders. Material topics were those considered to be financially material or that may reasonably be considered important for reflecting the organisation's economic, environmental, and social impacts, or that could influence the decisions of stakeholders.

The following ESG topics were identified as material to SDX:

- Greenhouse gas emissions
- Water and wastewater management
- Ecological impacts of our operations
- Health and safety
- Business ethics
- Critical incident risk management and systemic risk management
- Employee engagement, diversity, and inclusion
- Human rights, labour practices, and community relations

REPORTING BOUNDARIES

The ESG reporting boundary for this report is SDX's operated assets and office locations. Non-operated assets are currently outside the reporting boundary for the following reasons:

- It is not yet possible to gain sufficient assurance over the accuracy and completeness of data from non-operated assets across all ESG topics; and
- Non-operated assets are less material. As at 31 December 2023, non-operated assets (West Gharib) accounted for 15% of Group working interest production, 20% of Group netback, and 26% of Group total assets.

GREENHOUSE GAS EMISSIONS

FY2023 scope 1 greenhouse gas emissions in Morocco comprised 400 tons (2022: 1,300 tons) of CO₂e, and at South Disouq, 8,900 tons (2022: 8,300 tons) of CO₂e. The carbon intensity of those operations were 2.7 kgCO₂e /boe (2022: 4.3kgCO₂e/boe) and 4.7 kgCO₂e /boe (2022: 3.5kgCO₂e/boe), respectively. Both operations compare favourably to peers and the wider industry. The Morocco operation is characterised by a simple process whereby the only treatment of the natural gas is separation of produced water before it is flowed into our pipeline and distribution network. At South Disouq, produced natural gas is used as the primary fuel for the CPF, which was constructed and assembled in 2019 and incorporates energy-efficient technologies.

In Morocco, scope 3 emissions at our seven industrial customers consisted of 47,300 tons (2022: 93,900 tons) of CO₂e in 2022. Given that these factories would otherwise consume more polluting fuels, however, the Group's supply of natural gas reduced our customers' CO₂ emissions by 21,600 tons (2022: 47,600 tons) of CO₂e during the year versus heavy fuel oil.

WATER AND WASTEWATER MANAGEMENT

- Produced water is a natural by-product of oil and gas production. Untreated, produced water can be harmful to the environment. SDX operates assets in agricultural areas and ensures that no produced water is discharged into the environment.
- In Morocco, all produced water is transferred to lined pits and naturally evaporates or is trucked offsite for treatment and recycling. At South Disouq, produced water is first stored in lined pits at the well site or banded tanks at the CPF and is then trucked offsite for treatment and recycling. No water is injected or discharged at either operation.

ECOLOGICAL IMPACTS

The Group takes all appropriate steps to mitigate the risk of hydrocarbon spills. Morocco does not produce liquid hydrocarbons, and at South Disouq the condensate tanks are recently commissioned with strict protocols in place to prevent spills, such as when loading road tankers. These operations take place in banded areas to reduce environmental contamination risk.

There were no hydrocarbon spills at either operation during 2023 (2022: nil).

HEALTH AND SAFETY

SDX is committed to protecting the safety of its employees, contractors, and the communities in which it operates.

2023 was an incident and injury-free year for South Disouq, with the last Lost Time Injury ("LTI") being in October 2020. This record equates to over 1.4 million hours worked without a LTI. Process safety was maintained at South Disouq by delivering a comprehensive programme of safety-related device identification, maintenance and performance testing. The safety device maintenance compliance remained above our target of 98% this year. We also regularly test the effectiveness of our incident management processes by conducting both live and simulated emergency response scenarios.

The Petro Disouq operations obtained ISO 45001 certificate (for Occupational Health and Safety Management System) and ISO 14001 certificate (for Environmental Management System) in January 2022.

There were no LTIs in our Morocco operations during 2023. A Health and Safety Management system was rolled out by the Morocco asset team, including safety training of all field and office-based personnel. The management system will enable the asset team to set and monitor performance targets based on a formalised process of capturing leading and lagging indicators.

Environmental, Social and Governance (ESG)

BUSINESS ETHICS

Peace, stability, human rights, and effective governance based on the rule of law are important conduits of sustainable development. SDX conducts its business in a fair and transparent manner, empowering our employees to adhere to the required standards of practice, wherever our business takes us.

SDX has in place the following codes, policies, and procedures that seek to address ethical matters:

- Code of business conduct
- Anti-bribery and corruption policy
- Whistleblowing procedures
- Privacy notices and personal data protection (GDPR Compliance)

These policies are distributed to all employees.

None of SDX's oil and gas reserves are in countries named in the 20 lowest rankings on the Transparency International's Corruption Perception Index (CPI).

CRITICAL INCIDENT RISK MANAGEMENT AND SYSTEMIC RISK MANAGEMENT

Risk management and mitigation is a cornerstone of SDX's operating philosophy. We have embedded a risk process that runs from the operations teams in the field through to senior management and board levels. The foundation of this process is risk identification and assessment through tools such as safety analysis, project risk assessment, and business risk planning. A regular review process ensures that these risks are mitigated and remain evergreen. Risks that are material to the Group overall are reviewed at the executive committee level and receive approval from the Non-Executive Chairman and the remainder of the board.

During the year, fraud was detected in our South Disouq business by senior Group management, who have subsequently implemented stricter controls to prevent similar future occurrences and to improve fraud detection across the Group. Further details are laid out in the Financial Review.

EMPLOYEE ENGAGEMENT, DIVERSITY, AND INCLUSION

SDX is committed to providing equal opportunities to all employees. Employees receive equal treatment regardless of:

- Age
- Disability
- Gender reassignment
- Marital or civil partner status
- Pregnancy, maternity or paternity
- Race
- Colour
- Nationality, ethnic, or national origin
- Sex or sexual orientation

We also believe in the importance of promoting diversity and equality, which is essential to create a rich mix of skills and abilities across the business. We are proud of the composition of our team. Across the business, 13% of our employees are female, including the Head of M&A and the HR Manager in London, the Head of Exploration and Business Development in Cairo, and the HR Manager in Rabat.

HUMAN RIGHTS, LABOUR PRACTICES, AND COMMUNITY RELATIONS

SDX respects the human rights of all our employees, contractors, and those within our supply chain. We have a zero-tolerance approach to human rights abuse and modern slavery and seek to operate in accordance with all applicable UK, Egyptian, and Moroccan human rights rules and labour laws. SDX works exclusively with reputable local and international contractors and conducts industry-standard tender exercises for all significant projects.

SDX contributes to the economic and social development in the countries in which we operate. We create meaningful partnerships to ensure that our operations are in line with local priorities and business cultures. Wherever possible, we employ and nurture local talent. Of our 42 permanent salaried roles in Egypt and Morocco, we are proud that 42 (100%) are filled by national citizens. We also use domestic suppliers and contractors at our operating sites whenever possible.

Continuing our engagement with local communities who are affected by our operations, in recent years SDX has, for example, provided hospitals near our South Disouq operation with ventilators to support the medical needs of the local population in Gharbia State; and in Morocco, SDX has continued to support local community organisations such as the Dar Lekbira organisation, an NGO with no political or religious affiliation that aims to help children in distress in Kenitra and the surrounding region (within SDX's operating footprint) with winter clothing, school supplies and non-perishable food items.

In 2024, our teams will continue to seek out more community support opportunities, with a continued focus on health care and education.

Financial Review

Financial Review

For the year ended 31 December 2023

DISCONTINUED ACTIVITIES

As at 31 December 2023, the Group had committed itself to the sale of its Egyptian operations. This has translated into the completion of the sale of its 50% holding in Brentford Oil Tools and its interest in the West Gharib concession on 19 April 2024 and a firm commitment to sell its interest in the South Disouq concession to the same buyer later in 2024.

In effect, this renders the Group's entire Egyptian operations as discontinued as at 31 December 2023, and requires their results to be treated as such in the 2023 Consolidated Statement of Comprehensive Income & Consolidated Statement of Cash Flows and related comparatives under IFRS 5 "Disposal of subsidiaries, business and non-current assets".

Further details, including the results of these discontinued operations, can be found in note 23 to the Consolidated Financial Statements.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Unless specified, all matters discussed going forward in this Financial Review will refer to the Group's continuing operations (in Morocco) only. In accordance with industry practice, production volumes and revenues are reported on a Group interest basis, before the deduction of royalties.

\$'000s	Year ended 31 December	
	2023	2022
Morocco gas sales revenue	8,885	13,975
Royalties	(79)	(241)
Net Morocco gas sales revenue	8,806	13,734
Total net revenue	8,806	13,734
Direct operating expense	(1,493)	(3,293)
Netback: Morocco gas	7,313	10,441
Netback (pre-tax)⁽¹⁾	7,313	10,441
EBITDAX	5,425	3,596
Morocco gas sales (boe/d)	305	614
Total sales volumes (boe/d)	305	614
Morocco gas sales (boe)	111,396	224,072
Total sales volumes (boe)	111,396	224,072
Realised Morocco gas price (\$/mcf)	\$13.29	\$10.39
Realised Morocco gas price (\$/boe)	\$79.76	\$62.37
Royalties (\$/boe)	\$0.71	\$1.08
Operating costs (\$/boe)	\$13.40	\$14.70
Netback (\$/boe)	\$65.65	\$46.60
Capital expenditures	10,584	27,574

(1) Netback and EBITDAX are non-IFRS measures and are defined on page 12.

Financial Review continued

For the year ended 31 December 2023

MOROCCO GAS SALES REVENUE

The Group currently sells natural gas to seven industrial customers in Kenitra, northern Morocco.

MOROCCO GAS SALES VARIANCE FROM PRIOR YEAR

For 2023 (compared to 2022), the decrease in Morocco gas sales revenue of \$5.1 million was mainly as a result of a \$7.0 million variance due to a decrease in production due to our producing wells getting older in general despite a new well (DOB-1) commencing production during the year. The group is seeking to accelerate the number of wells being brought into production in 2024, with regulatory approval currently being awaited for the SAK-1 and KSR-21 wells to commence production. This was partially offset by a favourable price variance of \$1.9 million was caused by increased sales to higher-priced contracts.

\$'000s

Year ended 31 December 2022	13,975
Price variance	1,937
Production variance	(7,027)
Year ended 31 December 2023	8,885

ROYALTIES

In Morocco, sales-based royalties become payable when certain inception-to-date production thresholds are reached, according to the terms of each exploitation concession.

DIRECT OPERATING COSTS

Direct operating costs for 2023 were \$1.5 million, compared to \$3.3million for the prior year.

The direct operating costs for concessions that are continued operations were:

\$'000s	Year ended 31 December	
	2023	2022
Morocco	1,493	3,293
Total direct operating expense	1,493	3,293

The direct operating costs per unit for concessions that are continued operations were:

\$/boe	Year ended 31 December	
	2023	2022
Morocco	13.40	14.69
Total direct operating costs per boe	13.40	14.69

Morocco

Operational expenditure in Morocco is less dependent on production than in many other hydrocarbon-producing countries as much Moroccan operational expenditure is fixed in nature e.g. headcount and compressor/separator rentals and in addition, operational expenditure might be impacted by expenditure that is one-off in nature.

Direct operating costs for the year ended 31 December 2023 were \$1.8 million lower compared to prior year as a result of reduced maintenance and workover activity carried out at several wells, much of which can be attributed to the non-repetition of a significant US1.0 million one-off cost incurred in 2022 for handling production and drilling water produced at one of the wells. This has caused the direct operating costs per boe to decrease by 9% to \$13.4/boe for 2023 (2022: \$14.7/boe).

Financial Review continued

For the year ended 31 December 2023

GENERAL AND ADMINISTRATIVE EXPENSES

\$'000s	Year ended 31 December	
	2023	2022
Wages and employee costs	2,499	3,622
Consultants - inc. PR/IR	246	361
Legal fees	123	385
Audit, tax and accounting services	474	612
Public company fees	648	464
Travel	161	166
Office expenses	384	463
IT expenses	190	276
Other expenses	8	-
Service recharges	(2,814)	(3,474)
Ongoing general and administrative expenses	1,919	2,874
Transaction costs	189	3,649
Total net G&A	2,108	6,523

Ongoing general and administrative ("G&A") costs for 2023 were \$1.9 million which is \$0.9 million lower compared to the prior year mainly due to a reduction in employee-related expenditure, primarily due to significantly reduced headcount in the corporate part of the business; other savings in corporate costs, partially offset by lower G&A recharge much of which is due to these corporate savings and other operational efficiencies across the group.

Transaction costs in 2023 mainly relate to professional services associated with the eventual sale in 2024 of the Group's working interest in West Gharib and the planned sale of its working interest in South Disouq. Transaction costs in 2022 mainly related to professional services associated with the aborted transaction with Tenaz Energy Corp and other discontinued M&A projects.

CAPITAL EXPENDITURES

The following table shows the capital expenditure for the Group overall. It agrees with notes 7 and 8 to the Consolidated Financial Statements for the year ended 31 December 2023, which include discussion therein.

\$'000s	Year ended 31 December	
	2023	2022
Property, plant and equipment expenditures ("PP&E")	2,839	7,445
Exploration and evaluation expenditures ("E&E")	7,725	20,062
Office furniture and fixtures	20	67
Total capital expenditures⁽¹⁾	10,584	27,573

(1) For continuing operations, capital expenditure was \$8.0 million in 2023 (2022: \$ 15.4 million)

The Group has future capital commitments associated with its oil and gas assets, details of which can be found in note 20 to the Consolidated Financial Statements

EXPLORATION AND EVALUATION EXPENSE

For 2023, exploration and evaluation expenses stood at \$5.7 million, compared to \$22.5 million in the previous year.

The current period expense relates mainly to:

- A \$5.5 million non-cash write off of exploration expenditure incurred in continuing activities (Morocco) relating to the KSR-21, SAK-1, SAK-C wells, and related Seismic costs representing the total of their book value exceeding their recoverable amount;
- \$0.2 million incurred for new business evaluation activities in Morocco and provisions for obsolete drilling inventory in Morocco.

The prior period expense relates mainly to:

- A \$21.5 million non-cash write off of exploration expenditure incurred in Morocco relating to the KSR-19, KSR-20, SAK-1 and BMK-1 wells for the value that their book value exceeded their recoverable amount;
- a \$0.4 million provision for obsolete inventory in Morocco; and
- \$0.6 incurred for new business evaluation activities in Morocco

DEPLETION, DEPRECIATION AND AMORTISATION

For the year ended 31 December 2023, depletion, depreciation, and amortisation ("DD&A") amounted to \$5.0 million, compared to the \$10.1 million in the previous year, a reduction of \$5.1 million.

\$'000s	Year ended 31 December	
	2023	2022
Morocco	4,630	9,738
Right of use assets - Continuing	362	327
Other (F&F, Computer, Office Equip) - Continuing	14	18
Total DD&A	5,006	10,083

The DD&A movement is primarily the result of the following:

- The \$5.1 million decrease in DD&A for Morocco for 2023 compared to the prior year is mainly the result of lower production; and
- The DD&A for right-of-use assets was \$0.4 million and related to the recognition of leases under IFRS 16. Please refer to note 19 in the Condensed Consolidated Financial Statements.

Financial Review continued

For the year ended 31 December 2023

FOREIGN EXCHANGE LOSS

The \$0.8 million foreign exchange gain during the year is due to gains on currency conversion (\$0.6 million) and the marginal strengthening of the Moroccan Dirham (\$0.2 million).

IMPAIRMENT EXPENSE

Management performed an impairment indicator assessment of the Morocco Rharb Basin Cash Generating Unit ("CGU") and concluded that no impairment test would be required for the asset's recoverable reserves as at 31 December 2023 (2022: \$4.8 million impairment). Please see note 7 to the Consolidated Financial Statements for discussion.

FRAUD (DISCONTINUED OPERATIONS ONLY)

In relation to the Group's South Disouq operations, unauthorised permission was granted in early 2023 by one of the Group's senior employees in Egypt to allow EGAS (an Egyptian-government controlled entity) to pay \$4.1 million that was due to the Group, to EFGL (another Egyptian-controlled entity) instead.

The Group sought to recover the \$4.1 million from EFGL and entered into a settlement in April 2024, whereby EFGL gave its interest in the South Disouq concession and forewent liabilities owed to it by the Group in exchange for extinguishment of the \$4.1 million claim by the Group. Based on fair value estimates by management of the interest (in the South Disouq concession obtained from EFGL), the unrecovered amount of the claim amounted to \$1.2 million. This has been reflected as a bad debt write-off within discontinued operations as at 31 December 2023, and represents the effective loss to the Group arising from this fraud.

The fraud was detected by senior Group management, who have subsequently implemented stricter controls to prevent similar future occurrences and to improve fraud detection across the Group.

SOURCES AND USES OF CASH

The Group's net debt position as at 31 December 2023 was \$0.8 million, with cash balances of \$4.5 million offset by \$4.0 million drawn debt and \$1.3 million accrued interest from the EBRD facility and Aleph convertible loan. The net debt situation has been alleviated post-year end through the completion of the sale of the Group's 50% holding in Brentford Oil Tools and its interest in the West Gharib concession in Egypt on 19 April 2024 and is looking to finalise the sale of its interest in the South Disouq concession in Egypt to the same buyer soon, further details are set out in notes 23 & 26 to the Consolidated Financial Statements.

The following table sets out the Group's sources and uses of cash for the year ended 31 December 2023 and 2022:

\$'000s	Year ended 31 December	
	2023	2022
Sources		
Operating cash flow before working capital movements	5,091	(2,534)
Cash generated from discontinued operations	1,917	20,546
Net proceeds from sale of assets	-	5,500
Dividends received	-	-
Borrowings	2,000	5,500
Total sources	9,008	29,012
Uses		
Changes in non-cash working capital	(2,076)	(682)
Income taxes paid	(46)	(476)
Property, plant and equipment expenditures	(862)	1,006
Exploration and evaluation expenditures	(4,932)	(5,730)
Cash used in investing activities of discontinued operations	(2,657)	(17,025)
Borrowings	(3,157)	-
Payments of lease liabilities	(321)	(382)
Finance costs paid	(474)	(36)
Cash used in financing activities of discontinued operations	(27)	(1,087)
Effect of foreign exchange on cash and cash equivalents	(593)	(4,549)
Total uses	(15,145)	(28,961)
(Decrease)/increase in cash and cash equivalents	(6,137)	51
Cash and cash equivalents at beginning of period	10,613	10,562
Cash and cash equivalents at end of period	4,476	10,613

Financial Review continued

For the year ended 31 December 2023

GOING CONCERN

Accounting standards in the UK require the directors to assess the Group's ability to continue to operate as a going concern for the foreseeable future, which covers a period of at least 12 months from the date of approval of the Consolidated Financial Statements.

The directors reviewed the cash flow projections prepared by management for the period ending 31 December 2025. The capital expenditure and operating costs used in these forecasted cash flows are based on the board's best estimate.

The principal assumptions underlying the cash flow forecast and the availability of finance to the Group are as follows:

- The Group expects to be able to meet its licence commitments in Morocco and Egypt. This includes drilling several wells in Morocco to ensure continued gas supply to offtakers. The Group may need to negotiate with the Moroccan and Egyptian authorities to revise work programmes or licence commitments. Based on previous successful renegotiations of licence commitments, the directors believe that this is likely to be achieved, but it is not guaranteed.
- CITIC Dicastal renews the 3-months prepayment for gas to be supplied in Morocco during Q3-2024 (amounting to approximately \$2.0 million).
- The Group completes the land reclamation work on three wells on a licence in Morocco that has been relinquished and thereby secures the release of \$0.4 million of restricted cash held as security for a cash-backed guarantee.
- The Group sells its remaining asset in Egypt (South Disouq) for sales proceeds of at least \$3.0 million.
- The Group agrees a farm-in deal over its assets in Morocco whereby a joint venture partner pays a contribution towards past costs and funds future capital expenditure in order to earn an interest in the assets.
- The Group will continue to negotiate and reach agreements with creditors to spread the payment of liabilities over time.
- The Group will continue to make payments to creditors in line with agreed payment plans.
- The holders of the Convertible Loan will exercise their right to convert the loan amount into Ordinary Shares in the Company or the Convertible Loan will be restructured instead of the loan amount being repaid in cash when it matures in late July 2024.

In reviewing the cash flow forecast and the principal assumptions above, the Directors have also considered other alternative measures available to the Group, including the deferral of planned expenditure, the reduction of overhead costs and an alternative method of raising capital or debt. These alternative measures give the Directors a reasonable expectation that the Group will have sufficient funds to enable it to discharge its liabilities when they fall due.

However there exists a material uncertainty that may cast significant doubt over the ability of the Group to continue as a going concern. The Board believes it has options to raise external capital, but cannot guarantee the amount and timing of any proposed financing. The Board would also note that there are no guarantees that current discussions with the potential buyers of the South Disouq asset in Egypt and potential farm-in partners in Morocco will be favourably concluded and that arrangement with creditors will remain negotiable.

Notwithstanding the material uncertainty identified, the Directors have concluded that the Group will have sufficient resources to continue as a going concern for the period of assessment, that is for a period of not less than 12 months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared in a going concern basis and do not reflect any adjustments that would be necessary if this basis were inappropriate.

Non-IFRS measures

The Financial Review contains the terms "Netback" and "EBITDAX", which are not recognised measures under IFRS. The Group uses these measures to help evaluate its performance. Please see note 18 to the Consolidated Financial Statements for a reconciliation of these non-IFRS measures to Operating loss, which is an IFRS recognised measure.

NETBACK

Netback is a non-IFRS measure that represents sales net of all operating expenses and government royalties. Management believes netback to be a useful supplemental measure to analyse operating performance and provide an indication of the results generated by the Group's principal business activities prior to the consideration of other income and expenses. Management considers Netback an important measure because it demonstrates the Group's profitability relative to current commodity prices. Netback may not be comparable to similar measures other companies use.

EBITDAX

EBITDAX is a non-IFRS measure that represents earnings before interest, tax, depreciation, amortisation, exploration expense, and impairment, which is operating income/(loss) adjusted for the add-back of depreciation and amortisation, exploration expense, and impairment of property, plant, and equipment (if applicable). EBITDAX is presented so that users of the financial statements can understand the cash profitability of the Group, excluding the impact of costs attributable to exploration activity, which tend to be one-off in nature, and the non-cash costs relating to depreciation, amortisation, and impairments. EBITDAX may not be comparable to similar measures other companies use.

SELECTED ANNUAL INFORMATION

\$'000s	Year ended 31 December		
	2023	2022	2021
Total net revenue ⁽¹⁾	8,806	13,734	23,519
Loss and total comprehensive loss attributable to SDX shareholders for the year ended	(21,343)	(35,090)	(23,966)
Net loss per share - Basic and Diluted	\$(0.104)	\$(0.171)	\$(0.117)
Total assets	51,065	78,510	98,415
Total non-current liabilities	6,108	7,362	6,993

(1) Continuing operations only

Jay Bhattacharjee
Non-Executive Chairman
28 June 2024

Principal Risks & Uncertainties

SDX continuously monitors and assesses its risks across the organisation. Risk registers are maintained at the Group, country, and project level. At the Group level, the risk register is managed by the senior management team, and owned by the board.

The current principal risks and their mitigations are set out below:

Risk	Mitigation
Investment returns	
Insufficient liquidity to ensure that the business remains a going concern/is funded for planned activity	<ul style="list-style-type: none"> • An effective cash forecasting process is established and maintained. Management undertakes severe but plausible downside analysis. • Receivables are collected on a timely basis. • Relationships with lenders are maintained and/or new relationships are formed, if necessary. • There is effective working capital management. • Effective contracting processes are established and maintained. • Management is in dialogue, where needed, with key corporate suppliers to discuss payment plans.
Material reduction in gas prices	<ul style="list-style-type: none"> • SDX currently has a low portfolio exposure to the oil price as 75% of production is natural gas, which is sold on fixed-term, fixed-price contracts in both South Disouq and Morocco.
Loss of support of major shareholder(s)	<ul style="list-style-type: none"> • Management and the board maintain an agreed dialogue with key shareholders. • The Group aims to deliver on its strategy. • Management seeks to ensure that shareholders' investments generate adequate returns.
Operations and HSE	
Major operational incident	<ul style="list-style-type: none"> • The SDX safety management system is implemented. • Key process safety metrics are measured. • Regular inspections of non-operated assets are carried out. • Insurance is procured to address insurable risks.
Failure of exploration and development strategy	<ul style="list-style-type: none"> • Robust geological and geophysical resources and a process for evaluating exploration and development opportunities are put in place. • The Group only works with reputable outsourced drilling contractors/service providers. • The Group has previously been able to successfully renegotiate work programmes and/or move work commitments between licences.
Unable to achieve production targets/recover reserves	<ul style="list-style-type: none"> • A field development planning process is established. • Production reports are produced on a timely basis. • A maintenance and operability process is established. • A reservoir management process is established. • Adequate human/technical resources are in place within the organisation.
Terrorism and sabotage	<ul style="list-style-type: none"> • Develop and implement the SDX security system (in conjunction with an expert third party). • Specialist terrorism and sabotage insurance cover is maintained.
Political and commercial environment	
Political stability in asset geographies leads to a loss in the ability to operate effectively	<ul style="list-style-type: none"> • Capital allocation is carried out in relation to the perceived country risk. • Management teams across the business carry out passive monitoring. • The group develops and maintains strong in-country relationships with the authorities.
Non-compliance with laws and regulations	<ul style="list-style-type: none"> • A fully communicated and embedded ABC policy and code of conduct are established and maintained. • Annual ABC training, with written confirmations from recipients, takes place. • Appropriate tone at the top
Monetary instability and currency risk	<ul style="list-style-type: none"> • Most capital expenditures are incurred in USD, EGP, and MAD, and natural gas, condensate and service fee revenues are received in USD, EGP and MAD. • The mechanism for collecting receivables in Egypt is not impacted by currency devaluation as receivables are settled in USD, or the EGP equivalent, on the date payment is made. • The Group can use its EGP and MAD revenues to fund its Egyptian and Moroccan general and administrative expenses and to part-pay cash requirements for both capital and operating expenditure, thereby reducing the Group's exposure to foreign exchange risk.

Directors S.172 statement

SDX Energy maintains high operating standards, with a clear focus on health, safety, and the environment to ensure the safety of its employees, local communities, and the environment in which the Company and Group operate.

The Board of Directors of SDX Energy recognises the importance of building and sustaining relationships with stakeholders, considering the long-term consequences of our decisions, and the need to foster a sound business reputation. The Board of Directors believes that all stakeholders must be treated with fairness and respect, and has identified the following groups as being important to our success:

- Employees
- Shareholders
- Communities local to where we work
- National and local governments and regulatory agencies
- Asset partners
- Suppliers
- Financial institutions

The following chart sets out the responsibilities of each of the above stakeholder groups and the methods by which we engage with them, as overseen by the board as a whole:

Stakeholder	Internal responsibility	Communication channels	Issues typically considered
Employees	Non-Executive Chairman and Chief Executive Officer	Email Telephone and video-conferences Face-to-face meetings Town hall meetings	Training and development HR policies and procedures Health and safety Anti-bribery and corruption Corporate initiatives
Shareholders	Non-Executive Chairman and Non-Executive Directors	E-mail Telephone and videoconferences Face-to-face meetings RNS announcements Investor conferences Website Annual and interim reporting Via third party advisors including brokers	Investment returns Operational and financial performance Strategy Funding Risk management
Communities local to where we work	(Deputy) Country managers	Face-to-face meetings Public meetings Email Telephone	Environmental management Social development initiatives Community health
National and local governments and regulatory agencies	(Deputy) Country managers	Face-to-face meetings Email Telephone Written communications	Asset management Environmental compliance Social investment Cash collections
Asset partners	Chief Executive Officer, Chief Financial Officer and (Deputy) Country Managers	Face to face meetings Email Telephone Written communications	Operational planning and performance Billing and cash calling Asset development planning
Suppliers	Chief Executive Officer, Chief Financial Officer and (Deputy) Country Managers	Telephone Email Face-to-face meetings	Operations Funding
Financial institutions	Chief Financial Officer	Telephone Email Face-to-face meetings	Funding

Directors S.172 statement continued

SHAREHOLDERS

The board places equal importance on all shareholders and recognises the significance of transparent and effective communications with shareholders.

The primary communication tool with our shareholders is through the Regulatory News Service, (“RNS”) on regulatory matters and matters of material substance. The Group’s website provides details of the Group, its operations, corporate presentations, AIM rule 26 information, and QCA code disclosures.

The Company and Group’s annual report and Notice of Annual General Meetings (“AGM”) are available to all shareholders. After two years of virtual meetings, we were pleased to welcome participants in person at our 2022 and 2023 AGMs. We hope to welcome even more participants at our 2024 AGM.

The Board aims to provide a variety of ways to communicate with investors, the Company and Group feel that it reaches out to engage with a wide range of its stakeholders.

EMPLOYEES

The board regularly engages with its employees. Management holds frequent “town hall” meetings with staff in the UK, Egypt, and Morocco. It seeks to hold at least one scheduled board meeting annually in Cairo or Rabat, in addition to meetings in London. During these board visits, time is set aside to meet with local employees to communicate key messages and receive feedback.

COMMUNITIES LOCAL TO WHERE WE WORK

The board has overseen the Group’s environmental, social, and governance initiatives during the year, which are discussed in more detail in the 2023 ESG report included in this annual report.

FINANCIAL INSTITUTIONS (LENDERS)

The board seeks to ensure at all times that the Group is fully funded for all planned activities and has a convertible loan from Aleph Commodities (“Aleph”). The Board regards Aleph as a highly valued partner for SDX Energy and is in regular contact with them.

SUPPLIERS

The board fully supports collaboration with suppliers as it reduces risk in our supply chain and ensures that we maintain high standards of business conduct, which benefit our communities. We interact with suppliers during day-to-day field operations, major and smaller scale projects, tendering exercises, and in planning future activity. In 2023, our suppliers successfully helped us to deliver our ongoing West Gharib and Morocco drilling and workover campaigns.

The board also aims to foster productive relationships with our asset partners. Throughout 2023, the board has worked to achieve the goals established within each partnership, primarily set in Operating and Technical Committee meetings and updated as necessary through frequent communications.

NATIONAL AND LOCAL GOVERNMENTS AND REGULATORY AGENCIES

The board understands the importance of strong relationships with our host national and local governments. Respecting our agreements with the Egyptian and Moroccan states is at the heart of our licence to operate, and we engage in regular discussions with government representatives to ensure that expectations are understood and assets are managed effectively. We acknowledge that our responsibility includes adhering to local environmental and social regulations, which in 2023 included conducting environmental impact assessments ahead of drilling in Morocco and Egypt, produced water management in Morocco and Egypt, and land use rental and farmers’ compensation in our Morocco and Egypt operating locations.

Statement of Corporate Governance

BOARD COMPOSITION

The Board has been revamped during the year, with Executive Directors Daniel Gould and William McAvoek joining non-executive directors Tim Linacre and Krzysztof Zielicki, and Jay Bhattacharjee, whose role changed from Interim Executive Chairman to Non-Executive Chairman with effect from 1 January 2024.

The board considers Krzysztof Zielicki and Tim Linacre to be independent directors.

Jay Bhattacharjee (Non-Executive Chairman)

Jay Bhattacharjee holds a B.Sc. in Chemical Engineering with a Petroleum Engineering speciality and has over 20 years of experience operating and leading public and private companies in the energy and natural resources industries with a significant focus on EMEA, the core operational area for the Company.

Jay was previously Executive Director and CEO of Aminex plc, the London-listed East African gas company. Additionally, he has worked for the Bank of Nova Scotia, Apache and Pengrowth. Jay is currently a director of several private companies in the investment, energy, and defence sectors.

Timothy Linacre (Senior Non-Executive Director)

Timothy Linacre is a fellow of the Institute of Chartered Accountants in England and Wales and an experienced City practitioner. After qualifying with Deloitte Haskins and Sells, he spent five years with Hoare Govett before moving to Panmure Gordon in 1992, where he worked for 20 years, including eight years as CEO. Mr. Linacre is currently executive deputy chairman at Instinctif Partners, a leading business communications firm, and is non-executive chairman of Frenkel Topping plc, a specialist professional and financial services firm focused on asset protection for clients whose shares are listed on the London Stock Exchange.

During his four decades in the City, Mr. Linacre advised a range of businesses in a variety of sectors, including oil and gas, from FTSE 100 companies to fast-growing listed and private companies.

Krzysztof Zielicki (Non-Executive Director)

Krzysztof has over four decades of experience in the oil and gas industry. He has held senior leadership positions in several Energy Majors, including BP, TNK/BP and Rosneft, where he was Vice President for M&A and Strategy.

Daniel Gould (Chief Executive Officer and executive director)

Daniel has nearly a decade of investment banking experience in Morgan Stanley and Goldman Sachs, as an Executive Director, across New York, London and Moscow.

For the past decade, Daniel has built businesses across different sectors, including tech and fintech.

Daniel has a first class MA from Oxford University and another MA from Johns Hopkins University.

William McAvoek (Chief Financial Officer and executive director)

William has more than 16 years' experience in senior financial roles within several listed natural resources groups, including Block Energy plc, Gulf Keystone Petroleum Ltd, International Petroleum Ltd, African Minerals Ltd and Adastral Minerals Inc.

William is a qualified Chartered Certified Accountant and holds a BA (Hons) in Accounting from London Guildhall University.

The board understands that having an adequate balance between the non-executive and executive directors, both in number and in experience and expertise, is necessary to ensure that the board operates independently of executive management.

Statement of Corporate Governance continued

CORPORATE GOVERNANCE FRAMEWORK

The board of directors recognises that good corporate governance is fundamentally important to the success of the Company and Group and believes that the QCA Code provides the Company and Group with the right framework to sustain a strong level of governance. The annual QCA Code disclosures are contained within this annual report.

The board holds scheduled meetings each year. Additional meetings are held when necessary to consider matters of importance that cannot be held over until the next scheduled meeting. At these meetings, financial, operational, and other reports are considered and, where appropriate, voted on.

The board is responsible for the Group's strategy, performance, key financial and compliance issues, approval of all annual budgets, and the framework of internal controls. The matters reserved for the board include, among others, approval of the Group's strategy and annual objectives, monitoring compliance with significant policies and procedures, including health and safety, oversight of communications and public disclosure, approval of the Group's annual report and accounts, succession planning, and the maintenance of sound systems of internal control.

The board delegates certain of its responsibilities to its committees, which have clearly defined terms of reference.

There is a clearly defined organisational structure with lines of responsibility and delegation of authority to the executive management. The board is responsible for monitoring the activities of the executive management. The chairman is responsible for ensuring that the board discharges its responsibilities. In the event of a tied vote at a meeting of the board, the chairman has a second or casting vote.

The Company and Group are committed to a corporate culture that is based on sound ethical values and behaviours and it seeks to instil these values across the organisation. The Company promotes its commitment through its public statements on its website, in its report and accounts, and internally through its communications to employees and other stakeholders.

The Company and Group have a zero-tolerance approach to bribery and corruption and has adopted an anti-bribery policy to protect the Group, its employees, and those third parties with which the Group engages. Annual training sessions are held with all employees to ensure compliance with the anti-bribery policy.

The Company and Group has adopted a whistleblowing policy which enables employees to raise any concerns they may have in confidence with the chairman, chief executive officer or the chair of the Audit Committee.

During the year, fraud was detected in our South Disouq business by senior Group management, who have subsequently implemented stricter controls to prevent similar future occurrences and to improve fraud detection across the Group. Further details are laid out in the Financial Review.

BOARD COMMITTEES AND STRUCTURE

The board has established an Audit Committee, a Reserves Committee, a Nominations Committee and a Remuneration Committee. Health, safety, and environmental matters are within the remit of the full board. All committees report back to the board following a committee meeting.

Audit Committee

The Audit Committee meets regularly and consists of two members, both of whom are non-executive directors. Its purpose is to help the board oversee the integrity of the financial statements and other financial reporting, the application of significant accounting policies, the effectiveness of financial and internal controls, and the independence and performance of the auditors, including the provision of non-audit services. The Audit Committee may hold private sessions with management and with the external auditor without management present.

The Audit Committee met three times in 2023 and proposes to meet at least three times during the next financial year. It is chaired by Tim Linacre and the other member is Krzysztof Zielicki.

Reserves Committee

The Reserves Committee meets at least annually and consists of two members, both of whom are non-executive directors. The Committee is advised by the Chief Operational Officer and/or the Vice-President Subsurface of the Group. Its purpose is to review the reports of the independent reserves auditors pursuant to Canadian regulations, which require that the board discusses the reserves reports with the independent reserves auditors or delegate authority to a reserves committee comprising at least two non-executive directors. Krzysztof Zielicki chairs the Reserves Committee and the other member is Tim Linacre. The committee met once in 2023 and typically meets once a year prior to publication of the annual results.

Statement of Corporate Governance continued

BOARD COMMITTEES AND STRUCTURE CONTINUED

Remuneration Committee

The Remuneration Committee meets regularly to consider all material elements of remuneration policy, share schemes, and the remuneration and incentivisation of executive directors and senior management. Its role is to monitor and review remuneration policies to ensure that SDX attracts, retains, and motivates the most qualified talent who will contribute to the long-term success of the Company. The committee met three times in 2023 and proposes to meet at least twice during the next financial year.

The committee is composed of two non-executive directors, both of whom are independent. The committee is chaired by Krzysztof Zielicki and the other member is Tim Linacre.

Nominations Committee

The Nominations Committee, was created as a standing committee of the board during 2020 with the aim to oversee succession planning, the structure, effectiveness, and performance of all members of the board and all board committees, and the recruitment and induction of directors.

The responsibilities of the committee are now within the remit of the full Board, and therefore relevant matters are covered at meetings of the full Board.

Directors' attendance at meetings

The board generally has one scheduled meeting every quarter over the course of the financial year, with informal discussions scheduled as required. Additional meetings are held from time to time to deal with issues that arise. The non-executive directors hold informal meetings during the year at which members of management are not in attendance. The directors' attendance at scheduled board meetings and committees during 2023 is shown in the table below:

Director ⁽¹⁾	Board	Audit	Nominations	Remuneration	Reserves
Jay Bhattacharjee	12	3 [§]	-	3 [§]	1 [§]
Krzysztof Zielicki	12	2	-	3*	1
Tim Linacre	12	3*	-	3	1
Daniel Gould (appointed 21 November 2023)	2	-	-	-	-
William McAvock (appointed 21 November 2023)	2	-	-	-	-
Total meetings	12	3	-	3	1

* Chairman § Invitee

1) The Executive chairman, CEO, CFO, and non-executive 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 chairman.

BOARD EVALUATION

The board believes that its effectiveness and the individual performance of its directors are vital to the success of the Company and Group.

The directors have a wide knowledge of the Company and Group's business and understand their duties as directors of a company quoted on AIM. They have access to the Company's nominated adviser, auditors, and legal counsel as and when required. These advisers are available to provide formal support and advice to the board from time to time and do so in accordance with good practice. The directors are also able, at the Company's expense, to obtain advice from external advisers, if required.

The board is mindful of the need for succession planning and has established the Nominations Committee to ensure the company meets the requirements for this and board appointments to ensure that the board is fit for purpose. If external training or assistance with recruitment is required by the board, this will be made available.

Jay Bhattacharjee

Non-Executive Chairman

28 June 2024

Directors' Report

The directors of the Company and Group present their report and the Consolidated Financial Statements of SDX Energy plc ("SDX" or the "Company") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company and its subsidiary undertakings (the "Group") is the exploration for and production of oil and gas. Its current activities are located in the Arab Republic of Egypt and the Kingdom of Morocco.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A review of the business and the future developments of the Group is presented in the Strategic Report.

STAKEHOLDER ENGAGEMENT

An overview of the responsibilities of the directors and the methods by which they engaged with suppliers, customers and others in a business relationship with the Company and/or Group is presented in the Directors' S.172 Statement.

RESULTS AND DIVIDENDS

The loss for the year was \$21,205k (2022: loss of \$36,177k). The directors do not recommend the payment of a dividend (2022: \$nil).

FINANCIAL INSTRUMENTS

The Group's financial risk management objectives and policies are discussed in note 5 to the Consolidated Financial Statements.

EVENTS SINCE THE BALANCE SHEET DATE

Events since the balance sheet date are disclosed in note 25 to the Consolidated Financial Statements.

DIRECTORS AND THEIR INTERESTS

The Company was incorporated on 20 March 2019. On 28 May 2019, the Company obtained control of the entire issued share capital of SDX Energy Inc. via a share-for-share exchange.

No directors resigned during the year or did not offer themselves for re-election during the 2023 AGM.

The following directors were appointed during the year or have held office in the Company during the year and to the date of this report:

Timothy Linacre	
Krzysztof Zielicki	
Jay Bhattacharjee	
Daniel Gould	(appointed 21 November 2023)
William McAvoock	(appointed 21 November 2023)

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:

Director	Class of share	Ineterest at end of year	Ineterest at date of appointment
Timothy Linacre	Ordinary	160,000	50,000
Krzysztof Zielicki	Ordinary	-	-
Jay Bhattacharjee	Ordinary	-	-
Daniel Gould	Ordinary	-	-
William McAvoock	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.

- 62,459,533 unvested rights to subscribe for shares in the Company were granted to the directors during the financial year - however no rights to subscribe for shares in, or debentures of, Group companies vested to or were exercised by any of the directors or their immediate families, during the financial year. Rights to subscribe for shares held by directors, granted in prior years, are disclosed in the Consolidated Financial Statements and in the 2023 Remuneration Report of the Annual Report.

INDEPENDENT AUDITORS

Crowe U.K. ("Crowe") has been engaged as auditor to the Company. The appointment of Crowe will be subject to approval by shareholders at the next Annual General Meeting of the Company.

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 auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors and the Group's auditors, each director has taken all the steps that he or she is obliged to take as a director to make him or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the board

Jay Bhattacharjee
Non-Executive Chairman
28 June 2024

QCA Code Compliance Disclosures

In November 2023, the QCA published a new version of its corporate governance code (“2023 Code”) which retains the structure of the previous QCA Code (“2018 Code”) but has evolved to keep pace with investor expectations, particularly around ESG, internal controls, board composition and director remuneration. Given the 2023 Code will apply to financial years commencing on or after 1 April 2024, this report sets out our approach to the 2018 Code and governance.

PRINCIPLE 1: ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTES LONG-TERM VALUE FOR SHAREHOLDERS

Application: The board must be able to express a shared view of the Company and Group’s purpose, business model and strategy.

Explain the Company and Group’s business model and strategy, including key challenges in their execution (and how those will be addressed)

The Company and Group’s strategy is to develop and maintain a portfolio of onshore/near-shore oil and gas exploration and production assets that deliver high-margin production, such that SDX would generate, on average, \$15/boe in operating profit in any price environment. As the Group operates in the upstream oil and gas sector, it is exposed to political, operational, commercial, product pricing, and hazard risk.

Further discussion of the Company and Group’s business model, strategy, and key challenges (and how these are addressed) is contained in the Strategic Report.

PRINCIPLE 2: SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

Application: Directors must develop a good understanding of the needs and expectations of all elements of the Company’s shareholder base. The board must manage shareholders’ expectations and should seek to understand the motivations behind shareholder voting decisions.

Explain the ways in which the Company seeks to engage with shareholders. This should include information on those responsible for shareholder liaison or specification of the points of contact for such matters

The Company engages with its shareholders through regulatory news flow, providing statutory financial results, operational and financial updates to maintain information on overall performance, releases relating to matters of material importance to the Company and Group’s business, releases of a regulatory nature, and scheduled events, such as capital markets days. The Company and Group maintain an informative and regularly updated website at www.sdxenergygroup.com through which shareholders can obtain copies of the Company and Group’s annual reports, interim reports, 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. It also includes a facility under which shareholders may submit questions or make comments relating to the Company and Group’s business. Contact details for all regulatory announcements can be found on the website. Whenever possible, the Company and Group endeavour to respond to enquiries.

Under normal circumstances, the Company and Group’s Annual General Meeting (“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. After two years of virtual meetings, we were pleased to welcome participants in person at our 2022 and 2023 AGMs. The Company and Group will continue to observe applicable guidelines for future AGMs and are looking forward to welcome even more participants at our 2024 AGM.

The chairman is responsible for shareholder liaison and act as a listening board for shareholders. In all communications with shareholders and the general market, the Company and Group maintain strict compliance with the requirements of the AIM Rules and Market Abuse Regulations.

The Company also retains advisors, including public/investor relations and brokers, who maintain a regular dialogue with current and prospective shareholders and inform management of relevant feedback and market perceptions of the Company and Group.

QCA Code Compliance Disclosures continued

PRINCIPLE 3: TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

Application: The board needs to identify the Company's stakeholders and understand their needs, interests and expectations.

Explain how the business model identifies the key resources and relationships on which the business relies

The Company and Group's business model and strategy are described in Principle 1.

The Group is aware of its stakeholder and social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups. These include the Group's host governments, employees, joint venture and industry partners, suppliers, customers, and regulatory authorities across its activities. These activities have the potential to affect local communities where our assets are located and the environment more generally. Accordingly, the Group has in place positive strategies to engage with each stakeholder group, whether individually or collectively, as part of its ongoing operations, including a comprehensive Environmental, Social and Governance ("ESG") strategy.

The Company and Group's operations and working methodologies take account of the need to balance the needs of all stakeholder groups while maintaining a primary focus on the promotion of the success of the Company for the benefit of all shareholders. A broad range of stakeholders, including our supply chain partners, employees, and taxing authorities benefit when the Company and Group are successful.

Explain how the Company obtains feedback from stakeholders and the actions that have been generated as a result of this feedback (e.g. changes to inputs or improvements in products)

The Company and Group values the feedback received from its stakeholders and takes every opportunity to ensure that, where possible, the wishes of stakeholders are considered. The operations of the Group need to be carefully managed and conducted in order to reduce environmental impact, enhance (rather than impair) communities, and protect Group employees and others who operate at the Group's assets.

As outlined in Principle 2, the Company maintains a regular dialogue with its shareholders through several channels.

The Group meets with its asset partners frequently, including at scheduled Technical and Operating Committee meetings. In-country personnel lead the day-to-day management of the relationships with host governments, represented by ONHYM in Morocco and EGAS and GPC in Egypt. Plans and budgets presented to partners and host governments are updated in line with feedback received and, for example, may have an impact on field development plans, production optimisation, and JV organisation charts, etc.

The Company and Group conduct regular employee engagement sessions, run by the executive team, at which employees are able to voice their opinions and make suggestions.

PRINCIPLE 4: EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

Application: The board needs to ensure that the Group's risk management framework identifies and addresses all relevant risks in order to execute and deliver its strategy.

Describe how the board has embedded effective risk management 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

A culture of risk awareness and management is encouraged at all levels throughout the Group. The board regularly reviews strategic risks. Each member of the team is responsible for continuously monitoring and managing risk within the relevant business areas, including the Group's supply chain, from suppliers to customers. Corporate, country, and project risk registers are maintained and monitored at the appropriate levels within the organisation. The Company and Group employ outside advisors to assess and advise on risk when it is felt that additional third-party expertise is required. By receiving frequent updates on developments pertaining to the business and operations, the board maintains a full and active awareness of operational and financial risks and the assurances that effective control systems are in place.

The Group maintains appropriate insurance cover in respect of its activities. The insured values and type of cover are comprehensively reviewed on a periodic basis.

The Group's approach to the management and identification of risk is set out in the Principal Risks and Uncertainties section.

QCA Code Compliance Disclosures continued

PRINCIPLE 5: MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

Application: The board members have a collective responsibility and legal obligation to promote the interest of the Company, and are collectively responsible for defining corporate governance arrangements.

Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained

The board currently has a non-executive chairman, two executive directors and two independent non-executive directors. The Company meets the QCA guidelines of having two independent non-executive directors.

All non-executive directors have extensive and complementary skills, knowledge, and experience, covering all facets of the business that require both entrepreneurial and custodian oversight. All non-executive directors are considered to be independent in terms of character and judgement. 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 and Group continue to develop and the needs of the business grow.

The Company is delighted that Mr. Linacre decided to invest personal funds into ordinary shares in the Company. The Company believes that this investment demonstrates an alignment of interests between him as a non-executive director and the Company. However, the size of his holding represents less than 1% per cent of the Company's issued share capital and therefore the Company does not consider the size of the holdings to compromise independence.

Describe the time commitment required from directors (including non-executive directors as well as executive directors)

The executive directors are expected to devote the whole of their working time to their duties with the Company and Group. The non-executive directors have a lesser time commitment. It is anticipated that non-executive directors will each dedicate 12 days a year to their duties as board members.

Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director

Full details of the number of board and committee meetings held and the attendance record of each of the directors are provided in the Statement of Corporate Governance.

QCA Code Compliance Disclosures continued

PRINCIPLE 6: ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS, AND CAPABILITIES

Application: The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities.

Identify each director

Information on each of the directors is provided in the Statement of Corporate Governance.

Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long-term

The board of directors possesses a wide range of experience and skills. To meet the requirements of an independent upstream oil and gas exploration, development, and production group, the directors' experience and skills must cover financial, legal, operational, and technical knowledge of risk management and growth in the independent sector and in public markets. Each of the directors on the board, both executive and non-executive, has considerable experience and all have skills that are complementary and sufficient to cover all the requirements of the board. The composition of the board is regularly reviewed to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group and the management team. The Company strives to maintain a diverse board.

Explain how each director keeps his/her skillset up to date

The non-executive chairman and management team keep the board up to date on areas of new governance and liaises with the Company's lawyers and Nomad on AIM requirements. Board members have significant experience within the industry and in public and financial markets. The board receives support and advice from its Nomad on AIM requirements as and when required, and from other advisors (including legal counsel and the independent auditors) on developments relevant to directors' roles. Each director is also encouraged to discuss any matter of interest with the company's professional advisors, as needed.

Where the board or any committee has sought external advice on a significant matter, this must be described and explained

The Reserves Committee engages independent reserves auditors to provide an independent competent persons report on the Group's end of year reserves. The Remuneration Committee engages external advisors to provide external benchmarking for executive and non-executive remuneration.

Where external advisers to the board or any of its committees have been engaged, explain their role

Details of the Company's advisors can be found on the website:
www.sdxenergygroup.com/investors/advisors/

Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board

The directors have access to an outsourced company secretary as and when required.

The board has appointed Tim Linacre a senior independent director. The chairman discusses matters arising with fellow non-executive directors and the group is available to hold discussions with shareholders, when necessary.

QCA Code Compliance Disclosures continued

PRINCIPLE 7: EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

Application: The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.

Include a high-level explanation of the board performance effectiveness process

A board performance evaluation was finalised in 2021 with the results published in the Company and Group's 2021 annual report.

The board is mindful of the need for succession planning and has established the Nominations Committee to ensure the company meets the requirements for this and board appointments to ensure that the board is fit for purpose. If external training or assistance with recruitment is required by the board, this will be made available.

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

A board performance evaluation was finalised in 2021 with the results published in the Company's 2021 annual report. The next board evaluation will be undertaken at an appropriate time, expected to be within the next 12 to 24 months.

Include a more detailed description of the board performance evaluation process/cycle adopted by the Company.

This should include a summary of:

- The criteria against which board, committee and individual effectiveness is considered;
- How evaluation procedures have evolved from previous years, the results of the evaluation process and action taken or planned as a result; and
- How often board evaluations take place

A board performance evaluation was finalised in 2021 with the results published in the Company's 2021 annual report. The next board evaluation will be undertaken at an appropriate time, expected to be within the next 12 to 24 months.

Explain how the Company approaches succession planning and the processes by which it determines board and other senior management appointments, including any links to the board evaluation process

The board is mindful of the need for succession planning and has established the Nominations Committee to ensure the company meets the requirements for this and board appointments to ensure that the board is fit for purpose. If external training or assistance with recruitment is required by the board, this will be made available.

PRINCIPLE 8: PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

Application: The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.

Include in the chair's corporate governance statement how the culture is consistent with the Company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.

The board of directors establishes the corporate culture of the Company and Group and the non-executive chairman communicates it to the Group through scheduled internal meetings with the leadership team, which in turn disseminate it throughout the organisation. By this means, the Company and Group's strategy, objectives, and approach to health, safety, environmental, and diversity issues are communicated to all employees with the board maintaining full oversight.

Explain how the board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected

The Company and Group operate a full feedback system by which the chairman or chairman of the Audit Committee are made aware of any deviation from the Company and Group's ethical values.

QCA Code Compliance Disclosures continued

PRINCIPLE 9: MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION MAKING BY THE BOARD

Application: The Company should maintain governance structures and processes in line with its corporate culture and appropriate to its size and complexity; and capacity, appetite and tolerance for risk.

Describe the roles and responsibilities of the chair, chief executive, and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders or other stakeholder groups)

Other than as described above, there are no specific individual responsibilities or remits.

Describe the roles of any committees (e.g. audit, remuneration and nomination committees) setting out any terms of reference and matters reserved by the board for its consideration

Please refer to individual sections on each of the Company's committees in this report.

Further information relating to the Company's committees can be found on the Company's website <https://www.sdxenergygroup.com/esg/corporate-governance/#board-committees>

Describe which matters are reserved for the board

The Company and Group's terms of reference are published on its website.
The following matters are a summary of the matters that require board approval:

Strategy and plans: responsible for supervising the formulation of the strategic direction, plans, and priorities for the Company and Group; approving capital expenditure budgets and related operating plans; and approving material divestitures and acquisitions;

Financial and corporate issues: responsible for ensuring the implementation and integrity of the Company and Group's internal control and management information systems; approving financial statements and approving their release by management;

Identification and management of risks: responsible for ensuring that management has identified the principal risks of the Company and Group's business and implemented appropriate strategies to manage the risks;

Policies and procedures: responsible for monitoring compliance with all significant policies and procedures by which the Company and Group are operated;

Oversight of communications and public disclosure: ensuring that the Company and Group have in place effective, accurate, and timely disclosure and communication processes with shareholders and financial, regulatory, and other recipients;

Corporate governance matters: review the Company's overall corporate governance arrangements;

Other: retain, oversee, compensate, and terminate the independent advisors who assist the board in its activities.

Describe any plans for evolution of the governance framework in line with the Company's plans for growth

As the business grows and committee member changes are made, the Company and Group plan to focus on the results of the recent board evaluation. Each committee chairman also plans to refresh each committee's terms of reference, which shall reflect the Company and Group's plans for growth.

PRINCIPLE 10: COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

Describe the work of any board committees undertaken during the year

Please refer to the Report of the Remuneration Committee on pages 26 to 27

Please refer to the Report of the Audit Committee on page 28.

The Company has published all of the disclosures set out under Principles 1-10 and has not omitted any disclosures.

Remuneration Committee Report

The Remuneration Committee is a standing committee of the board of the Company. It comprises two independent non-executive directors, including the committee chair. Current committee members are Krzysztof Zielicki (chair) and Tim Linacre.

The purpose of the committee is to assist the board discharge its oversight responsibilities relating to the attraction, compensation, evaluation and retention of executive officers, who are currently the chief executive officer, chief financial officer, and senior management. Its role is to ensure that the Company and Group have the right skills and expertise it needs to achieve its strategy and that fair and competitive compensation is awarded with appropriate performance incentives. SDX's remuneration policy is intended to support the Company and Group's purpose, values, and strategy. In practice, this is implemented through the mechanisms such as Key Performance Indicators that drive annual bonuses and Performance Measures that are featured in the Long Term Incentive Plan.

The committee held three meetings during 2023. Members' attendance records are disclosed in the Statement of Corporate Governance contained in this Annual Report.

CONSIDERATION BY THE COMMITTEE OF MATTERS RELATING TO DIRECTORS' AND SENIOR MANAGERS' REMUNERATION

The committee oversees the overall compensation policy for the senior managers and executive directors of the Company. Subject to the approval of the board, it is responsible for:

- setting and regularly reviewing the remuneration policy for all executive directors, senior managers and the Company and Group's chairman, including pension rights and any compensation payments or benefits, such as share options, share schemes, or any other benefit;
- monitoring the level and structure of remuneration for senior management;
- obtaining reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;
- approving the design of any performance-related pay schemes the Company operates, including determining associated performance targets and approving the total annual payments made under such schemes. These schemes will enable the Company to recover sums paid or withhold payment in certain circumstances;
- reviewing the design of all share incentive plans for approval by the board and shareholders and determining each year the overall and individual amount of awards, if any, to be granted, and the performance targets to be used;
- determining the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded, and that the duty to mitigate loss is fully recognised;
- reviewing the directors' compensation disclosure required to be included in the Annual Report; and
- taking a wider view on workforce remuneration and human resource policies.

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

SUMMARY OF WORK UNDERTAKEN DURING 2023

- The committee reviewed attainment against the 2022 KPIs and associated bonus pool. The committee did not recommend a bonus grant for 2023.
- The committee reviewed and recommended the 2023 KPIs for the bonus plan.
- The committee reviewed and recommended the Long-Term Incentive Plan ("LTIP") awards to new joiners. The committee did not recommend the vesting of any LTIP award grants during 2023, but did recommend the award of 80,209,533 new LTIP award grants.
- The Committee looked more widely at the competitiveness of remuneration arrangements for senior management.

2024 LOOKING FORWARD

During the year, the committee will:

- Consider the final bonus outturn for 2023
- Establish KPIs for the 2024 bonus

EXECUTIVE REMUNERATION

The table below sets out the remuneration and breakdown for each executive director paid for the 2023 and 2022 financial years in GBP, during their time as a director only:

	Jay Bhattacharjee (GBP)	Daniel Gould (GBP)	William McAvovck (GBP)	Mark Reid (GBP)	Nick Box (GBP)
Salary ⁽¹⁾	300,000	16,667	15,833	-	-
Annual bonus	-	-	-	-	-
Benefits ⁽²⁾	-	199	199	-	-
Pension	-	1,250	938	-	-
Total 2023	300,000	18,116	16,970	-	-
Salary ⁽¹⁾	32,083	-	-	275,000	118,125
Annual bonus	-	-	-	-	-
Benefits ⁽²⁾	-	-	-	1,269	3,581
Pension	-	-	-	20,625	8,859
Total 2022	32,083	-	-	296,894	130,566

(1) Reflects remuneration for Mr. Bhattacharjee during his time as non-executive chairman until his appointment as executive chairman on 1 December 2022

Reflects remuneration for Mr. Gould and Mr. McAvovck from their appointment as executive directors on 21 November 2023

Reflects remuneration for Mr. Reid until he ceased to be a director on 1 December 2022, and for Mr. Box until he ceased to be a director 27 September 2022 - both were put on gardening leave until 31 May 2023, compensation for that is excluded from here but include in Compensation for Key Management Personnel within the notes to the Consolidated Financial Statements

(2) Benefits include participation in the Group's medical insurance, income protection insurance and life insurance schemes.

Remuneration Committee Report continued

SHARE OPTION PLANS

The Company operates the SDX Energy Plc Long-Term Incentive Plan (the "LTIP"), which permits the discretionary granting of share-based awards. This is therefore a discretionary plan.

Its objective is to develop the interest of directors, officers, employees, and certain consultants 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.

The LTIP governs all future grants of share awards from the Company to directors, officers, employees, and certain consultants of the Group. The directors ensure that the maximum number of ordinary shares that may be issued pursuant to the LTIP does not exceed 10% of the issued ordinary shares of the Company in line with the recommendations of the Association of British Insurers. As at the date of this report, this figure is 39.2%, but most of the options have vesting targets that are multiples of the current share price in order to incentivise management to significantly increase the value of the Company.

In 2023, the Company incurred a share-based payment credit of £174k (2022: £267k charge) in respect of LTIP awards to directors.

LONG-TERM INCENTIVE PLAN

LTIP awards are structured as nil-cost options or conditional share awards and vesting is subject to the satisfaction of certain performance targets at the end of a five-year period from the date of grant. Vested options may be exercised up to 10 years from the date of grant.

During the year 80,209,533 LTIP awards have been awarded. No previously awarded options vested during the year.

Awards shall only vest and an option may only be exercised while the Award Holder is in relevant employment. Once an award holder ceases to be in relevant employment, any unexercised award granted to them shall lapse on cessation. The Board may determine that an Award Holder will be treated as ceasing to be in Relevant Employment when they give or receive notice of termination of their employment. As a result, a number of vested and unvested options have been cancelled during 2023 and up to the date of this report.

As at the year end dates, the following awards made to certain directors and employees under the LTIP were outstanding and none of these had vested:

	2023	2022
Directors	62,459,533	-
Employees below Board level (in aggregate)	17,750,000	2,255,783
Total	80,209,533	2,255,783

Non-executive director fees

	2023 fees GBP ⁽¹⁾	2022 fees GBP
Tim Linacre ⁽²⁾	45,000	45,000
Krzysztof Zielicki ⁽³⁾	45,000	-
Michael Doyle ⁽⁴⁾	-	70,000
David Mitchell ⁽⁵⁾	-	45,000
Catherine Stalker ⁽⁶⁾	-	45,000
Total	90,000	

(1) In 2021, the non executive chairman's fee remained £70,000 and Director fees remained at £40,000. Committee chair fees remained at £5,500, other than the nomination committee chair fee which is £r

(2) Mr. Linacre was appointed as interim Chairman on 21 September 2022 up until 31 October 2022 and his fees increased to £70,000 during this period only

(3) Mr. Zielicki was appointed as non-executive director on 21 September 2022

(4) Mr. Doyle resigned on 21 September 2022 but remained on as a consultant until the end of the year

(5) Mr. Mitchell did not put himself forward for re-appointment and ceased to be a director on 14 June 2022

(6) Ms. Stalker resigned on 31 October 2022

EXTERNAL ADVISORS

The committee has not used the services of an external advisor with regards to remuneration matters during the year.

Krzysztof Zielicki
Chair of the Remuneration Committee
28 June 2024

Audit Committee Report

The Audit Committee is a standing committee of the board of the Company. It comprises two non-executive directors, currently Tim Linacre (chair) and Krzysztof Zielicki.

An important part of the role of the committee is reviewing and monitoring the effectiveness of the Group's financial reporting, internal control policies, and procedures for the identification, assessment, and reporting of risk. The Audit Committee is also responsible for overseeing the relationship with the external auditor, including an ongoing assessment of its independence and objectivity.

As at 1 January 2023, SDX Energy plc is a Designated Foreign Issuer within the meaning of the Canadian National Instrument 71-102-Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and is subject to the foreign regulatory requirements of the AIM market of the London Stock Exchange. As such, the Company and Group are exempt from certain requirements otherwise imposed on reporting issuers in Canada. This status means that the preparation of quarterly financial statements and MD&A is not required after 1 January 2023.

The Committee met three times during the year and the members' attendance record at committee meetings is set out in the Corporate Governance section. After each meeting, the chair of the Audit Committee reports to the board on its proceedings.

An essential part of the integrity of the financial statements is the key assumptions and estimates or judgments to be made. The committee reviews key judgments prior to publication of the financial statements at both the end of the financial year and at the end of interim periods. It also considers significant issues throughout the year. During 2023, these matters included:

- Reviewing the key assumptions management uses to assess the carrying values of assets for potential impairment:
 - As disclosed in the Group financial statements, all Group receivables were tested for recoverability, with a charge of \$3.0 million recorded in 2023 in respect of receivables held by our South Disouq and West Gharib businesses;
 - As disclosed in the Group financial statements, the West Gharib asset was tested for impairment, with a charge of \$4.6 million recorded in 2023;
 - As disclosed in the Group financial statements, the investment in Brentford Oil Tools was tested for impairment, with a charge of \$2.1 million recorded in 2023;
 - As disclosed in the Parent Company financial statements, the investment in subsidiaries was tested for impairment, with a charge of GBP14.5 million recorded in 2023; and
- The Audit Committee reviewed the detailed cash flow forecast, and the principal underlying assumptions, for the Group for the period ending 31 December 2025. The Audit Committee considered all the likely scenarios and concluded that there exists a material uncertainty that the Group will have adequate resources for the next 12 months. Nevertheless, despite the material uncertainty the Audit Committee concluded that there is a reasonable expectation that there will be adequate resources and it was therefore appropriate to recommend adoption of going concern as the basis of the preparation of the financial statements.

Overall, the committee was satisfied that management judgments on material items contained within the Annual Report and Financial Statements are reasonable.

The Audit Committee has considered the Group's internal control and risk management policies and systems, their effectiveness, and the requirements for an internal audit function in the context of the Group's overall risk management system. It is satisfied that the Group does not currently require an internal audit function; however, it will continue to review this position periodically.

At the 2023 AGM, the board reappointed Crowe LLP ("Crowe") to act as an external auditor for the Group, they are invited to attend committee meetings unless a conflict of interest exists. The SDX Group fee to Crowe for the financial year to 31 December 2023 is GBP257,000. The Audit Committee will undertake a comprehensive review of the quality, effectiveness, value, and independence of the audit Crowe provides each year, seeking the views of the wider board and relevant members of the committee.

The Company has not adopted specific policies and procedures for the engagement of non-audit services. The duties of the Audit Committee, however, include the review and pre-approval of all non-audit services to be provided by the external auditors' firm or its affiliates (including estimated fees) and the consideration of the effect of such services on the independence of the external audit.

RESPONSIBILITIES

The Committee reviews and makes recommendations to the board on:

- the application of significant accounting policies and any changes to them;
- whether the Company and Group have adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the views of the external auditor and the financial statements;
- compliance with accounting standards and legal and regulatory requirements;
- disclosures in the interim and annual report and financial statements;
- reviewing the effectiveness of the Group's financial and internal controls;
- any significant concerns of the external auditor about the conduct, results, or overall outcome of the annual audit of the Group;
- the provision of any non-audit services by the external auditors' firm or its affiliates; and
- any matters that may significantly affect the independence of the external auditor.

Tim Linacre
Chair of the Audit Committee
28 June 2024

Reserves Committee Report

The Reserves Committee (the “Committee”) is a standing committee of the Company board and comprises two non-executive directors, Krzysztof Zielicki (chairman) and Tim Linacre. The committee is advised by both the Chief Operational Officer and/or the Vice-President Subsurface of the Group.

The Committee is responsible, inter alia, for arranging the preparation and review of the Group’s annual regulatory reserve reporting, liaising with the Group’s qualified independent reserves auditor, and recommending the report to the board for approval. It is also responsible for appointing the qualified independent reserves auditor, ensuring their independence, and assessing their performance and relationship with the Group.

The Committee met once in 2023 and typically meets at least once a year prior to the approval of the annual report and annual regulatory reserve reporting.

2023

- Evaluated the effectiveness of the Groups policies, practices, and procedures for estimating its oil and gas reserves.
- Met with the qualified independent reserves auditors to discuss the performance of their audit, their access to management and information, their estimation methodologies and key judgements, and their independence.
- Met as a committee to discuss and recommend for approval to the board the Chapman Hydrogen and Petroleum Engineering Limited Competent Persons Report for the SDX Energy Plc Group (effective 31 December 2023) and associated regulatory filings.

2024 LOOKING FORWARD

- Review the Group’s procedures for providing information to the qualified reserves evaluator or auditor who reports on reserves data.
- Meet with management and the qualified reserves evaluator or auditor to review the reserves data and the auditor’s annual reserves report.
- Determine whether any restrictions affect the ability of the qualified reserves evaluator or auditor to report on reserves data without reservation.
- Review and recommend to the board for approval the content and filing of the Company and Group’s annual statement of reserves data and other oil and gas information.

Krzysztof Zielicki
Chair of the Reserves Committee
28 June 2024

Nomination Committee Report

The Nominations Committee was created as a standing committee of the board during 2020 with the aim to oversee succession planning, the structure, effectiveness, and performance of all members of the board and all board committees, and the recruitment and induction of directors.

The purpose of the committee is to oversee:

- effective succession planning for the board, its committees, and the senior executives of the Company
- the structure, effectiveness, and performance of all members of the board and of all board committees; and
- the recruitment and induction of directors.

The responsibilities of the committee are now within the remit of the full Board, and therefore relevant matters are covered at meetings of the full Board.

Jay Bhattacharjee
Non-Executive Chairman
28 June 2024

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). In preparing the group financial statements, the directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

Under company law, 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 company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and IFRSs issued by IASB have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

Independent Auditors' Report

to the members of SDX Energy Plc

OPINION

We have audited the financial statements of SDX Energy plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2023, which comprise:

- the consolidated and parent company balance sheets as at 31 December 2023;
- the consolidated statement of comprehensive income for the year ended 31 December 2023;
- the consolidated and parent company statements of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including accounting policies.

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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- 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 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

SEPARATE OPINION IN RELATION TO IFRSs AS ISSUED BY THE IASB

As explained in note 2 to the financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the Group financial statements have been properly prepared in accordance with IFRSs as issued by the IASB.

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 the 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2(e) in the financial statements, which indicates that the Group will need to conclude a number of actions assumed in its cash flow forecasts, or it will require further funding to continue its operations and meet its obligations. As stated in note 2(e), these events or conditions, along with the other matters as set out in note 2(e), indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's 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's and Parent Company's ability to continue to adopt the going concern basis of accounting included

- We assessed the directors' processes for forecasting and preparing the going concern model.
- We obtained the going concern assessment prepared by the directors, and performed a review of the supporting cash flow forecasts. We challenged the key assumptions based on expected activity within the going concern period, and comparison to historical actual monthly expenditure.
- We assessed the mathematical accuracy of the model provided.
- We reviewed the scenarios prepared by the directors, which included the impact of the proposed farm-in transaction to the Morocco operations not occurring or being delayed. During our work, we considered whether there were other plausible scenarios which should be considered.
- We held discussions with the directors on how they plan to raise the alternative funding required by the cash flow forecasts, if the actions listed in note 2(e) are not completed as anticipated.
- We reviewed the completeness of disclosures made in the financial statements in relation to going concern, and that these are in line with the going concern assessment provided to us by the directors.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report continued

to the members of SDX Energy Plc

OVERVIEW OF OUR AUDIT APPROACH

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be \$625,000 (2022 \$830,000), based on approximately 1% of total assets prior to the impairment recognised to oil and gas assets. Materiality for the Parent Company financial statements as a whole was set at £240,000 (2022: £455,000) based on a percentage of total assets prior to the adjustment made for impairment to investment in subsidiaries.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at \$437,500 (2022: \$580,000) for the group and £168,000 (2022: £318,000) for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of \$30,000 (2022: \$40,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, and assessing the risks of material misstatement in the financial statements. The Group has two operating segments, being Morocco and Egypt.

We identified four significant components, which were subjected to a full scope audit. These were the Parent Company, and three others which hold the Group's principal producing and exploration assets being Sea Dragon Energy (Nile) BV (producing assets in Egypt), SDX Energy Egypt (Meseda) Ltd (producing assets in Egypt) and SDX Energy Morocco (Jersey) Ltd (producing assets in Morocco).

The Parent Company is based in the United Kingdom. Its main function is the incurring of administrative costs and providing funding to the operating subsidiaries in Morocco and Egypt.

In establishing our overall approach to the group audit, under our instruction the Crowe member firm in Morocco performed the audit work on SDX Energy Morocco (Jersey) Ltd under a subcontractor agreement with the group audit team. The Crowe member firm in Egypt performed the component audit work on Sea Dragon Energy (Nile) BV and SDX Energy Egypt (Meseda) Ltd.

The work performed on the parent company and on non-significant components was carried out by the Group audit team.

The Responsible Individual and members of the Group audit team visited local management and the Crowe member firms in both Morocco and Egypt.

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 forming our opinion thereon, and we do not provide a separate opinion on these matters.

We set out below, together with the material uncertainty related to going concern above, those matters we considered to be key audit matters.

Independent Auditors' Report continued

to the members of SDX Energy Plc

OVERVIEW OF OUR AUDIT APPROACH CONTINUED

Key Audit Matters continued

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>1. Carrying value of producing oil and gas assets, and exploration and evaluation assets (notes 7 and 8).</p> <p>The Group holds producing oil and gas assets with carrying value of \$3.2m in continuing operations and \$5.1m in assets held for sale. The Group also holds exploration and evaluation assets with carrying value of \$9.7m in continuing operations and \$0.8m in assets held for sale.</p> <p>At 31 December 2023, the directors identified impairment indications for the West Gharib CGU (Egypt), and for the exploration and evaluation assets of South Disouq (Egypt), KSR-21 (Morocco) and SAK-C (Morocco).</p> <p>The directors assessed the recoverable amount of the West Gharib and South Disouq assets using a fair value less costs to sell approach.</p> <p>This indicated impairment of \$4.3m to the West Gharib CGU and impairment of \$2.3m to the South Disouq exploration and evaluation assets.</p> <p>The directors assessed the recoverable amount of the KSR-21 exploration asset using a value in use approach based on a discounted cash flow model, resulting in impairment of \$4.0m. The costs of the SAK-C asset were impaired in full as no further work is planned for this area.</p> <p>We considered this to be a key audit matter due to the estimation and judgements required in determining the recoverable amount.</p>	<p>We obtained and reviewed the impairment assessment prepared by the directors, and concur with the indications of impairment identified.</p> <p>We then performed audit procedures in relation to the recoverable amounts assessed by management, to consider if this had been determined appropriately.</p> <ul style="list-style-type: none"> • Obtained evidence for the fair value less costs to sell determined for West Gharib and South Disouq, including the sale and purchase agreement. • Assessed the assumptions made over inputs to the model in relation to KSR-21, including gas prices. • Challenged the discount rate applied to the KSR-21 model against industry trends. • Performed checks over the mathematical accuracy of the model, and the amount of impairment recognised. • Assessed the independence and competence of the expert engaged by the Group to report on its reserves. We also held a call with the expert to discuss their assumptions and methodology. • Held discussions with the Group's internal reserves specialists and local management in Morocco regarding the future drilling and exploration plans, including verifying the below-expectation performance of the KSR-21 well, and the abandonment of further work at SAK-C. • Recalculated the various impairment losses made by management and agreed the adequacy of the disclosures made. <p>We concur with the directors' assessment on indicators of impairment to the producing oil and gas assets and exploration and evaluation assets, and consider the impairment recognised to be appropriate. We consider adequate disclosures have been made over the methodology and assumptions of the impairment consideration.</p>
<p>2. Consideration of assets held for sale and discontinued operations (note 23).</p> <p>The Directors assessed that the Group's Egyptian operations met the requirements to be classified as held for sale under IFRS 5, as of 31 December 2023.</p> <p>These consisted of specific assets and liabilities that were planned to be disposed. A summary of these is included at note 23 to the financial statements.</p> <p>We considered this to be a key audit matter due to the judgement in meeting the IFRS 5 requirements, estimation required regarding the value at which they are recorded, and the material impact on the presentation of these financial statements.</p>	<p>We obtained and reviewed the assessment prepared by the directors on whether the conditions of IFRS 5 to recognise the assets as held for sale were met.</p> <p>We performed audit procedures in relation to this assessment, the valuation of the assets and the disclosures in relation to discontinued operations:</p> <ul style="list-style-type: none"> • Obtained correspondence and board minutes discussing the planned disposal and confirmed the decision by directors to dispose of the assets was concluded prior to the year end. • Reviewed the Group's accounting policy to ensure this was in accordance with IFRS 5. • Reviewed correspondence and documentation in relation to the sale plans for the assets, including the sale and purchase agreement for the West Gharib assets. • Assessed whether assets and liabilities were correctly recognised at the lower of their fair value and carrying value. This included consideration of impairment to the producing oil and gas assets and exploration assets as discussed in KAM number 1. • Reviewed the analysis of discontinued operations amounts and • Ensured that appropriate disclosures for the discontinued operations and assets held for sale had been included in the financial statements. <p>We concur with the directors' assessment on the classification of the Egyptian operations as held for sale and consider the value at which the assets and liabilities are recognised to be appropriate. We consider adequate disclosures have been made in relation to the discontinued operations and assets held for sale.</p>

Independent Auditors' Report continued

to the members of SDX Energy Plc

Key audit matter	How our audit addressed the key audit matter
<p>3. Carrying value of the parent company's investment in subsidiaries (note 6 to the parent company accounts).</p> <p>The Group holds investments in its subsidiaries with a carrying value of £7.7m after impairment.</p> <p>At 31 December 2023, the directors identified impairment indications in respect of the carrying value of subsidiaries. The directors then assessed their recoverable amount, which resulted in recognition of impairment of £14.5m.</p> <p>We considered this to be a key audit matter due to the estimation and judgements required in assessing the recoverable value of the investments.</p>	<p>We obtained and reviewed the impairment assessment prepared by the directors, and concur with the indications of impairment identified. We then performed audit procedures including the following in relation to management's assessment:</p> <ul style="list-style-type: none"> The key considerations included the recoverable amount of the oil and gas assets, together with the other assets and liabilities held, and the market capitalisation of the parent company. In assessing whether impairment was required, our work was substantially the same as described in the impairment consideration for oil and gas assets above, as the recoverability of the investment values is closely linked to these assets. <p>We concur with the directors' assessment on indicators of impairment to parent company investments in subsidiaries, and consider the impairment recognised to be appropriate. We consider adequate disclosures have been made over the methodology and assumptions of the impairment consideration.</p> <p>We concur with the directors' assessment on indicators of impairment to the producing oil and gas assets and exploration and evaluation assets, and consider the impairment recognised to be appropriate. We consider adequate disclosures have been made over the methodology and assumptions of the impairment consideration.</p>

OTHER INFORMATION

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and the parent company and their 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 where 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 THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the directors' responsibilities statement set out on page 30, 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's 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.

Independent Auditors' Report continued

to the members of SDX Energy Plc

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group, and the procedures in place for ensuring compliance. The most significant regulations identified were the Companies Act 2006, AIM rules and the requirements of the Group's concession agreements in Egypt and Morocco. Our work included direct enquiry of the directors, who oversee all legal proceedings, reviewing Board minutes and inspection of correspondence.
- We made enquiries of Group management, and local management in Morocco and Egypt regarding knowledge of any breaches in laws and regulations or local tax legislation.
- Management identified to us the incident that occurred in Egypt during the year, as described on page 11 of the annual report. In response to this, we performed procedures to verify the details provided to us by management. We then performed additional audit procedures over recoverability of receivables in Egypt to review for any indications of further unidentified matters in connection with this.
- We communicated the relevant laws and regulations identified to all members of the engagement team, and remained alert to any indication of non-compliance with laws and regulations, or potential fraud, throughout our audit work.
- As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas that involve significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on the key areas of estimation or judgement, this included risk-based testing of journal transactions, both at the year end and throughout the year.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

John Charlton (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London, U.K.

28 June 2024

Financial Statements

For the year ended 31 December 2023

Consolidated Balance Sheet

As at 31 December 2023

\$'000s	Note	As at 31 December 2023	As at 31 December 2022
Assets			
Cash and cash equivalents	5	4,476	10,613
Trade and other receivables	5	15,458	18,549
Inventory	6	7,426	7,988
Assets held for sale	23	10,194	
Current assets		37,554	37,150
Investments	9,23	-	3,390
Property, plant and equipment	7,23	3,174	25,205
Exploration and evaluation assets	8,23	9,688	11,618
Right-of-use assets	19	649	1,147
Non-current assets		13,511	41,360
Total assets		51,065	78,510
Liabilities			
Trade and other payables	10	23,288	22,787
Current income taxes		913	854
Borrowings	5	5,273	5,658
Lease liability	19	364	441
Liabilities held for sale	23	1,501	-
Current liabilities		31,339	29,740
Decommissioning liability	11,23	4,640	6,349
Current income taxes		1,202	-
Deferred income taxes	12	-	290
Lease liability	19	266	723
Non-current liabilities		6,108	7,362
Total liabilities		37,448	37,102
Equity			
Share capital	13	2,601	2,601
Share premium		130	130
Share-based payment reserve		22	7,174
Accumulated other comprehensive loss		(917)	(917)
Merger reserve		37,034	37,034
(Accumulated loss)/retained earnings		(25,253)	(10,872)
Non-controlling interest	21	-	6,258
Total equity		13,617	41,408
Equity and liabilities		51,065	78,510

The notes are an integral part of these Consolidated Financial Statements.

The financial statements on pages 38 to 64 were approved by the board of directors on 28 June 2024 and signed on its behalf by:

Jay Bhattacharjee
Non-Executive Chairman

William McAvock
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

\$'000s	Notes	Year ended 31 December	
		2023	2022
Revenue, net of royalties	15	8,806	13,734
Direct operating expense		(1,493)	(3,293)
Gross profit		7,313	10,441
Exploration and evaluation expense	8	(5,657)	(22,564)
Depletion, depreciation and amortisation	7,19	(5,006)	(10,083)
Impairment expense	7,9	-	(4,810)
Share-based compensation	14	220	(322)
General and administrative expenses			
- Ongoing general and administrative expenses	16	(1,919)	(2,874)
- Transaction costs	16	(189)	(3,649)
Operating loss		(5,238)	(33,861)
Finance costs		(1,424)	(354)
Foreign exchange gain/(loss)	22	775	(1,404)
Loss before income taxes		(5,887)	(35,619)
Current income tax expense	12	(1,456)	(68)
Profit from discontinuing operations	23	(13,862)	(490)
Loss and total comprehensive loss for the period		(21,205)	(36,177)
Attributable to			
SDX shareholders		(21,343)	(35,090)
Non-controlling interests	21	138	(1,087)
Net profit/(loss), attributable to SDX shareholders, per share:			
Basic and diluted - Continuing	17	\$(0.036)	\$(0.174)
Basic and diluted - Discontinuing	17	\$(0.068)	\$0.003
Basic and diluted - Total	17	\$(0.104)	\$(0.171)

The notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

\$'000s	Note	Year ended 31 December	
		2023	2022
Share capital			
Balance, beginning of period		2,601	2,601
Balance, end of period		2,601	2,601
Share premium			
Balance, beginning of period		130	130
Balance, end of period		130	130
Share-based payment reserve			
Balance, beginning of period		7,174	7,536
Share-based compensation for the period	14	(220)	322
Share-based options expired	14	(6,932)	(684)
Balance, end of period		22	7,174
Accumulated other comprehensive loss			
Balance, beginning of period		(917)	(917)
Balance, end of period		(917)	(917)
Merger reserve			
Balance, beginning of period		37,034	37,034
Balance, end of period		37,034	37,034
Retained earnings			
Balance, beginning of period		(10,872)	26,270
Part repurchase / disposal of subsidiary	21	30	(2,736)
Share-based options expired	14	6,932	684
Total comprehensive loss		(21,343)	(35,090)
Balance, end of period		(25,253)	(10,872)
Non-controlling interest			
Balance, beginning of period		6,258	-
Part repurchase / disposal of subsidiary	21	(6,396)	8,236
Dividends	21	-	(891)
Profit / (loss) for the period	21	138	(1,087)
Balance, end of period		-	6,258
Total equity		13,617	41,408

The notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

\$'000s	Note	Year ended 31 December	
		2023	2022
Cash flows generated from operating activities			
Loss before income taxes		(5,887)	(35,619)
Adjustments for:			
Depletion, depreciation and amortisation	7,19	5,006	10,083
Exploration and evaluation expense	8	5,543	22,564
Impairment expense	7	-	(1,641)
Share-based compensation (credit)/charge	14	(220)	322
Foreign exchange loss	22	(775)	1,404
Finance expense		1,424	354
Operating cash flow before working capital movements		5,091	(2,533)
Decrease in trade and other receivables	5	2,008	414
(Decrease)/Increase in trade and other payables	10	(2,403)	307
Payments for inventory	6	(1,681)	(1,403)
Cash generated from/(used in) operating activities		3,015	(3,215)
Income taxes paid	12	(46)	(477)
Net cash generated from/(used in) operating activities		2,969	(3,692)
Cash generated from discontinued operations		1,917	20,546
Cash flows generated from/(used in) investing activities:			
Property, plant and equipment expenditures	7	(862)	1,006
Exploration and evaluation expenditures	8	(4,932)	(5,730)
Proceeds on part disposal of subsidiary		-	5,500
Net cash (used in)/generated from investing activities		(5,794)	776
Cash used in investing activities of discontinued operations		(2,657)	(17,025)
Cash flows generated from/(used in) financing activities:			
Proceeds in respect of new loans and borrowings	5	2,000	5,500
Repayments in respect of loans and borrowings	5	(3,157)	-
Payments of lease liabilities	19	(321)	(382)
Finance expenses		(474)	(36)
Net cash (used in)/from financing activities		(1,952)	5,082
Cash used in financing activities of discontinued operations		(27)	(1,087)
(Decrease)/increase in cash and cash equivalents		(5,544)	4,600
Effect of foreign exchange on cash and cash equivalents	22	(593)	(4,549)
Cash and cash equivalents, beginning of period		10,613	10,562
Cash and cash equivalents, end of period		4,476	10,613

The notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. REPORTING ENTITY

SDX Energy Plc (“SDX” or “the Company”) is a public limited company incorporated and domiciled in England and Wales. The address of the Company’s registered office is 38 Welbeck Street, London, United Kingdom, W1G 8DP. The Consolidated Financial Statements of the Company as at and for the period ended 31 December 2023 and 2022 (“Consolidated Financial Statements”) comprise the Company and its controlled subsidiaries and include the Company’s share of joint arrangements (together the “Group”).

The Company’s shares trade on the London Stock Exchange’s Alternative Investment Market (“AIM”) in the United Kingdom under the symbol “SDX”.

The Company is engaged in the exploration for and development and production of oil and natural gas. The Company’s principal properties are in the Arab Republic of Egypt and the Kingdom of Morocco.

2. BASIS OF PREPARATION

a) Statement of compliance

The Consolidated Financial Statements of SDX Energy Plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

In preparing the Consolidated Financial Statements, the directors have also elected to comply with the International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

These Consolidated Financial Statements of SDX Energy Plc were approved by the board of directors on 28 June 2024.

b) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis.

c) Functional and presentation currency

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates. Transactions denominated in other currencies are converted to the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at period-end exchange rates, with foreign exchange gains and losses arising recognised as profit or loss within the income statement.

The Group’s financial statements are presented in US dollars, as that presentation currency most reliably reflects the business performance of the Group as a whole. On consolidation, income statement items for each entity are translated from the functional currency into US dollars at average rates of exchange, where the average is a reasonable approximation of rates prevailing on the transaction date. Balance sheet items are translated into US dollars at period-end exchange rates. Foreign exchange gains and losses arising are recognised as other comprehensive income.

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates and affect the results reported in these Consolidated Financial Statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Accounting judgements

Purchase price allocations, depletion, depreciation and amortisation, and amounts used in impairment calculations are based on estimates of crude oil and natural gas reserves. Reserve estimates are based on engineering data, estimated future prices, expected future rates of production, and the timing of future capital expenditures, all of which are subject to many uncertainties, interpretations, and judgements. The Company & Group expect that, over time, its reserve estimates will be revised upward or downward, based on updated information such as the results of future drilling, testing, and production levels, and may be affected by changes in commodity prices.

The Company and Group have also had to make judgements on the assets and liabilities that are deemed as held for sale under IFRS 5, the allocation of consideration received in determining any impairments required in relation to those assets and liabilities deemed as held for sale in relation to its 50% holding in Brentford Oil Tools and its interest in the West Ghari concession, and the allocation of the estimated recoverable value in relation to those assets and liabilities deemed as held for sale in relation to its interest in the South Disouq concession.

Matters with estimation uncertainty

In accounting for property, plant, and equipment during the drilling of oil and gas wells, at period end it is necessary to estimate the value of work done for any unbilled goods and services provided by contractors.

The invoicing of produced crude oil, natural gas, and natural gas liquids is, for non-operated concessions, performed by the Group’s joint venture partners. In certain concessions, the operator relies on production and/or price information from other third parties, which may not be consistently prepared and received on a timely basis. In such instances, the Group may be required to estimate production volumes and/or prices based on the most robust available data.

Provisions recognised for decommissioning costs and related accretion expense, and current/deferred tax provisions are also based on estimates.

Impairments and write-offs are possible in relation to Trade and other receivables (note 5); Inventory (note 6); Property, plant and equipment (note 7); Exploration and evaluation assets (note 8); Investments (note 9) – please refer to these notes to see the impairment judgements that have been applied.

Nonetheless, management has determined that the above have a limited level of estimation uncertainty.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

2. BASIS OF PREPARATION CONTINUED

e) Going concern

Accounting standards in the UK require the directors to assess the Group's ability to continue to operate as a going concern for the foreseeable future, which covers a period of at least 12 months from the date of approval of the Consolidated Financial Statements.

The directors reviewed the cash flow projections prepared by management for the period ending 31 December 2025. The capital expenditure and operating costs used in these forecasted cash flows are based on the board's best estimate.

The principal assumptions underlying the cash flow forecast and the availability of finance to the Group are as follows:

- The Group expects to be able to meet its licence commitments in Morocco and Egypt. This includes drilling several wells in Morocco to ensure continued gas supply to offtakers. The Group may need to negotiate with the Moroccan and Egyptian authorities to revise work programmes or licence commitments. Based on previous successful renegotiations of licence commitments, the directors believe that this is likely to be achieved, but it is not guaranteed.
- CITIC Dicastal renews the 3-months prepayment for gas to be supplied in Morocco during Q3-2024 (amounting to approximately \$2.0 million).
- The Group completes the land reclamation work on three wells on a licence in Morocco that has been relinquished and thereby secures the release of \$0.4 million of restricted cash held as security for a cash-backed guarantee.
- The Group sells its remaining asset in Egypt (South Disouq) for sales proceeds of at least \$3.0 million.
- The Group agrees a farm-in deal over its assets in Morocco whereby a joint venture partner pays a contribution towards past costs and funds future capital expenditure in order to earn an interest in the assets.
- The Group will continue to negotiate and reach agreements with creditors to spread the payment of liabilities over time.
- The Group will continue to make payments to creditors in line with agreed payment plans.
- The holders of the Convertible Loan will exercise their right to convert the loan amount into Ordinary Shares in the Company or the Convertible Loan will be restructured instead of the loan amount being repaid in cash when it matures in late July 2024.

In reviewing the cash flow forecast and the principal assumptions above, the Directors have also considered other alternative measures available to the Group, including the deferral of planned expenditure, the reduction of overhead costs and an alternative method of raising capital or debt. These alternative measures give the Directors a reasonable expectation that the Group will have sufficient funds to enable it to discharge its liabilities when they fall due.

However there exists a material uncertainty that may cast significant doubt over the ability of the Group to continue as a going concern. The Board believes it has options to raise external capital, but cannot guarantee the amount and timing of any proposed financing. The Board would also note that there are no guarantees that current discussions with the potential buyers of the South Disouq asset in Egypt and potential farm-in partners in Morocco will be favourably concluded and that arrangement with creditors will remain negotiable.

Notwithstanding the material uncertainty identified, the Directors have concluded that the Group will have sufficient resources to continue as a going concern for the period of assessment, that is for a period of not less than 12 months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared in a going concern basis and do not reflect any adjustments that would be necessary if this basis were inappropriate.

3. NEW STANDARDS AND INTERPRETATION NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. None of these are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these Consolidated Financial Statements and have been applied consistently by the Company and its subsidiaries.

a) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists where the Company has power over the entities. This means that the Company has existing rights that give it the ability to direct the current relevant activities of the entities (those that significantly affect the Companies' returns); exposure, or rights, to variable returns from its involvement with the entities; and the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

ii) Joint arrangements

A joint arrangement is an arrangement by which two or more parties have joint control. Joint control is the contractually agreed sharing of control such that decisions about the relevant activities of the arrangement (those that significantly affect the companies' returns) require the unanimous consent of the parties sharing control. The Group has one joint arrangement, which is its 50% equity interest in Brentford Oil Tools LLC ("Brentford"). Because the parties have joint control of this entity, they have rights to its net assets. The arrangement constitutes a joint venture and is accounted for using the equity accounting method. Under the equity method of accounting, the investment in Brentford was initially recognised at cost and adjusted thereafter for the post-acquisition change in the net assets. The Group's Consolidated Statement of Comprehensive Income includes its share of Brentford's profit or loss. The Group's other comprehensive income includes its share of Brentford's other comprehensive income. Dividends received or receivable from Brentford are recognised as a reduction in the carrying amount of the investment.

iii) Investments in associates

An associate is an entity over which the Company has significant influence, and is equity accounted for.

iv) Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealised income and expenses arising from intercompany transactions, are eliminated in preparing the Consolidated Financial Statements.

b) Foreign currency

Transactions in foreign currencies are translated into United States dollars at exchange rates available on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at the period-end exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at exchange rates ruling at the period-end date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

c) Financial instruments

i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value.

Following initial recognition, financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with banks, term deposits, and other short-term highly liquid investments with original maturities of three months or less.

Financial assets at fair value through the Consolidated Statement of Comprehensive Income

An instrument is classified at fair value through the Consolidated Statement of Comprehensive Income if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through the Consolidated Statement of Comprehensive Income if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in the Consolidated Statement of Comprehensive Income when incurred. Financial instruments are measured at fair value and changes therein are recognised in the Consolidated Statement of Comprehensive Income.

Financial liabilities

Financial liabilities at amortised cost include trade payables. Trade payables are initially recognised at the amount required to be paid, less (when material) a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method.

Financial assets

Trade and other receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market and are measured at amortised cost. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

ii) Equity instruments

Equity instruments are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognised as a deduction from equity, net of any tax effects, if any.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

4. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

d) Inventory

Inventories consist of tangible drilling materials and other consumables. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price less applicable selling expenses.

e) Leases

Agreements that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases. The right to control is conveyed if the Group has both the right to obtain substantially all of the economic benefits from, and the right to direct the use of, the identified asset throughout the period of use. An asset is identified if it is explicitly or implicitly specified by the agreement and any substitution rights held by the lessor over the asset are not considered substantive.

A lease liability is recognised on the balance sheet on the lease commencement date at the present value of future lease payments over the lease term. The discount rate applied is the rate implicit in the lease if readily determinable, otherwise an incremental borrowing rate is used. The incremental borrowing rate is determined based on factors such as the Group's cost of borrowing, lessee legal entity credit risk, currency and lease term. The lease term is the non-cancellable period of a lease together with any periods covered by an extension option that the Group is reasonably certain to exercise, or periods covered by a termination option that the Group is reasonably certain not to exercise. The future lease payments included in the present value calculation are any fixed payments, payments that vary depending on an index or rate, payments due for the reasonably certain exercise of options and expected residual value guarantee payments. Repayments of principal are presented as financing cash flows and payments of interest are presented as operating cash flows.

The right-of-use asset is recognised on the balance sheet as property, plant and equipment at a value equivalent to the initial measurement of the lease liability adjusted for lease prepayments, lease incentives, initial direct costs and any restoration obligations. Right-of-use assets are assessed for impairment in line with the accounting policy for impairment of property, plant and equipment.

If the lease term at commencement of the agreement is less than 12 months, a lease liability and right-of-use asset are not recognised, and a lease expense is recognised in the income statement on a straight-line basis.

f) Property, plant and equipment, and intangible exploration and evaluation expenses

i) Recognition and measurement

Development and production costs

Property, plant and equipment are stated at cost, less accumulated depletion and depreciation and accumulated impairment losses.

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

Expenditures on major maintenance, inspections, or overhauls are capitalised when the item enhances the life or performance of an asset above its original standard. Such capitalised oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves. They are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognised. The costs of the day-to-day servicing of property, plant, and equipment are recognised in the Consolidated Statement of Comprehensive Income as incurred. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised and the carrying amount of the replaced asset is derecognised. Inspection costs associated with major maintenance programs are capitalised and amortised over the period to the next inspection. All other maintenance expenditures are expensed as incurred.

Exploration and evaluation expenditures

Pre-licence costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

Exploration and evaluation expenditures, including the costs of acquiring licences and directly attributable general and administrative costs, geological and geophysical costs, the acquisition of mineral and surface rights, technical studies, and other direct costs of exploration (drilling, trenching, sampling, and evaluating the technical feasibility and commercial viability of extraction) and appraisal are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets.

A review of any areas classified and accounted for as E&E is performed at each reporting period end to determine whether enough information exists to assess the technical feasibility and commercial viability of the area. Where appropriate, the review may indicate that an area should be further subdivided because a significant portion has already been explored, while a significant undeveloped portion with different traits (e.g. a different zone, technical approach, play type, etc.) remains that requires additional E&E activities to assess it for technical feasibility and commercial viability.

The assessment of technical feasibility and commercial viability is performed on an area level basis unless further subdivision is recommended. Depending on the extent and complexity of the prospective play, several wells may need to be drilled and potentially significant E&E costs accumulated prior to obtaining enough information to assess technical feasibility and commercial viability.

E&E costs are not amortised prior to the conclusion of appraisal activities. At the completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then the carrying value of the relevant E&E asset will be reclassified from a development and production asset ("D&P") into the cash generating unit ("CGU") to which it relates, but only after the carrying value of the relevant E&E asset has been assessed for impairment, and where appropriate, its carrying value adjusted. Typically, the technical feasibility and commercial viability of extracting a mineral resource is demonstrable when proven or probable reserves are deemed to exist. However, if the Group determines that the area is not technically feasible and commercially viable, accumulated E&E costs are expensed in the period in which the determination is made.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

4. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

f) Property, plant and equipment, and intangible exploration and evaluation expenses

ii) Depletion and depreciation

The net carrying value of development and production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account the estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

For other assets (see below), a straight-line basis is used over the assets' estimated useful lives, as follows:

Fixtures and fittings	1–5 years
Office equipment	1–5 years
Vehicles	1–5 years
Software licences	1–3 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date.

Right-of-use assets are depreciated typically on a straight-line basis over the lease term. The depreciation charge is recognised in the income statement.

g) Impairment

i) Financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit losses ("ECL") model. The ECL model is applicable to financial assets classified at amortised costs and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is available without undue cost or effort at the reporting date, about past events, current conditions, and forecasts of future economic conditions.

The Group applied the simplified approach to determine impairment of its trade and other receivables. The simplified approach requires expected lifetime losses to be recognised from the initial recognition of the receivables. It involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates, which have been observed over the expected life of the receivables and adjusted forward looking estimates. It is then applied to the gross carrying amount of the receivables to arrive at the loss allowance for the period.

ii) Non-financial assets

Exploration and evaluation costs are tested for impairment when reclassified as D&P assets or whenever facts and circumstances indicate potential impairment. Exploration and evaluation assets are tested separately for impairment. An impairment loss is recognised for the amount by which the exploration and evaluation expenditure's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation expenditure's fair value less the cost of disposal and its value in use.

Values of oil and gas properties and other property, plant, and equipment are reviewed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. Assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (the CGU). The recoverable amount of a CGU is the greater of its fair value less the cost of disposal and its value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. An impairment loss is charged to the income statement. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the CGU and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

h) Share-based payments

The grant date fair value of options granted to employees is recognised as stock-based compensation expense, with a corresponding increase in equity over the vesting period. Each tranche of options granted is considered a separate grant with its own vesting period and grant date fair value.

If options are cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) then the Group will account for the cancellation as an acceleration of vesting and shall therefore recognise immediately the amount that would have been recognised for services received over the remainder of the vesting period.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

4. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

i) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers ("CODMs"). These are the executive directors who, as a group, make strategic decisions regarding the Company and Group.

j) Provisions

A provision is recognised if, because of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognised for future operating losses.

k) Decommissioning obligations

The Group's activities can give rise to dismantling, decommissioning and site disturbance remediation activities. Liabilities for decommissioning costs are recognised when the Group has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as a central processing facility ("CPF"), this liability will be recognised on construction or installation. Similarly, where an obligation exists for a well, this liability is recognised when it is drilled.

Decommissioning obligations are measured at the present value of Group management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. Following the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognised as finance costs, whereas increases/decreases occurring because of changes to the estimated future cash flows are capitalised. Actual costs incurred upon settlement of the asset retirement obligations are charged against the provision to the extent the provision is established.

l) Convertible loans

Convertible loans are initially recognised at their fair value, which includes any directly attributable transaction costs. The loan notes can be settled in cash, with interest accruing on the principal, or converted into new Ordinary Shares of the Company at a pre-determined conversion price.

Should the loan notes be settled through conversion to shares, the carrying amount of the Convertible Loan Note will be derecognised and shares arising on conversion of the notes shall be issued and allotted by the Company on the conversion date.

m) Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods in the normal course of business.

i) Sale of goods

Revenue from the sale of hydrocarbons is recognised when the Group has passed control of the hydrocarbons to the buyer, it is probable that economic benefits associated with the transaction will flow to the Group, the price can be measured reliably, and the Group has no significant continuing involvement and the costs incurred or to be incurred in the transaction can be measured reliably. This is the point at which insurance risk has passed to the buyer and the goods have been collected at the agreed location.

The performance obligation is satisfied when the hydrocarbons are delivered to the agreed location with the appropriate required documentation and the customer accepts control of the shipment by signature. Prices are contractually agreed or based on published indices, with agreed contractual adjustments for quality, marketing fees, and other variables.

ii) Royalties

In the Arab Republic of Egypt, under the terms of the Group's Production Sharing Contracts ("PSCs"), the state is entitled to a percentage in kind of hydrocarbons produced. The Group accounts for this production share as a royalty, netted against gross revenues.

In the Kingdom of Morocco, under the terms of the Group's Petroleum Agreement with the Moroccan state, sales-based royalties become payable when certain inception-to-date production thresholds are reached, according to the terms of each exploitation concession. The Group nets these royalties against gross revenues.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

4. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

n) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Pursuant to the terms of the Group's Egyptian concession agreements, the corporate tax liability of the joint venture partners is paid by the government-controlled corporations ("Corporations") out of the profit oil attributable to the Corporations, and not by the Group. For accounting purposes, the corporate taxes paid by the Corporations are treated as a benefit earned by the Group. The amount is included in net oil revenues and in income tax expense, and therefore has a net neutral impact on reported net income. Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The Group also had a production service agreement in Egypt relating to West Gharib. The Company's subsidiary, SDX Energy Egypt (Meseda) Limited, an Egyptian registered entity, is the SDX contracting party in this production service agreement. This entity pays corporate tax for the year based on its taxable income, according to this production service agreement, using tax rates enacted or substantively enacted at the reporting date.

The Group's Moroccan operations benefit from a 10-year corporation tax holiday on each well from commencement of production, with the corporation tax holidays on the Group's earliest wells in Morocco having expired from 2022 onwards - hence some corporation tax, as well as the minimum contribution tax (due regardless of the corporation tax holidays), was due on Moroccan operations as at 31 December 2023. The Group is also subject to a social solidarity contribution which is at the discretion of the annually released Moroccan Finance Act; this contribution is accounted for under the accounting principles of IAS 12.

Deferred tax is recognised using the balance sheet method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is also not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they are intended to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be used.

o) Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, such as options granted to employees.

p) Discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that decisions to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed or, is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are instead presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statement of Comprehensive Income in both the current year and the comparatives, with the comparatives re-presented only for the comparative results of operations determined as discontinued operations in the current year. All other notes in the financial statements include amounts for continuing operations, unless otherwise mentioned.

The Board considered that from mid-2023, the Group had actively sought buyers for its Egyptian operations, and had marketed the availability for immediate sale of those operations accordingly. By 31 December 2023, the Group had agreed to the sale of its Egyptian operations in principle to a particular buyer, and therefore the Board determined it was highly probable that a sale would be completed within 12 months of 31 December 2023 - thus the Board determined that the related assets and liabilities met the criteria to be treated as held for sale at 31 December 2023, and the related operations met the criteria to be treated as discontinued operations.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

5. FINANCIAL RISK MANAGEMENT

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer, partner, or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from joint venture partners, oil and natural gas customers, and cash held with banks. The maximum exposure to credit risk at the end of the period is as follows:

\$'000s	Carrying amount	
	31 December 2023	31 December 2022
Cash and bank balances	2,977	9,145
Restricted cash ⁽¹⁾	1,499	1,468
Cash and cash equivalents	4,476	10,613
Trade and other receivables ⁽²⁾	14,788	17,855
Total	19,264	28,468

(1) Cash collateral of \$1.5 million (2022: \$1.5 million) which is held at the bank to cover bank guarantees for minimum work commitments on the Group's Moroccan concessions. These guarantees are subject to forfeiture in certain circumstances if the Group does not fulfil its minimum work obligations, \$1.2 million was released as unrestricted cash on 15 January 2024.

(2) Excludes prepayments of \$0.7 million which are included in the Consolidated Balance Sheet as trade and other receivables but which are not categorised as financial assets as summarised above (2022: \$0.7 million)

Net (debt)/cash

\$'000s	Carrying amount	
	31 December 2023	31 December 2022
Cash and cash equivalents	4,476	10,613
Borrowings	(3,998)	(5,500)
Accrued interest on borrowings	(1,275)	(158)
Net (debt)/cash	(797)	4,955

The Group's net debt position as at 31 December 2023 was \$0.8 million, with cash balances of \$4.5 million offset by \$4.0 million drawn debt and \$1.3 million accrued interest from the EBRD facility and the Aleph convertible loan.

The interim redetermination of the Group's outstanding facility with the European Bank for Reconstruction and Development ("EBRD") resulted in an outstanding balance of \$2.6 million (inclusive of \$0.6 million accrued interest). This was fully repaid on 22 April 2024.

The Group has an outstanding balance on the convertible loan granted by Aleph of US2.7 million (inclusive of \$0.7 million accrued interest). Aleph has the option to choose to have this balance settled through the issue of the share capital of the Company.

Trade and other receivables

All the Group's operations are conducted in Egypt and Morocco. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counter party.

The Group applies the IFRS 9 simplified model for measuring the expected credit losses, which uses a lifetime expected loss allowance and are measured on the days past due criterion. Having reviewed past payments, combined with the credit profile of its existing trade debtors, to assess the potential for impairment, the Group has concluded that this is insignificant for its continuing operations (Morocco) because there has been no history of default or disputes arising on invoiced amounts since inception. As a result, the credit loss percentage on trade receivables from continuing operations (Morocco) is assumed to be almost zero, and therefore no provision for doubtful accounts against these sales has been recorded as at 31 December 2023 (2022: no provision), however a similar assessment on discontinuing operations (Egypt) has resulted in a provision of \$3.0 million (2022: no provision) – of which \$1.2 million relates to receivables included in the table below, and \$1.8 million relates to receivables transferred to assets held for sale (see note 23).

The maximum exposure to credit risk for loans and receivables at the reporting date by type of customer was:

\$'000s	Carrying amount	
	31 December 2023	31 December 2022
Government of Egypt-controlled corporations ⁽¹⁾	5,949	8,448
Government of Morocco-controlled corporations	6,009	5,371
Third-party gas customers	335	2,468
Joint venture partners	682	247
Other ⁽²⁾	1,813	1,321
Total	14,788	17,855

(1) Excludes EGPC receivables of \$2.7 million which are included in the Consolidated Balance Sheet as Assets Held for Sale

(2) Excludes prepayments of \$0.7 million which are included in the Consolidated Balance Sheet as trade and other receivables but which are not categorised as financial assets as summarised above (2022: \$0.7 million)

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

5. FINANCIAL RISK MANAGEMENT CONTINUED

a) Credit risk continued

Trade and other receivables continued

\$5.9 million of current receivables relates to gas, condensate sales and production service fees that are due from GPC and EGAS (2022: \$8.4 million), both of which are Government of Egypt-controlled corporations, however this \$5.9 million is in relation to South Disouq only as it is net of \$2.7 million of receivables in relation to West Gharib that have been transferred to assets held for sale (see note 23). The Group expects to collect outstanding receivables of \$7.1 million for South Disouq (2022: \$4.8 million).

ONHYM, a Government of Morocco-controlled corporation, owes \$6.0 million (2022: \$5.4 million), which relates to its outstanding share of well completion and connection costs, and production costs. The \$6.0 million receivable balance as at 31 December 2023 includes a \$2.5 million accrued receivable for ONHYM's share of historic well completion and connection costs. Of the \$6.0 million, \$3.1 million is dated older than one year. To date, the Group has not suffered cash losses for validly issued and accepted invoices and management has determined that no further risk provision is required. A payable of \$5.5 million (2022: \$4.8 million) to ONHYM is also held on the Consolidated Balance Sheet.

\$0.3 million (2022: \$2.5 million) is owing from third-party gas customers in Morocco and is expected to be collected within agreed credit terms.

Subsequent to 31 December 2023, the Group collected \$5.9 million of trade receivables from those outstanding at 31 December 2023; \$3.4 million from EGAS, and \$2.5 million from third-party gas customers in Morocco.

Joint venture partners comprise partner current accounts of \$0.7 million (2022: \$0.2 million) from Energy Flow Global Limited.

The other receivables of \$1.8 million (2022: \$1.3 million) consist of \$1.1 million for Goods and Services Tax ("GST")/Value Added Tax ("VAT") in London and Morocco, \$0.5 million for Corporation & other taxes paid in advance in Morocco (see note 12), and \$0.2 million for deposits.

\$0.7 million (2022: \$0.7 million) related to prepayments, predominantly due to spare parts for South Disouq and G&A expenditure across the rest of the Group, is recorded in the Consolidated Balance Sheet.

As at 31 December 2023 and 31 December 2022, the Group's trade and other receivables, other than prepayments, are aged as follows:

\$'000s	Carrying amount	
	31 December 2023	31 December 2022
Current (less than 90 days)	4,208	9,884
Past due (more than 90 days)	10,580	7,971
Total	14,788	17,855

Current trade and other receivables are unsecured and non-interest-bearing. The balances that are past due are not considered impaired, except for \$1.2 million in relation to expected credit losses on certain receivables in relation to discontinued activities – these credit losses have already been provided for (see above).

b) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate because of changes in foreign exchange rates. The reporting and functional currency of the Company and Group is United States dollars ("USD"). Most of the Group's operations are in foreign jurisdictions and, as a result, the Group is exposed to foreign currency exchange rate risk on some of its activities, primarily on exchange fluctuations between the Egyptian pound ("EGP") and the USD, the Moroccan dirham ("MAD") and the USD, and the British pound ("GBP") and the USD. Most capital expenditures are incurred in USD, EGP, and MAD, and natural gas, condensate and service fee revenues are received in USD, EGP and MAD. The Group can use EGP and MAD to fund its Egyptian and Moroccan general and administrative expenses and to part-pay cash requirements for both capital and operating expenditure, thereby reducing the Group's exposure to foreign exchange risk during the year.

The table below shows the Group's exposure to foreign currencies for its financial instruments:

	Total per FS ⁽¹⁾	\$	EGP \$ equivalent	MAD	GBP	Other
As at 31 December 2023						
Cash and cash equivalents	4,476	944	1,926	105	1,501	0
Trade and other receivables ⁽²⁾	14,788	6,988	681	7,015	105	-
Trade and other payables	(23,288)	(10,466)	(350)	(9,025)	(3,344)	(103)
Current income taxes	(2,115)	-	(2,115)	-	-	-
Balance sheet exposure	(6,139)	(2,535)	142	(1,905)	(1,738)	(103)

(1) FS denotes financial statements

(2) Excludes prepayments

The average exchange rates during the 12 months ended 31 December 2023 and 2022 were:

Average: 1 January 2022 to 31 December 2023

	USD/EGP	USD/GBP	USD/MAD
Period average	30.4939	0.8051	10.1661

Average: 1 January 2021 to 31 December 2022

	USD/EGP	USD/GBP	USD/MAD
Period average	19.0249	0.8112	10.1479

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

5. FINANCIAL RISK MANAGEMENT CONTINUED

b) Foreign currency risk continued

The exchange rates as at 31 December 2023 and 2022 were:

Year end: 31 December 2023				Year end: 31 December 2022			
	USD/EGP	USD/GBP	USD/MAD		USD/EGP	USD/GBP	USD/MAD
Period end	30.7500	0.7855	10.9445	Period end	24.66	0.8272	10.4477

Sensitivity analysis

At 31 December 2023, if the US Dollar had strengthened by 10% against the below currencies with all other variables held constant, loss before tax for the year would have been approximately:

- CAD – < USD 0.1 million lower (2022: < USD 0.1 million lower)
- EGP – USD 0.3 million lower (2022: USD 0.5 million lower)
- EUR – < USD 0.1 million lower (2022: < USD 0.1 million lower)
- GBP – USD 0.2 million lower (2022: USD 0.6 million lower)
- MAD – USD 0.5 million higher (2022: USD 0.7 million higher)

Conversely if the US Dollar had weakened by 10% against the below currencies with all other variables held constant, loss before tax for the year would have been approximately:

- CAD – < USD 0.1 million higher (2022: < USD 0.1 million higher)
- EGP – USD 0.3 million higher (2022: USD 0.5 million higher)
- EUR – < USD 0.1 million higher (2022: < USD 0.1 million higher)
- GBP – USD 0.2 million higher (2022: USD 0.6 million higher)
- MAD – USD 0.6 million lower (2022: USD 0.7 million lower)

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations, and excluding the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political unrest. To achieve this objective, the Group prepares annual capital expenditure budgets, which are regularly monitored and updated as needed. The Group uses authorisations for expenditures on projects to further manage capital expenditure and has a board of directors approved signing authority matrix.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 6 months \$'000s	6 to 12 months \$'000s	Between 1 and 2 years \$'000s	Between 2 and 5 years \$'000s	Over 5 years \$'000s	Total contractual cash flows \$'000s	Carrying amount liabilities \$'000s
Contractual maturities of financial liabilities							
At 31 December 2023							
Trade and other payables	23,288	-	-	-	-	23,288	23,288
Decommissioning liability	-	-	1,675	4,928	-	6,604	4,640
Lease liability	209	186	262	11	-	668	630
Borrowings	5,273	-	-	-	-	5,273	5,273
Total financial liabilities	28,770	186	1,937	4,940	-	35,832	33,831
At 31 December 2022							
Trade and other payables	22,787	-	-	-	-	22,787	22,787
Decommissioning liability	-	-	-	7,301	-	7,301	6,349
Lease liability	249	259	413	299	-	1,220	1,164
Borrowings	5,658	-	-	-	-	5,658	5,658
Total financial liabilities	28,694	259	413	7,600	-	36,966	35,958

6. INVENTORY

During the year ended 31 December 2023, the inventory balance decreased by \$0.6 million from \$8.0 million as at 31 December 2022 to \$7.4 million as at 31 December 2023 due to additions of materials to be used in drilling campaigns in Morocco (\$1.0 million) which was partially offset by \$0.9 million inventory consumed in the Morocco drilling campaign, an inventory provision of \$0.5 million, reflecting obsolete drilling inventory in Morocco, and \$0.2 million of inventory consumed in South Disouq.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

7. PROPERTY, PLANT AND EQUIPMENT

\$'000s	Oil and gas properties	Other	Total
Cost:			
Balance at 1 January 2022	191,405	1,813	193,218
Additions	7,445	67	7,512
Transfer from exploration and evaluation assets	6,774	-	6,774
Balance at 31 December 2022	205,624	1,880	207,504
Additions	2,839	20	2,859
Asset part disposal	(4,660)	-	(4,660)
Transfer from exploration and evaluation assets	403	-	403
Transfer to assets held for sale	(96,942)	-	(96,942)
Balance at 31 December 2023	107,264	1,900	109,164
Accumulated depletion, depreciation, amortisation and impairment:			
Balance at 1 January 2022	(157,446)	(1,179)	(158,625)
Depletion, depreciation and amortisation for the period	(18,820)	(44)	(18,864)
Impairment expense	(4,810)	-	(4,810)
Balance at 31 December 2022	(181,076)	(1,223)	(182,299)
Depletion, depreciation and amortisation for the period	(11,152)	(29)	(11,181)
Impairment expense	(4,313)	-	(4,313)
Transfer to assets held for sale	91,803	-	91,803
Balance at 31 December 2023	(104,738)	(1,252)	(105,990)
NBV Property, plant and equipment as at 31 December 2022	24,548	657	25,205
NBV Property, plant and equipment as at 31 December 2023	2,526	648	3,174

During the year ended 31 December 2023, additions of \$2.8 million were predominantly related to South Disouq exploration commitments and completion of the SD-5X well (\$0.5 million), signature bonuses and capital expenditure incurred during the ongoing drilling campaign at West Gharib (\$1.6 million) and drilling, testing, tie-in and completion of the SAK-1 and KSR-20 wells at Morocco (\$0.7 million).

The asset part disposal of \$4.7 million, along with \$0.7 million of decommissioning liability that was also part disposed (see note 11), represent the 33% of the direct working interest that Sea Dragon Energy (Nile) B.V. held in the South Disouq concession that was transferred as part of the consideration provided in order for the Group to repurchase 33% of the shares of Sea Dragon Energy (Nile) B.V. (see note 21).

During the year ended 31 December 2023, \$0.4 million has been transferred from exploration and evaluation assets to property, plant and equipment. This predominantly relates to the DOB-1 Moroccan well which was brought into production during 2023.

Of the Depletion, depreciation and amortisation amount above, \$4.6 million relates to continuing activities (Morocco) and \$6.6 million to discontinuing activities (Egypt). The \$5.0 million disclosed per the Consolidated Statement of Comprehensive Income also includes a charge of \$0.4 million relating to the right-of-use assets in relation to continuing activities (Morocco).

The difference between the \$0.6 million additions in relation to continuing activities (Morocco) included in the \$2.9 million disclosed above and the \$0.9 million cash outflow from property, plant, and equipment expenditure in the Consolidated Statement of Cash Flows is the result of some capex additions arising as a result of transfers from inventory, normal timing differences of recognising additions on an accruals basis, and the timing of the actual payment of capital expenditure creditors.

Impairment assessment:

At the reporting date, management performed an impairment indicator assessment of the Morocco Rharb Basin Cash Generating Unit ("CGU") and concluded that no impairment test would be required for the asset's recoverable reserves as at 31 December 2023.

In relation to PP&E assets that have been transferred to assets held for sale under IFRS 5 (see note 23), management performed an impairment indicator assessment of the South Disouq CGU and also concluded that no impairment test would be required for the asset's recoverable reserves as at 31 December 2023. However, when management performed an impairment indicator assessment of the West Gharib CGU, it concluded that following the sale of the related assets in April 2024, that the asset's recoverable reserves as at 31 December 2023 should be tested for impairment. The impairment test was carried out in accordance with the Group's accounting policy stated in note 4, and it was determined that with \$5.6 million total consideration having been received in April 2024 for the Group's interest in the West Gharib concession (see note 23), and of that total consideration, \$2.9 million having being allocated against a then carrying value of \$7.5 million for the related PP&E assets, that a \$4.6 million impairment needed to be recognised within 'loss from discontinuing operations' within the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

8. EXPLORATION AND EVALUATION ASSETS

\$'000s	
Balance at 1 January 2022	21,611
Additions	20,062
Transfer to property, plant and equipment	(6,774)
Exploration and evaluation expense	(23,281)
Balance at 31 December 2022	11,618
Additions	7,725
Transfer to property, plant and equipment	(403)
Exploration and evaluation expense	(8,482)
Transfer to assets held for sale	(770)
Balance at 31 December 2023	9,688

During the year ended 31 December 2023, E&E additions totalled \$7.7 million:

- \$0.3 million has been incurred in South Disouq on the MA-1X well in relation to drilling, completion, testing and tie-in costs;
- \$7.4 million of E&E additions in Morocco relates to drilling, completion, testing and tie in costs for KSR-21 (\$5.2 million), BMK-1 (\$1.3 million), DOB-1 (\$0.4 million) and other exploration costs (\$0.4 million). DOB-1 commenced production during 2023 and its share of recoverable costs transferred to property, plant and equipment.

For the year ended 31 December 2023, exploration and evaluation expenses in the Consolidated Statement of Comprehensive Income stood at \$5.7 million for continuing activities (Morocco). The exploration and evaluation expense of \$8.5 million above includes:

- A \$5.5 million non-cash write off of exploration expenditure incurred in continuing activities (Morocco) relating to the KSR-21, SAK-1, SAK-C wells, and related Seismic costs representing the total of their book value exceeding their recoverable amount;
- a write off of \$0.7 million for the unsuccessful HA-1X and Rabul SE-1X exploration wells drilled in in West Gharib – this is not included in the exploration and evaluation expense in the Consolidated Statement of Comprehensive Income as it related to discontinuing operations;
- a \$2.3 million non-cash impairment of exploration expenditure incurred in South Disouq predominantly relating to the MA-1X well, representing the total of their book value exceeding their recoverable amount (see 'Impairment Assessment' below) – this is also not included in the exploration and evaluation expense in the Consolidated Statement of Comprehensive Income as it related to discontinuing operations.

The remaining exploration and evaluation expense in the Consolidated Statement of Comprehensive Income of \$0.2 million related to new business evaluation activities in Morocco and provisions for obsolete drilling inventory in Morocco.

The difference between the \$7.4 million addition in relation to continuing activities (Morocco) included in the \$7.7 million disclosed above and the \$4.8 million cash outflow from property, plant, and equipment expenditure in the Consolidated Statement of Cash Flows is the result of some capex additions arising as a result of transfers from inventory, normal timing differences of recognising additions on an accruals basis, and the timing of the actual payment of capital expenditure creditors.

Impairment assessment:

In relation to E&E assets that have been transferred to assets held for sale under IFRS 5 (see note 23), management performed an impairment indicator assessment of the South Disouq CGU and concluded that following the valuation of the related assets, that the asset's recoverable reserves as at 31 December 2023 should be tested for impairment.

This impairment test was carried out in accordance with the Group's accounting policy stated in note 4. Due to the absence of an active market in Egypt and the lack of comparability there would be a lower reliability on the estimates required for a fair value less cost of disposal calculation. Therefore, management determined that the recoverable amount of the CGU should be based on a value-in-use ("VIU") calculation. The VIU calculation also requires the use of estimates.

SDX's Year End 2023 2P Reserves net present VIU valuation for the South Disouq CGU is estimated by the Group's reserve auditors, under the Petroleum Resources Management System Framework ("PMRS framework").

The present value of future cash flows were computed by applying forecast prices of average \$2.85/mscf, as per market data, to estimate future production of proved and probable reserves. The present value of estimated future revenues was computed using a discount factor of 15.0% ("NPV15"). The discount rate used reflects the specific risks relating to the underlying CGU.

Under the PMRS framework, the reserves auditors are constrained in its evaluation of the asset and although management believes that additional value can be attributed to the asset, due to the estimation uncertainty, a decision has been taken to impair the CGU to the NPV15 2P Reserves valuation as per the Group's reserve auditors report.

Based on this calculation, the Group's interest in the South Disouq concession was valued at \$1.3 million as at 31 December 2023 (see note 23). Of this \$1.3 million, \$0.8 million was allocated against a then carrying value of \$3.1 million for the related E&E assets, which has resulted in a \$2.3 million impairment being recognised within 'loss from discontinuing operations' within the Consolidated Statement of Comprehensive Income.

Following the impairment/write offs noted above the remaining E&E assets were assessed for impairment under the criteria in IFRS 6 – Exploration for and Evaluation of Mineral Resources, no further impairment indicators were noted. The majority of the remaining carrying value relates to the Seismic data over the Group's exploration area in Morocco.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

9. INVESTMENTS

The Group owns a 50% equity interest in Brentford Oil Tools LLC (“Brentford”), an oilfield services business incorporated in Egypt, over which it exercises joint control. Brentford owns all the assets it uses to provide its services and is legally responsible for settling its liabilities. In the current and comparative year, Brentford has provided services only to its shareholders, but it is not contractually obliged to do so. In the past, it has contracted with third parties and continues to seek future opportunities. On the balance of facts, the Group has concluded that Brentford is a joint venture under IFRS 11 – “Joint Arrangements” and the Group’s interest is equity accounted for. The investment is reviewed regularly for indicators of impairment. No impairment indicator was identified for the year ended 31 December 2022.

The investment has been transferred to assets held for sale under IFRS 5 (see note 23), and after performing an impairment indicator assessment, management concluded that following the sale of the investment in April 2024, that the carrying value of the investment as at 31 December 2023 should be tested for impairment. The impairment test was carried out in accordance with the Group’s accounting policy stated in note 4, and it was determined that the \$1.6 million consideration received in April 2024 for the investment (see note 23) compared unfavourably against a then carrying value of \$3.7 million for the investment. As a result, a \$2.1 million impairment has been recognised within ‘loss from discontinuing operations’ within the Consolidated Statement of Comprehensive Income.

The following table summarises the changes in investments for the years ended 31 December 2023 and 31 December 2022:

\$'000s	Carrying amount	
	31 December 2023	31 December 2022
Investments, beginning of period	3,390	3,593
Dividends received	(17)	(311)
Share of operating income	457	502
Foreign exchange loss	(125)	(394)
Impairment	(2,138)	
Transfer to assets held for sale	(1,568)	
Investments, end of period	-	3,390

The following table summarises the assets, liabilities, revenue, and operating income of Brentford as at 31 December 2023 and 31 December 2022:

\$'000s	31 December 2023	31 December 2022
Total assets	3,736	3,190
Total liabilities	221	125
Revenue	1,722	1,637
Net income	664	216

During the years ended 31 December 2023 and 31 December 2022, 50% of Brentford’s revenue was earned from fees charged to the Group and 50% to the Group’s partner in the West Gharib concession.

10. TRADE AND OTHER PAYABLES

\$'000s	Carrying amount	
	31 December 2023	31 December 2022
Trade payables	12,659	13,257
Accruals	4,416	2,335
Joint venture partners	5,632	6,375
Other payables	581	820
Total trade and other payables	23,288	22,787

Trade payables comprise billed services and goods. As at 31 December 2023, they consisted predominantly of royalties payable to the Moroccan government, the Morocco 2023 drilling campaign and G&A creditors, including transaction costs. The \$0.6 million decrease in trade payables as at 31 December 2023 from 31 December 2022 is mainly the result of payments for pre-2023 drilling campaigns exceeding billed costs for the Morocco 2023 campaign (\$1.1 million) partially offset by billed transaction costs & G&A costs in 2023 exceeding payments at the corporate level (\$0.5 million). Accruals include amounts for products and services received that have yet to be invoiced. The increase of \$2.1 million from 31 December 2022 is mainly due to the \$2.4 million deferred consideration arising as a result of the repurchase of the 33% holding of Sea Dragon Energy (Nile) B.V. by the Group from Energy Flow Global Limited. The remainder of the movement can be attributed to invoicing timing differences from the Group’s suppliers at 31 December 2023 in comparison to 31 December 2022. Joint venture partners comprise partners current accounts of \$0.2 million in Egypt (2022: \$1.6 million), \$5.4 million from ONHYM for the Morocco concessions (2022: \$4.8million). The joint venture partner current accounts represent the net of monthly cash calls paid less billings received. Other payables of \$0.6 million (2022: \$0.8 million) comprise of year end payroll liabilities and other sundry creditors across the group.

The difference between the \$0.6 million increase in relation to continuing activities (Morocco & Corporate) included in the \$0.5 million decrease in Trade and other payables disclosed above, and the \$2.4 million cash outflow from the line item in the Consolidated Statement of Cash Flows pertaining to the increase in trade and other payables in relation to continuing activities, is due to normal timing differences of recognising payables on an accruals basis and the timing of the actual payment of payables, and also the fact that trade and other payables in the Consolidated Balance Sheets include capital expenditure items whereas the movement in the Consolidated Statement of Cash Flows relates only to the movement in operational expenditure and G&A creditors.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

11. DECOMMISSIONING LIABILITY

As at 31 December 2023, the total future undiscounted cash flows relating to the decommissioning of the Moroccan assets amounted to \$4.9 million (SDX's share), to be incurred up to December 2025, and the liability was discounted using a risk-free rate of 4% (2022: 4%). This figure includes the decommissioning cost of one new well (KSR-21) drilled in the year ended 31 December 2023.

As at 31 December 2023, the total future undiscounted cash flows relating to the decommissioning of the South Disouq assets amounted to \$1.7 million (SDX's share), to be incurred in December 2024, and the liability was discounted using a risk-free rate of 15.4% (2022: 11%). This figure includes the decommissioning costs of three wells, Rabul-8, Rabul-9 and Rabul SE-1, drilled during the year ended 31 December 2023.

No decommissioning liability is recorded for the Group's West Gharib asset under the terms of the concession agreement.

In reviewing the discount rates above, management have determined that no material adjustment to the discounted future value of cash flows is mandated. Management have also determined that the timing and estimates of the undiscounted amounts have not changed sufficiently to materially impact the discounted future value of cash flows either.

The discounted value of the cash flows above amounts to \$4.6 million as at 31 December 2023 and is shown below:

\$'000s	Carrying amount	
	31 December 2023	31 December 2022
Decommissioning liability, beginning of period	6,349	5,769
Recognition of provision	123	844
Reduce provision due to asset part disposal	(669)	-
Changes in estimate	-	(448)
Utilisation of provision	-	(66)
Accretion	338	250
Liabilities held for sale	(1,501)	-
Decommissioning liability, end of period	4,640	6,349
Of which:		
Current	-	-
Non-current	4,640	6,349

The decommissioning liability part disposal of \$0.7 million, along with \$4.7 million of PP&E assets that were also part disposed (see note 7), represent the 33% of the direct working interest that Sea Dragon Energy (Nile) B.V. held in the South Disouq concession that was transferred as part of the consideration provided in order for the Group to repurchase 33% of the shares of Sea Dragon Energy (Nile) B.V. (see note 21).

No decommissioning activities are anticipated to take place over the next 12 months and as at 31 December 2023 the entire liability is classed as non-current.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

12. INCOME TAX

According to the terms of the Group's Egyptian Production Sharing Contracts ("PSCs"), the corporate tax liability of the joint venture partners is paid by the government-controlled corporations ("Corporations") that participate in these PSCs, out of the profit oil and gas attributable to the Corporations, and not by the Group. For accounting purposes however, the corporate taxes paid by the Corporations are treated as a benefit earned by the Group, with the amount being "grossed up" and included in net oil and gas revenues and the income tax expense of the Group.

The Group also has a Production Services Agreement ("PSA") related to West Gharib, with the legal title held by SDX Energy Egypt (Meseda) Ltd ("SDX West Gharib"), an Egyptian incorporated entity. The Group is governed by the laws and tax regulations of the Arab Republic of Egypt and pays corporate taxes annually on the adjusted profit of SDX West Gharib.

The current income tax expense in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2023 mainly relates to a \$1.4 million charge in relation to prior year corporation & other taxes arising from a Moroccan tax inspection that was concluded in 29 May 2024, this has given rise to an income tax liability of \$1.9 million (of which \$0.7 million is to be settled by December 2024, and \$1.2 million to be settled by December 2025) netted off by \$0.5 million in Corporation & other taxes that can be set-off against future tax liabilities (see note 5a). The remainder of the current income tax liability of \$0.2 million in the Consolidated Balance Sheet relates to the Group's PSA in West Gharib.

The Group's Moroccan operations benefit from a 10-year corporation tax holiday from first production, by concession. From 1 January 2022, profits generated from the Ksiri concession are expected to be subject to corporation tax in 2022. Due to higher than anticipated water handling expenditure at the KSR-10 well and a reduction in consumption, the Ksiri concession is loss making during 2023. In the current year, the concession will only be required to settle its minimum contribution tax which is due even in the absence of profit and is calculated to be less than \$0.1 million for the 2023 fiscal year. The Group would also normally account for a social contribution tax levied, on an annual discretionary basis by the Moroccan government - however the levied rate, on taxable profits, varies between 1.5% and 3.5% on an annual basis, and as such, the Group has provided for a charge of less than \$0.1 million for the 2023 fiscal period - in accordance with the requirements of IAS 12 "Income taxes" this charge has been classified as a corporate income tax in the Consolidated Statement of Comprehensive Income.

The analysis of the expense for the year is as follows:

\$'000s	Year ended 31 December	
	2023	2022
Current tax		
Income tax charge for the year	39	68
Adjustments in respect of prior periods	1,417	-
Total current tax	1,456	68
Deferred tax		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Total deferred tax	-	-
Total tax expense	1,456	68

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is detailed below. For the current year the standard rate of corporation tax in the United Kingdom is 23.5% (2022: 19%). The UK Government made a number of budget announcements during 2022. These include confirming that the rate of corporation tax will increase from 19% to 25% from 1 April 2023.

\$'000s	Year ended 31 December	
	2023	2022
Loss before income taxes	(5,887)	(35,619)
Standard rate of corporation tax	23.5%	19%
Expected income taxes	(1,383)	(6,768)
Adjustments:		
Non-deductible items	2,839	11,198
Deferred tax not recognised	-	1,177
Foreign tax differential	-	(5,539)
Prior year adjustments	-	-
Total current and deferred income tax	1,456	68

The components of the deferred income tax assets and liabilities at 31 December 2023 and 2022 include the following:

\$'000s	Year ended 31 December	
	2023	2022
Deferred tax assets/(liabilities):		
Investments	-	(14)
Property, plant and equipment	-	(448)
Other	-	172
Deferred income tax liability	-	(290)

The Group has \$73.6 million of non-capital losses available at 31 December 2023 (2022: \$73.6 million) to shelter future taxable income, the majority of which were incurred in Canada and expire between 2026 and 2035. The Group has not recognised any deferred tax assets as at 31 December 2023 and 2022 primarily relating to its Canadian business as it has determined that its deferred tax assets are not probable to be realised from current operations.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

13. SHARE CAPITAL

The share capital of the Group is represented by the share capital of the parent Company, SDX Energy Plc. This Company was incorporated on 20 March 2019 to act as the holding Company of the Group.

A small minority of former registered SDX Canada Shareholders failed to submit a Letter of Transmittal in accordance with the Circular ("Non Claiming Shareholder") at the time of the re-domiciliation of SDX Canada to the United Kingdom. The SDX shares to which Non Claiming Shareholders would otherwise be entitled ("Unclaimed SDX UK Shares") have been held on trust by Link Corporate Trustees (UK) Limited (the "Trustee") pursuant to a trust deed ("Trust Deed") since May 2019. As advised at the time, and via reminder on 19 April 2022, the Trustee held the Unclaimed SDX UK Shares on trust for the Non Claiming Shareholder until 27 May 2022. If a Non-Claiming Shareholder did not lodge a Letter of Transmittal duly completed to the Depository on or before 27 May 2022, any entitlement of that Non-Claiming Shareholder to its Unclaimed SDX shares shall lapse, and such Unclaimed SDX shares will be transferred by the Trustee for the benefit of SDX UK. Further to this deadline passing, the Company announced that 815,024 unclaimed shares were cancelled.

The table below shows the number and stated value of the common shares issued as at 31 December 2023 and 2022.

	31 December 2023		31 December 2022	
	Number of shares ('000s)	Stated value (\$'000s)	Number of shares ('000s)	Stated value (\$'000s)
Balance, beginning of period	204,563	2,601	205,378	2,601
Reduction of share capital	-	-	(815)	-
Balance, end of period	204,563	2,601	204,563	2,601
Weighted average shares outstanding LTM	204,563		204,903	

14. STOCK-BASED COMPENSATION

During the year, the Company operated a Long-Term Incentive Plan Share Option scheme. This is to ensure executive directors and key employees, who are critical to executing the Company and Group's strategy over the next phase of its development, are retained and incentivised to generate long-term value for shareholders.

The awards granted take the form of a base award over a number of common shares, which vest only upon the achievement of pre-agreed performance criteria and continued employment of the participant, however there are also clawback provisions contained in the rules of the scheme that can be applied to awards made to all participants.

Under IFRS 2 "Share-based payment", an expense is recognised in the statement of comprehensive income for share based payments to recognise their fair value at the date of grant.

The application of IFRS 2 gave rise to a net credit of \$0.2 million (2022: \$0.3 million charge) in the income statement mainly due to the forfeiture of options granted in earlier periods, whilst an amount of \$6.9 million (2022: \$0.7 million) was released from the share options reserve to retained earnings due to the expiry of options granted in earlier periods. All total expenses recognised related to equity settled share-based payment transactions.

Long Term Incentive Plan Share Option scheme ("LTIP")

The vesting period varies from 0 days to 5 years. The options expire if they remain unexercised after the exercise period has lapsed and have been valued mainly using the Black Scholes model.

The following table sets out details of all outstanding options granted under the Long Term Incentive Plan:

	2023	2023	2022	2022	2022
	Options	Weighted average exercise price (USD)	Options	Weighted average exercise price (USD)	Weighted average exercise price (USD)
Outstanding at the beginning of the year	3,345,199	0.00	6,793,954	0.00	0.00
Granted during the year	80,209,533	0.31	-	-	-
Exercised during the year	-	-	-	-	-
Expired during the year	(3,345,199)	0.00	(3,448,755)	0.00	0.00
Outstanding at the end of the year	80,209,533	0.31	3,345,199	0.00	0.00
Exercisable at the end of the year	-	-	310,488	0.00	0.00

The weighted average contractual life of the share based payments outstanding at 31 December 2023 is 9.9 years (31 December 2022: 7.5 years).

The estimated fair values of options which fall under IFRS 2, and the inputs used in the Black-Scholes model to calculate those fair values are as follows:

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

14. STOCK-BASED COMPENSATION CONTINUED

Long Term Incentive Plan Share Option scheme ("LTIP") continued

Date of grant	Number of options	Estimated value (USD)	Share price at grant (USD)	Exercise price (USD)	Expected volatility	Expected life (years)	Risk free rate	Expected dividends
November 2023	8,459,533	0.01	0.05	0.00	80%	2.5	5.00%	0.00%
November 2023	1,012,500	0.01	0.05	0.05	58%	1	5.00%	0.00%
November 2023	1,687,500	0.01	0.05	0.05	58%	1	5.00%	0.00%
November 2023	4,050,000	0.01	0.05	0.05	71%	2	5.00%	0.00%
November 2023	9,000,000	0.01	0.05	0.12	71%	2	4.93%	0.00%
November 2023	13,000,000	0.00	0.05	0.18	80%	3	4.64%	0.00%
November 2023	19,000,000	0.01	0.05	0.36	96%	4	4.64%	0.00%
November 2023	24,000,000	0.01	0.05	0.60	114%	5	4.64%	0.00%

All share based payment charges are calculated using the fair value of options. Expected volatility was determined by reference to the volatility of historic trading prices of the Company's shares.

15. REVENUE, NET OF ROYALTIES

\$'000s	Year ended 31 December	
	2023	2022
Morocco gas sales revenue	8,885	13,975
Royalties	(79)	(241)
Net Morocco gas sales revenue	8,806	13,734
Total net revenue before tax	8,806	13,734

The Moroccan gas sales revenue is derived from a Petroleum Agreement with the Moroccan state. Sales-based royalties become payable when certain inception-to-date production thresholds are reached, according to the terms of each exploitation concession. Royalty payments are made directly to the Government of Morocco.

16. GENERAL AND ADMINISTRATIVE EXPENSES

\$'000s	Year ended 31 December	
	2023	2022
Wages and employee costs	2,499	3,622
Consultants - inc. PR/IR	246	361
Legal fees	123	385
Audit, tax and accounting services	474	612
Public company fees	648	464
Travel	161	166
Office expenses	384	463
IT expenses	190	276
Other expenses	8	-
Service recharges	(2,814)	(3,474)
Ongoing general and administrative expenses	1,919	2,874
Transaction costs	189	3,649
Total net G&A	2,108	6,523

Transaction costs in 2023 mainly relate to professional services associated with the eventual sale in 2024 of the Group's working interest in West Gharib and the planned sale of its working interest in South Disouq. Transaction costs in 2022 mainly related to professional services associated with the aborted transaction with Tenaz Energy Corp and other discontinued M&A projects.

The average monthly number of employees (including executive directors) was 56 (2022: 62). Their aggregate remuneration comprised:

\$'000s	Continuing Year ended 31 December	
	2023	2022
Wages and salaries	2,133	2,474
Social security costs	165	267
Other pension costs	311	181
Remuneration incurred as G&A	2,609	2,922
Remuneration incurred as operational expenditure	440	448
Total aggregate remuneration	3,049	3,370

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

16. GENERAL AND ADMINISTRATIVE EXPENSES CONTINUED

\$'000s	Discontinuing	
	Year ended 31 December	
	2023	2022
Wages and salaries	458	817
Social security costs	5	10
Other pension costs	-	-
Remuneration incurred as G&A	462	827
	534	677
Total aggregate remuneration	996	1,504

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

\$'000s	Year ended 31 December	
	2023	2022
Fees payable to the company's auditors and its associates for the audit of parent company and consolidated financial statements	235	223
Audit of the financial statements of the company's subsidiaries	75	75
Audit-related assurance services	-	-
Tax compliance services	-	-
Other services	-	-
Fees payable to company's auditors and its associates for other services	75	75

17. LOSS PER SHARE

\$'000s	Continuing	Discontinuing	Total	Continuing	Discontinuing	Total
	Year ended 31 December			Year ended 31 December		
	2023	2023	2023	2022	2022	2022
Profit/(Loss) and total comprehensive profit/(loss) for the year attributable to SDX shareholders	(7,343)	(14,000)	(21,343)	(35,687)	597	(35,090)
Weighted average amount of shares						
- Basic	204,563	204,563	204,563	204,903	204,903	204,903
- Diluted	204,563	204,563	204,563	205,345	205,345	205,345
Per share amount						
- Basic	\$(0.036)	\$(0.068)	\$(0.104)	\$(0.174)	\$0.003	\$(0.171)
- Diluted	\$(0.036)	\$(0.068)	\$(0.104)	\$(0.174)	\$0.003	\$(0.171)

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted per share information is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. No such dilution took place during the year ended 31 December 2023.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

18. SEGMENTAL REPORTING

The Group's operations are managed on a geographic basis, by country. The Group is engaged in the business of upstream oil and gas exploration and production. The executive officers of the Company are the Company and Group's chief operating decision-makers within the meaning of IFRS 8.

\$'000s	Year ended 31 December 2023			Year ended 31 December 2022		
	Morocco	Unallocated ⁽¹⁾	Total	Morocco	Unallocated ⁽¹⁾	Total
Revenue	8,806	-	8,806	13,734	-	13,734
Direct operating expense	(1,493)	-	(1,493)	(3,293)	-	(3,293)
Netback (pre tax)⁽²⁾	7,313	-	7,313	10,441	-	10,441
General and administrative expenses	(2,298)	190	(2,108)	(2,260)	(4,263)	(6,523)
Stock-based compensation	-	220	220	-	(322)	(322)
EBITDAX⁽²⁾	5,015	410	5,425	8,181	(4,585)	3,596
Exploration and evaluation expense	(5,543)	(114)	(5,657)	(22,030)	(534)	(22,564)
Depletion, depreciation and amortisation	(4,855)	(151)	(5,006)	(9,927)	(156)	(10,083)
Impairment expense	-	-	-	(4,810)	-	(4,810)
Operating income/(loss)	(5,383)	145	(5,238)	(28,586)	(5,275)	(33,861)

(1) Unallocated expenditure, assets and liabilities include amounts of a corporate nature and not specifically attributable to a geographical segment.

(2) Netback and EBITDAX are not recognised measures under IFRS. The Group uses these measures to help evaluate its performance. Please refer to the Financial Review for the definition of these alternative performance measures.

The segment assets and liabilities as at 31 December 2023 and 31 December 2022 are as follows:

\$'000s	Year ended 31 December 2023				Year ended 31 December 2022			
	Egypt (Discontinued)	Morocco	Unallocated ⁽¹⁾	Total	Egypt (Discontinued)	Morocco	Unallocated ⁽¹⁾	Total
Segment assets	22,600	26,336	2,129	51,065	41,783	31,811	4,916	78,510
Segment liabilities	(3,378)	(24,463)	(9,606)	(37,447)	(6,886)	(26,131)	(4,085)	(37,102)

(1) Unallocated expenditure, assets and liabilities include amounts of a corporate nature and not specifically attributable to a geographical segment.

19. LEASES

The Group has entered into various fixed-term leases, mainly for properties and vehicles. During the year ended 31 December 2023 the Group has replaced its property lease contract in Egypt and some of vehicle lease contracts in Morocco, as well as entering into new vehicle lease contracts in Morocco.

a) Amounts recognised in the balance sheet

The analysis of the lease liability as at 31 December 2023 is as follows:

\$'000s	31 December 2023	31 December 2022
Current	364	441
Non-current	264	723
Total lease liabilities	628	1,164

The maturity analysis of the lease liability at 31 December 2023 is as follows:

\$'000s	31 December 2023	31 December 2022
Less than one year	364	441
Between one and two years	259	434
Between two and three years	5	289
Total lease liability	628	1,164

The right-of-use assets as at 31 December 2023 are as follows:

\$'000s	31 December 2023	31 December 2022
Properties	602	1,010
Motor vehicles	47	137
Total	649	1,147

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

19. LEASES CONTINUED

b) Amounts recognised in the statement of profit or loss

The Consolidated Statement of Comprehensive Income includes the following amounts below by underlying class of asset:

\$'000s	Depreciation charge	
	Year ended 31 December	
	2023	2022
Properties	281	291
Motor vehicles	81	36
Total	362	327

\$'000s	Finance cost	
	Year ended 31 December	
	2023	2022
Properties	30	25
Motor vehicles	7	4
Total	37	29

20. COMMITMENTS AND CONTINGENCIES

Pursuant to the concession and production service fee agreements in Egypt and Morocco, the Group is required to perform certain minimum exploration and development activities that include the drilling of exploration and development wells. These obligations have not been provided for in the Consolidated Financial Statements.

In Morocco, across the four exploration permits SDX holds, the commitments are for eight exploration wells, the acquisition of a total of 150km² of 3D seismic and the reprocessing of 150km of 2D seismic specifically related to the Moulay Bouchta permit. All commitments should be completed by September 2025 and the total estimated cost of these commitments is \$20.6 million. Local management is currently in discussions to reallocate commitments between concessions.

The Group operates in several countries and, accordingly, it is subject to the various tax and legal regimes in the countries in which it operates. From time to time, the Group is subject to frequent reviews of its related tax filings in each of the countries in which it operates - and in connection with such reviews, disputes can arise with the tax authorities over the interpretation or application of certain rules to the Group's business conducted within the country involved. If the Group is unable to resolve any of these matters favourably, there may be an adverse impact on the Group's financial performance, cash flows or results of operations. This may also be the case for any legal claims that the Group is required to defend. In the event that management's estimate of the future resolution of these matters changes, the Group will recognise the effects of the changes in its Consolidated Financial Statements in the period that such changes occur.

21. INTERESTS IN SUBSIDIARIES

In February 2022, the Group announced the disposal of 33% of the shares in Sea Dragon Energy (Nile) B.V., the entity that holds its interests across its South Disouq concession for a consideration of \$5.5 million. Sea Dragon Energy (Nile) B.V. has its legal seat in The Hague, is a wholly owned subsidiary of Sea Dragon Energy Holding B.V. and SDX Energy Plc is the ultimate parent company. The registered office of the Company is 38 Welbeck Street, London, W1G 8DP, United Kingdom. The Company is engaged in the exploration, development and production of oil and natural gas in Egypt.

As from 1 February 2022, the Group owned 67% of Sea Dragon Energy (Nile) B.V. with the remaining 33% held by Energy Flow Global Limited as a non-controlling interest ("NCI").

Under instructions from EGAS, a Government of Egypt-controlled corporation, the Group repurchased this 33% holding on 22 February 2023 in exchange for 33% of the direct working interest that Sea Dragon Energy (Nile) B.V. held in the South Disouq concession (18.15%, being 33% of the 55% direct working interest that Sea Dragon Energy (Nile) B.V. previously held) and deferred consideration of \$2.4 million - this deferred consideration being compensation for Energy Flow Global no longer holding a 33% in the net current assets of the Sea Dragon Energy (Nile) B.V. entity.

As a result of this repurchase of the 33% holding in Sea Dragon Energy (Nile) B.V., the Group cancelled the NCI that had arisen up to 22 February 2023.

22. FOREIGN EXCHANGE GAIN

The \$0.8 million foreign exchange gain during the year is due gains on currency conversion (\$0.6 million) and the marginal strengthening of the Moroccan Dirham (\$0.2 million).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

23. DISCONTINUED OPERATIONS

As at 31 December 2023, the Group had committed itself to the sale of its Egyptian operations. This has translated into the completion of the sale of its 50% holding in Brentford Oil Tools and its interest in the West Gharib concession on 19 April 2024 (see note 26) and a firm commitment to sell its interest in the South Disouq concession to the same buyer later in 2024.

In effect, this renders the Group's entire Egyptian operations as discontinued as at 31 December 2023, and requires their results to be treated as such in the 2023 Consolidated Statement of Comprehensive Income & Consolidated Statement of Cash Flows and related comparatives under IFRS 5 "Disposal of subsidiaries, business and non-current assets".

However, under IFRS 5, only the actual assets and liabilities that the Group intended to dispose of under a sale transaction at 31 December 2023 can be treated as assets & liabilities held for sale as per the 2023 Consolidated Balance Sheet. This means that only the Group's investment in Brentford Oil Tools, and the oil & gas assets and liabilities relating to the West Gharib and South Disouq concessions can be treated as such in the 2023 Consolidated Balance Sheet, this treatment is not applied retrospectively to the comparatives of the 2023 Consolidated Balance Sheet.

The following table provides additional information on the loss from the discontinued operations as disclosed in the Consolidated Statement of Comprehensive Income:

\$'000s	Year ended 31 December	
	2023	2022
Revenue, net of royalties	18,086	30,024
Direct operating expense	(6,217)	(7,240)
Gross profit	11,869	22,784
Exploration and evaluation expense	(3,021)	(3,053)
Depletion, depreciation and amortisation	(6,654)	(9,262)
Impairment expense	(6,451)	-
Share of profit from joint venture	457	502
Bad debt expense	(3,035)	-
General and administrative expenses		
- Ongoing general and administrative expenses	(3,395)	(2,291)
- Transaction costs	-	(15)
Operating loss	(10,230)	8,665
Finance costs	7	(178)
Foreign exchange loss	(938)	(3,242)
Loss before income taxes	(11,161)	5,246
Current income tax expense	(2,701)	(5,735)
Loss from discontinued operations	(13,862)	(490)
Attributable to		
SDX shareholders	(14,000)	597
Non-controlling interests	138	(1,087)

The following table provides additional information on the assets & liabilities held for sale as disclosed in the Consolidated Balance Sheet:

\$'000s	Note	2023
PP&E - Oil & Gas Assets Cost	7	96,942
PP&E - Oil & Gas Assets Acc Deprn	7	(91,803)
Intangible - E&E Assets Cost	8	770
Trade & other receivables	5	2,717
Investments - Brentford Oil Tools	9	1,568
Assets held for sale		10,194
\$'000s	Note	2023
Decommissioning Liability	11	1,501
Liabilities held for sale		1,501

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

23. DISCONTINUED OPERATIONS CONTINUED

The previous table, takes into account the actual consideration for the Group's sale of its 50% holding in Brentford Oil Tools and its interest in the West Gharib concession as follows:

- \$5.6 million – West Gharib total:
 - \$2.7 million – EGPC receivable (see note 5a)
 - \$2.9 million – PP&E asset (see note 7)
- \$1.6 million - Investment in Brentford Oil Tools (see note 9)
- \$7.2 million – Total consideration

In addition, the above table takes into account the recoverable value of the Group's interest in the South Disouq concession as follows:

- \$0.8 million – E&E asset
- \$2.0 million – PP&E asset
- \$1.5 million – Decommissioning liability
- \$1.3 million – Total valuation

The basis of this \$1.3 million valuation is SDX's Year End 2023 2P Reserves value-in-use valuation for the South Disouq asset, which is estimated by the Group's reserve auditors, under the Petroleum Resources Management System framework ("PMRS framework"). Under the PMRS framework, the reserves auditors are constrained in its evaluation of the asset and so management believes that the value-in-use valuation does not take in to account the full value of the asset, but provides this as its best estimate in the absence of more reliable observable data.

24. RELATED PARTY TRANSACTIONS

All subsidiaries and joint arrangements (Brentford Oil Tools) are listed below. A list of the investments in subsidiary undertakings (all of whose operations comprise one class of business, being oil and gas exploration, development and production), including the name, proportion of ownership interest, country of operation and country of registration, is given below:

Name	Holding	Percentage ownership	Country of operation	Registered address
SDX Energy Holdings (UK) Limited	Direct	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Inc	Indirect	100%	Canada	1900, 520 - 3rd Avenue SW, Centennial Place, East Tower, Calgary, Alberta T2P 0R3
Sea Dragon Energy (UK) Limited	Indirect	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Investments (UK) Ltd	Indirect	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Morocco (UK) Ltd	Indirect	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Cooperatieve U.A.	Indirect	100%	The Netherlands	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy Holding B.V.	Indirect	100%	The Netherlands	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Egypt (Nile Delta) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (GOS) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (Nile) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (NW Gemsa) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy Holding Ltd.	Indirect	100%	British Virgin Islands	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands
NPC (Shukheir Marine) Ltd	Indirect	100%	Egypt	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands
Madison International Oil & Gas Ltd	Indirect	100%	Barbados	Erin Court, Bishop's Court Hill, St. Michael, Barbados
Madison Egypt Oil & Gas Ltd	Indirect	100%	Egypt	Erin Court, Bishop's Court Hill, St. Michael, Barbados
Madison Cameroon Oil & Gas Ltd	Indirect	100%	Cameroon	Erin Court, Bishop's Court Hill, St. Michael, Barbados
SDX Energy Egypt (Meseda) Ltd	Indirect	100%	Egypt	10, Road 261, New Maadi, Cairo, Egypt
SDX Energy Morocco (Jersey) Ltd	Indirect	100%	Morocco	P.O. Box 771, Ground Floor, Colomberie Close, St. Helier, Jersey
Limerick Services SARL	Indirect	100%	Morocco	2 Rue Ghazaoua la pinède Souissi, Rabat, Morocco
Brentford Oil Tools	Indirect	50%	Egypt	7 Nazeah Khalifa st., El Korba, Misr El Gadiga, Cairo, Egypt

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2023

25. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other key management personnel during the years ended 31 December 2023 and 2022 was as follows:

\$'000s	Year ended 31 December	
	2023	2022
Salaries, incentives and short-term benefits	1,214	634
Directors' fees	112	233
Stock-based compensation ⁽¹⁾	21	186
Total compensation	1,346	1,053

(1) 2023 stock based compensation includes the credit for forfeited stock based options.

Key management personnel have been identified as the non-executive directors and executive officers of the Company. The executive officers include the executive chairman, the current CEO and CFO, Lesley Maclean (a director of several of the subsidiary companies) and the former CEO and CFO.

Previous awarded options to key management personnel under the LTIP shall only vest and an option may only be exercised while the Award Holder is in relevant employment. Once an award holder ceases to be in relevant employment, any award granted to them shall lapse on cessation. The Board may determine that an Award Holder will be treated as ceasing to be in Relevant Employment when they give or receive notice of termination of their employment (whether or not lawful). As a result, all the vested and unvested options for the former CEO and CFO were forfeited during 2022 when they ceased to be in relevant employment.

26. SUBSEQUENT EVENTS

On 19 April 2024, the Group completed its sale of its 50% holding in Brentford Oil Tools and its interest in the West Gharib concession to New Horizons LLC and NPC Petroleum Services Ltd for a combined consideration of \$7.2 million, and in so doing disposed of its investment in Brentford Oil Tools and the corresponding oil & gas assets and liabilities related to its interest in the West Gharib concession (see note 23).

On 22 April 2024, the Group's outstanding facility with the European Bank for Reconstruction and Development ("EBRD") of \$2.6 million (inclusive of \$0.6 million accrued interest) was fully repaid (see note 5a).

On 29 May 2024, a Moroccan tax inspection was concluded that gave rise to a prior year income tax liability of \$1.9 million, netted off by \$0.5 million in Corporation & other taxes that can be set-off against future tax liabilities, resulting in a net charge of \$1.4 million (see note 12).

Company Financial Statements

Parent Company Balance Sheet

As at 31 December 2023

£'000s	Note	As at 31 December 2023	As at 31 December 2022
Fixed assets			
Investments	6	7,645	22,145
		7,645	22,145
Current assets			
Debtors: amounts falling due within one year	7	97	255
Amounts owed by group companies undertakings	8	10,530	6,476
Cash at bank and in hand		-	12
		10,627	6,743
Creditors: Amounts falling due within one year			
Borrowings and overdrafts	12	(2,128)	-
Creditors	9	(2,901)	(2,256)
Amounts owed to group companies undertakings	10	(14,142)	(12,157)
		(19,171)	(14,413)
Net current liabilities	12	(8,544)	(7,670)
Net assets		(899)	14,475
Capital and reserves			
Called up share capital	11	2,104	2,104
Share premium account		101	101
Share-based payment reserve		17	550
Retained earnings		(3,121)	11,720
Total shareholders' funds		(899)	14,475

As a Consolidated income statement is published in this Annual Report, a separate income statement for the Company is not presented within these financial statements as permitted by Section 408 of the Companies Act 2006. The Company reported a loss for the period of £15.2 million (2022: £22.8 million).

The financial statements on pages 66 to 74 of SDX Energy Plc registered number 11894102 were approved by the board of directors on 28 June 2024 and signed on their behalf by:

Signed on behalf of the board of directors

Jay Bhattacharjee
Non-Executive Chairman

Parent Company Statement of Changes in Equity

For the year ended 31 December 2023

£'000s	Year ended 31 December	
	2023	2022
Share capital		
Balance, beginning of period	2,104	2,104
Balance, end of period	2,104	2,104
Share premium		
Balance, beginning of period	101	101
Balance, end of period	101	101
Share-based payment reserve		
Balance, beginning of period	550	848
Share-based compensation for the period	(174)	267
Share-based options expired	(359)	(565)
Balance, end of period	17	550
Retained earnings		
Balance, beginning of period	11,720	33,921
Share-based options expired	359	565
Total comprehensive loss for the period	(15,200)	(22,766)
Balance, end of period	(3,121)	11,720
Total equity	(899)	14,475

Notes to the Parent Company Financial Statements

For the year ended 31 December 2023

1. ACCOUNTING POLICIES

Basis of preparation

The Parent Company financial statements of SDX Energy Plc (the Company) have been prepared in accordance with FRS 102 as they apply to the Company for the year ended 31 December 2023, and with the Companies Act 2006. The financial statements were approved by the Board and authorised for issue on 28 June 2024. SDX Energy Plc is a public limited company limited by shares incorporated in England and Wales and is listed on the Alternative Investment Market (AIM). The Company's registered address is 38 Welbeck Street, London, United Kingdom, W1G 8DP.

The Company was incorporated on 20 March 2019 with a year end of 31 December in order to act as the ultimate holding company of its subsidiaries.

The Company's financial statements are presented in UK pound sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

As a Consolidated income statement is published in this Annual Report, a separate income statement for the Company is not presented within these financial statements as permitted by Section 408 of the Companies Act 2006. The Company reported a loss for the year of £15.2 million (2022: £22.8 million).

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. In these financial statements the Company has applied the exemptions available under FRS 102 in respect of the following disclosures: a cash flow statement and related notes; share based payments; related parties transactions and financial instruments.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied throughout the period, unless otherwise stated.

Basis of measurement

The financial statements have been prepared on a historical cost basis.

Going concern

These financial statements have been prepared on a going concern basis. However there exists a material uncertainty that may cast significant doubt over the ability of the Company to continue as a going concern. The Board believes it has options to raise external capital, but cannot guarantee the amount and timing of any proposed financing. The Board would also note that there are no guarantees that current discussions with the potential buyers of the South Disouq asset in Egypt and potential farm-in partners in Morocco will be favourably concluded and that arrangement with creditors will remain negotiable.

Notwithstanding the material uncertainty identified, the Directors have concluded that the Company will have sufficient resources to continue as a going concern for the period of assessment, that is for a period of not less than 12 months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared in a going concern basis and do not reflect any adjustments that would be necessary if this basis were inappropriate. Further details are given in the Group Going Concern Statement on Note 2e to the Consolidated Financial Statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities is the recoverable value of investment in subsidiaries. The Company evaluates investments in subsidiaries for indicators of impairment if required. Any impairment test, where required, involves estimates and associated assumptions related to several factors. Refer to the accounting policy as described in note 3.

As at 31 December 2023, the Company considered that the market capitalisation of the Group has dropped significantly below the carrying value of its investment in its subsidiaries. Therefore, the Company assessed the recoverable value of the investment in subsidiaries based on a value in use calculation. Refer to the assessment of carrying value of investments in group undertakings in Note 6 of the Parent Company financial statements.

Notes to the Parent Company Financial Statements continued

For the year ended 31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency

The functional currency is the currency of the primary economic environment in which that entity operates. Transactions denominated in other currencies are converted into the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at period-end exchange rates, foreign exchange gains and losses arising are recognised in the income statement.

The Company's financial statements are presented in UK pound sterling, as that presentation currency most reliably reflects the business performance of the entity.

Financial instruments

Financial instruments are accounted for under Section 11 and 12 of FRS102. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being "basic" financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments

In the Company balance sheet, investments in subsidiaries are measured at cost less impairment. For investments in subsidiaries acquired for consideration, including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus the fair value of other consideration. Any premium is ignored.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, because of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, on a pro-rata basis.

Notes to the Parent Company Financial Statements continued

For the year ended 31 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Cash at bank and in hand

Cash and cash equivalents comprise cash in hand and deposits held at call with banks.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Creditors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Convertible loans

Convertible loans are initially recognised at their fair value, which includes any directly attributable transaction costs. The loan notes can be settled in cash, with interest accruing on the principal, or converted into new Ordinary Shares of the Company at a pre-determined conversion price.

Should the loan notes be settled through conversion to shares, the carrying amount of the Convertible Loan Note will be derecognised and shares arising on conversion of the notes shall be issued and allotted by the Company on the conversion date.

Current and deferred corporation tax

The tax expense for the period comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Share-based payments

The grant date fair value of options granted to employees is recognised as stock-based compensation expense, with a corresponding increase in contributed surplus over the vesting period. Each tranche granted is considered a separate grant with its own vesting period and grant date fair value. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

Notes to the Parent Company Financial Statements continued

For the year ended 31 December 2023

4. FINANCIAL RISK MANAGEMENT

Overview

The Company's principal activities expose it to a variety of financial risks that arise because of its operations and financing activities such as credit risk and liquidity risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables and cash held with banks.

Cash at bank and in hand

The Company limits its exposure to credit risk by only investing in liquid securities and only with highly rated counterparties. The Company's cash at bank is currently held by banks with AA or equivalent credit ratings or better. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political unrest. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilises authorisations for expenditures on projects to further manage capital expenditure and has a board of directors approved signing authority matrix.

As at 31 December 2023 the Company's financial liabilities are all due within one year.

Capital management

The Company's objective when managing its capital is to ensure it has sufficient capital to maintain its ongoing operations.

5. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other key management personnel during the year ended 31 December 2023 was as follows:

£'000s	Year ended 31 December	
	2023	2022
Salaries, incentives and short term benefits	977	512
Directors' fees	90	189
Stock based compensation ⁽¹⁾	17	150
Total compensation	1,084	851

(1) 2023 stock based compensation includes credit for forfeited stock based options.

Key management personnel have been identified as the non-executive directors and executive officers of the Company. The executive officers include the executive chairman, the current CEO and CFO, Lesley Maclean (a director of several of the subsidiary companies) and the former CEO and CFO.

Previous awarded options to key management personnel under the LTIP shall only vest and an option may only be exercised while the Award Holder is in relevant employment. Once an award holder ceases to be in relevant employment, any award granted to them shall lapse on cessation. The Board may determine that an Award Holder will be treated as ceasing to be in Relevant Employment when they give or receive notice of termination of their employment (whether or not lawful). As a result, all the vested and unvested options for the former CEO and CFO were forfeited during 2022 when they ceased to be in relevant employment.

Notes to the Parent Company Financial Statements continued

For the year ended 31 December 2023

6. INVESTMENTS

£'000s	31 December 2023	31 December 2022
Investment in group undertakings	7,645	22,145

Details of the Company's group undertakings and joint venture are listed in note 13.

Assessment of carrying value of investments in group undertakings

The carrying value of the Company's investment in group undertakings has been tested for impairment in accordance with FRS 102 Section 27. The carrying value is compared to the asset's recoverable amount and has been assessed by reference to fair value less cost to sale (market capitalisation) and value in use.

The value in use has been calculated based upon a discounted cash flow methodology using the most recent forecasts prepared by management of the SDX Energy plc group.

These forecasts:

- are consistent with the independent technical and economic valuation of the Group's Egyptian and Moroccan assets performed by Chapman Hydrogen and Petroleum Engineering Limited ("Chapman") which has an effective date of 31 December 2023;
- are consistent with management's estimates of the Fair Value less Costs to Sale of the Group's Egyptian assets as at 31 December 2023;
- cover the period up till the end of the asset's economic useful life. Cash flows are assumed to grow at 2.0% which is based on inflation forecasts by recognised bodies;
- reflect estimation uncertainty using a rundown scenario for future general and administrative ("G&A") expenditure incurred. The assumptions are consistent with expected G&A expenditure in a non-growing, declining value in use scenario;
- include ongoing capital expenditure required to maintain the current exploitation concessions but excludes any growth from future exploration that the Company expects to undertake in 2024 and beyond.

The key assumptions for the value in use calculation are reserves and price estimates, future G&A expenditure incurred, discount rates and foreign exchange. Management estimates discount rates that reflect current market assessments of the time value of money and the rate of return a market participant would require. The rate used to discount the forecast cash flows reflects the individual businesses in the Group and is 15.0% pre-tax. When taking this analysis into consideration alongside market capitalisation, the directors have determined that an impairment charge of £14.5 million is required, this charge mainly being due to impairments of subsidiary assets held for sale down to fair value and further write-downs of the carrying values of other operating assets after reassessments of their respective values-in-use due to reductions in reserve levels as determined by Chapman.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

£'000s	31 December 2023	31 December 2022
Prepayments	52	29
Other debtors	45	226
Total	97	255

8. AMOUNTS OWED BY GROUP UNDERTAKINGS

£'000s	31 December 2023	31 December 2022
Sea Dragon Energy (Nile) B.V.	2,869	1,968
Sea Dragon Energy (NW Gemsa) B.V.	71	67
SDX Energy Egypt (Meseda) Ltd.	2,959	1,871
Sea Dragon Energy Holding B.V.	40	38
SDX Energy Morocco (Jersey) Limited	4,545	2,486
Madison Egypt Oil and Gas Limited	14	14
Madison International Oil and Gas Limited	18	18
Madison Cameroon Oil & Gas Ltd	14	14
Total	10,530	6,476

Current accounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

Notes to the Parent Company Financial Statements continued

For the year ended 31 December 2023

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

£'000s	31 December 2023	31 December 2022
Trade creditors	2,249	1,878
Other creditors	652	378
Total	2,901	2,256

10. AMOUNTS OWED TO GROUP UNDERTAKINGS

£'000s	31 December 2023	31 December 2022
Sea Dragon Energy (UK) Limited	13,657	11,716
SDX Energy Inc.	485	441
Total	14,142	12,157

Current accounts owed to group undertakings are unsecured, interest free and have no fixed repayment date.

11. CALLED UP SHARE CAPITAL

£'000s	31 December 2023	31 December 2022
Authorised, issued and fully paid ordinary shares of £0.01 each	2,104	2,104

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management

The capital structure of the Company consists of debt, which includes the amounts owed to group undertakings disclosed in note 10 and equity attributable to equity holders of the Company and related parties, comprising issued capital and retained earnings as disclosed in the statement of changes in equity.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Categories of financial instruments

£'000s	31 December 2023	31 December 2022
Financial assets		
Cash and trade and other receivables	97	267
Amounts due from group undertakings	10,530	6,476
Total	10,627	6,743

£'000s	31 December 2023	31 December 2022
Financial liabilities		
Borrowings and overdrafts	2,128	-
Trade and other payables	2,901	-
Amounts due to group undertakings	14,142	12,157
Total	19,171	14,413
Net current liabilities	(8,544)	(7,670)

Amounts due from and to group undertakings are unsecured, interest free and have no fixed repayment date.

Borrowings as at 31 December 2023 mainly comprise a convertible loan of £2.1 million from Aleph Finance Limited (of which £0.6 million is accrued interest), which was initially entered into on 26 July 2023. The loan is repayable either in cash and/or the issue of Ordinary Shares in the Company – the choice is determined by the lender. Interest accrues at an annual rate of 15% + the average Secured Overnight Financing Rate over the calculation period. All amounts are repayable by 24 July 2024, the convertible loan is unsecured.

Financial risk management objectives

The Company seeks to minimise the effects of fair value interest rate risk and price risk through active management processes. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Notes to the Parent Company Financial Statements continued

For the year ended 31 December 2023

13. SUBSIDIARIES

As at 31 December 2023, the companies listed below are indirectly held by SDX Energy plc except SDX Energy Holdings (UK) Limited which is 100% directly owned by SDX Energy plc. The financial year end of each company is 31 December 2023.

Name	Holding	Percentage ownership	Country of operation	Registered address
SDX Energy Holdings (UK) Limited	Direct	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Inc	Indirect	100%	Canada	1900, 520 - 3rd Avenue SW, Centennial Place, East Tower, Calgary, Alberta T2P 0R3
Sea Dragon Energy (UK) Limited	Indirect	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Investments (UK) Ltd	Indirect	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Morocco (UK) Limited	Indirect	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Cooperatieve U.A.	Indirect	100%	Netherlands	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy Holding B.V.	Indirect	100%	Netherlands	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Egypt (Nile Delta) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (GOS) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (Nile) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (NW Gemsa) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy Holding Limited	Indirect	100%	British Virgin Islands	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands
NPC (Shukheir Marine) Limited	Indirect	100%	Egypt	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands
Madison International Oil & Gas Limited	Indirect	100%	Barbados	Erin Court, Bishop's Court Hill, St. Michael, Barbados
Madison Egypt Oil & Gas Limited	Indirect	100%	Egypt	Erin Court, Bishop's Court Hill, St. Michael, Barbados
Madison Cameroon Oil & Gas Limited	Indirect	100%	Cameroon	Erin Court, Bishop's Court Hill, St. Michael, Barbados
SDX Energy Egypt (Meseda) Limited	Indirect	100%	Egypt	10, Road 261, New Maadi, Cairo, Egypt
SDX Energy Morocco (Jersey) Limited	Indirect	100%	Morocco	P.O. Box 771, Ground Floor, Colomberie Close, St. Helier, Jersey
Limerick Services SARL	Indirect	100%	Morocco	2 Rue Ghazaoua la pinède Souissi, Rabat, Morocco
Brentford Oil Tools	Indirect	50%	Egypt	7 Nazeh Khalifa st., El Korba, Misr El Gadiga, Cairo, Egypt

Executive Directors

Daniel Gould
Chief Executive Officer

William McAvock
Chief Financial Officer

Non-Executive Directors

Jay Bhattacharjee
Non-Executive Chairman

Timothy Linacre
Krzysztof Zielicki

Stock Exchange Listing

London Stock Exchange AIM
Symbol: SDX

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