PHAROS ENERGY

2024

ANNUAL REPORT & ACCOUNTS

www.pharos.energy

Who We Are

Pharos Energy is an independent energy company with a focus on delivering long-term sustainable value for all stakeholders through regular cash returns and organic growth, underpinned by robust cash flow and a resilient balance sheet.

With a registered office in London and listed on the main market of the London Stock Exchange, we have production, development and exploration interests in Egypt and Vietnam.

Our purpose is to provide energy to support the development and prosperity of the countries, communities and families wherever we work, in line with recognised social and environmental practices.

www.pharos.energy

Pharos at a glance

2024 KEY FIGURES

Listed on London Stock Exchange
1997

Acreage km²
17,839

Blocks
6

Oil & Gas fields
13

Global Employees
33

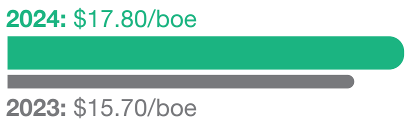
Countries
2

2024 Group Highlights

Cash operating costs* ($/boe)

$17.80/boe

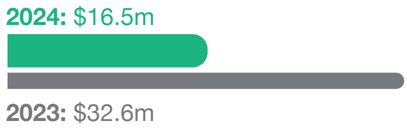
(2023: $15.70/boe)



Cash & cash equivalents ($m)

$16.5m

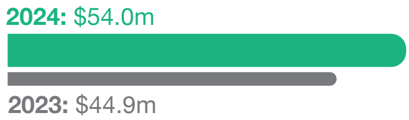
(2023: $32.6m)



Operating Cash Flow ($m)

$54.0m

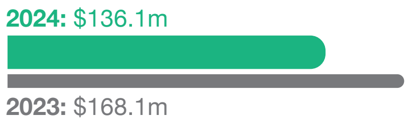
(2023: $44.9m)



Revenue ($m) Prior to hedging loss of $0.1m

$136.1m

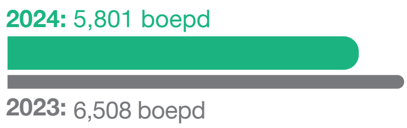
(2023: $168.1m, prior to hedging loss of $0.2m)



Average net production (boepd)

5,801 boepd

(2023: 6,508 boepd)



RETURN TO SHAREHOLDERS

Share Buybacks F2024

$2.9m

(2023: $2.8m)

Total Dividend Payments 2024

$5.9m

(or 1.10p per share, paid on 19 July 2024)

(2023: $5.6m)

* **Read More** | Non-IFRS measures on page 200.

Where We Operate

PORTFOLIO WITH GROWTH POTENTIAL

Our assets deliver stable production and robust cash flows. We have a diversified mix of onshore and offshore producing, development and exploration assets in two countries - Egypt and Vietnam - both of which have great potential to create more value.

EGYPT (D,P,E)

We have high quality onshore, low-cost oil production operations, development and exploration assets in Egypt. Pharos holds a 45% working interest share in the El Fayum Concession in the Western Desert, with IPR Lake Qarun, part of the international integrated energy business IPR Energy Group, holding the remaining 55% working interest. The El Fayum Concession produces oil from 10 fields and is located 80 km southwest of Cairo. It is operated by Petrosilah, a 50/50 joint stock company between the contractor parties (being IPR Lake Qarun and Pharos) and the Egyptian General Petroleum Corporation (EGPC). Pharos also holds a 45% working interest share in the North Beni Suef (NBS) Concession in Egypt, which is located immediately south of the El Fayum Concession. The first development lease on the NBS Concession was awarded in September 2023 and oil production started in December 2023. IPR Lake Qarun operates and holds the remaining 55% working interest in the NBS Concession.

2024 Average Production (net)

1,440 bopd

(2023: 1,381 bopd)

Note: The remaining exploration area within the Egyptian concession was relinquished in February 2025. The current consolidation project will seek to reinstate exploration acreage within the consolidated concession area.

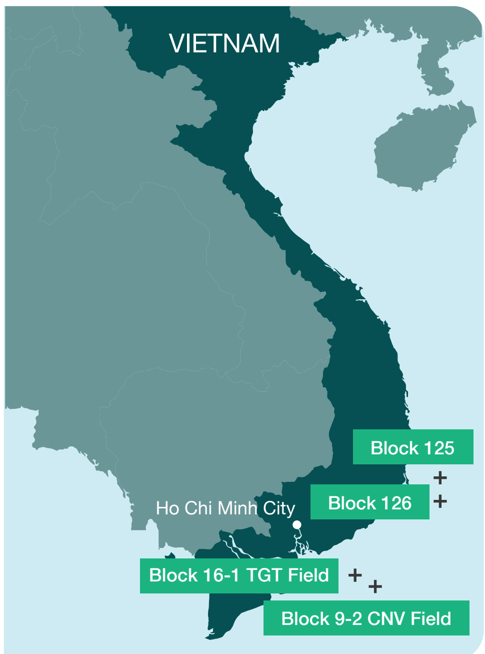
VIETNAM (D,P,E)

We have valuable and long-established producing fields in Vietnam, with the first discovery in 2004 and first oil production in 2008. Oil and gas production is from two fields (Te Giac Trang in Block 16-1 and Ca Ngu Vang in Block 9-2) in the Cuu Long basin. There is further potential for organic growth from a basin-opening frontier play with a number of potentially world class prospects and leads already identified in two exploration blocks in the Phu Khanh basin (Blocks 125 & 126).

2024 Average Production (net)

4,361 boepd

(2023: 5,127 boepd)



D: Development **P:** Production **E:** Exploration

Our Strategy and Purpose

A FOCUSED STRATEGY TO FULFIL OUR PURPOSE

> Our strategy has positioned the business for long-term value creation, whilst building on a track record of 20+ years of shareholder returns.

Our Purpose

Our purpose is to provide energy to support the development and prosperity of the countries, communities and families wherever we work, in line with recognised social and environmental practices.

Our Strategy

We are committed to deliver long-term, sustainable value for all our stakeholders through regular cash returns to shareholders and investment in our assets to generate growth, underpinned by robust cash flow and a resilient balance sheet.

We invest in a balance of near-term potential and longer-term value, with the aim of enhancing value creation for all stakeholders.

To achieve this, we focus on maximising reserves from existing producing oil and gas fields, such as oil from our El Fayum and North Beni Suef concessions in Egypt and oil and gas from TGT and CNV fields in Vietnam, through flexible capital investment across oil price cycles to unlock reserves upside and improve operating performance. This is complemented by organic growth activity through further extensions to the lifespan of existing producing assets, and exploration offshore Vietnam on Blocks 125 & 126 and onshore Egypt on both the El Fayum and North Beni Suef concessions, to unlock longer-term value.

Our Stakeholders

To our investors:

Creating and returning value to shareholders through a combination of annual dividends and organic and inorganic growth.

To our host countries:

Creating shared prosperity and helping countries use oil and gas revenues to promote sustainable, inclusive economic development, manage the impact of climate change and achieve their COP and other domestic and international commitments.

To our people:

Providing an inclusive and diverse workplace, empowering people with differing backgrounds, skills, and experiences to do meaningful work based on the Pharos Way principles of safety and care, energy and challenge, openness and integrity, empowerment and accountability, and pragmatism and focus.

To all stakeholders:

Engaging and dealing with stakeholders in a transparent and constructive manner in accordance with applicable local and international laws and otherwise aspiring to the highest ethical standards of business conduct.

OUR STRATEGIC OBJECTIVES

Strong balance sheet

Protecting balance sheet strength is fundamental to our business model. Costs and the balance sheet are actively managed through maintaining positive operational cash flow combined with a focused approach to capital allocation, an active hedging programme, a mix of debt instruments in place, and a modest gearing level.

Financial discipline

Capital discipline and financial stability have always been key to the Group and continue to underpin the business. The Board and senior management team maintain a clear focus on our capital allocation goals: to balance consistent returns to shareholders with investment in our assets to generate sustainable value and cash flow, while preserving the resilience of the balance sheet.

Rigorous approach to cost control

We focus on our cost base wherever we are. We have kept a rigorous approach to drive down costs and created a lean Board and organisational structure suitable for the future. This positions us well to thrive throughout the commodity price cycle.

Sustain shareholder returns

Our goal is to deliver a combination of regular cash returns plus growth potential for shareholders. We aim to maximise value per share for all shareholders, and we are not chasing scale for its own sake. We are committed to delivering value on all sides of the equation.

Operational safety, efficiency, and production growth

The health and safety of the Group's workforce is the highest priority for Pharos. We apply our expertise locally with operational teams in each region, working closely with partners and joint operating companies to maintain our safety record, achieve operational efficiency, and grow production. We encourage dialogue and co-operation between the different business assets to ensure new ideas and solutions are shared. Our stable operational performance in 2024 has established a firm foundation for future growth and supports the delivery of our strategy.

Mutually beneficial partnerships

The operational successes the Company has had over the years would not have been possible if not for the supportive relationships we have with our valued partners and stakeholders. Our assets are operated predominantly through JOCs, but we are actively involved in JOC management and work collaboratively with our partners to identify areas of mutual sustainable benefits. A combination of long-standing in-country presence and focus on building relationships with both host governments and regulatory authorities has cultivated many successes for the Group, our partners, the JOCs and the local economies. We also maintain good relationships with our valued group of lenders to ensure financial stability in times of uncertainties.

Diversified portfolio

Over the past years, we have built a distinctive portfolio in the energy regions of Asia and MENA that diversifies our risk while providing multiple organic growth opportunities and value-adding activities that have potential to generate near-term free cash flow.

Transparency in sustainability

Sustainability is a key value in our business. We made a formal commitment to achieve Net Zero on our Scope 1 (direct) and Scope 2 (indirect) GHG emissions from all our current and future assets by no later than 2050, and published a Net Zero Roadmap (the 'Roadmap') in December 2023 with interim emission reduction targets and decarbonisation levers to achieve our climate target. An updated version of the Roadmap can be found on page 96.

We recognise that the journey to Net Zero and a more sustainable future will not be simple nor straightforward, but we remain committed to transparency in our reporting and to keeping stakeholders updated on our progress.

OUR INVESTMENT CASE

Our Investment Case

1. CAPITAL DISCIPLINE IN OUR DNA

We have a culture of prudent financial management, capital allocation and capital return.

We exhibit capital discipline through a focus on cost management, a part of our DNA, underpinned and enhanced by our commitment to annual cash returns to shareholders. Capital allocation decisions are taken to make investments where they will generate risk-adjusted full-cycle returns, with a focus on near term cash generation.

We use our expertise:

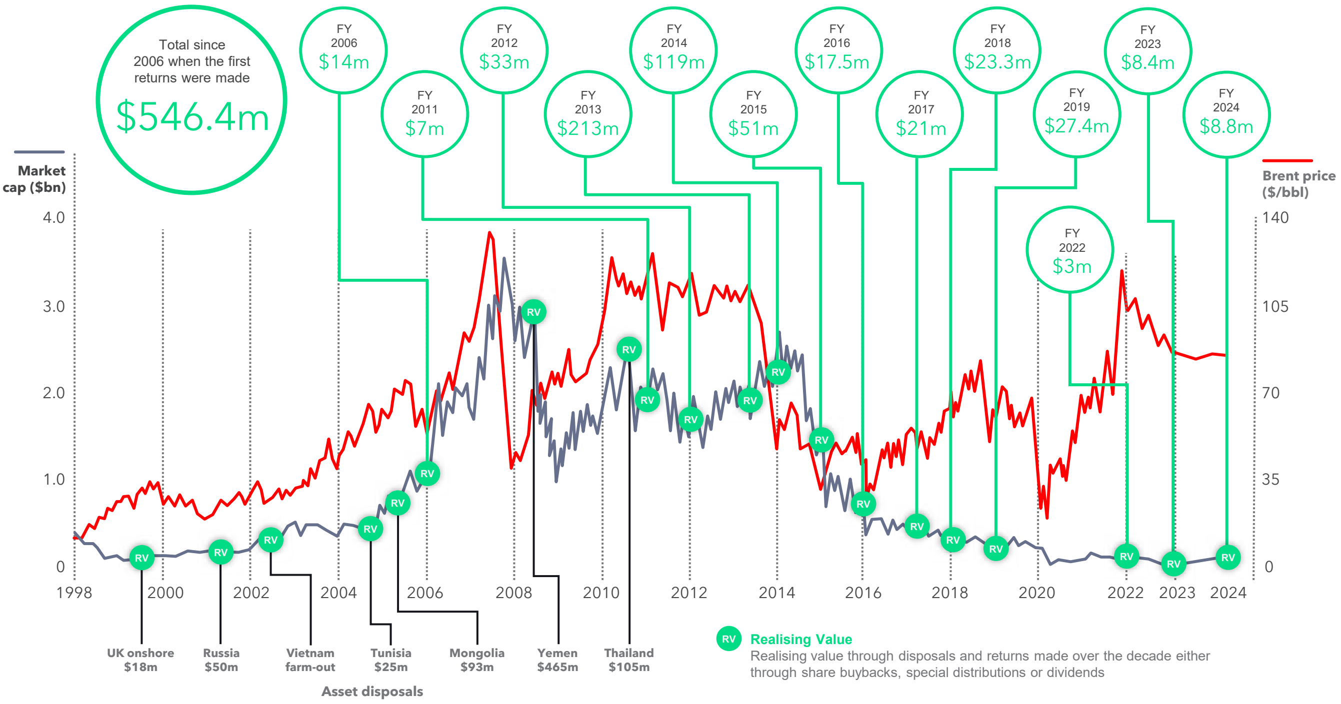
To allocate capital to those assets which offer a combination of cash flow, growth and sustainability

To focus on our cost base wherever we are

To assess and develop high grade growth opportunities

To provide cash returns to shareholders

A commitment to cash returns to shareholders remains a core element of our overall allocation framework. We aim to create value per share, not chasing scale for its own sake. It is this approach that has allowed us to return significant amounts of capital to shareholders since 2006. As at year end 2024, we are proud to have returned $546.4m to shareholders, through a combination of dividends and share buybacks.



* **Read More** | Chief Financial Officer's Statement page 37.

2. QUALITY ASSETS WITH GROWTH POTENTIAL

Over the past years, we have built a portfolio in the energy regions of Asia and MENA. Our high-quality assets deliver stable production and robust cash flow, with a range of near-term organic growth opportunities ranging from low-cost low-risk onshore producing assets to basin-opening world-class potential offshore exploration.

* **Read More** | Operational Review page 29.

EGYPT

Onshore, low cost, in-fill drilling path to grow production with proven exploration upside

Following Pharos' farm-down transaction and transfer of operatorship over our Egyptian assets to IPR in 2022, we continue to deliver strong operational performance in Egypt, having development and exploration successes in both the El Fayum and North Beni Suef (NBS) concession in 2023 and 2024. On El Fayum, the first exploration commitment well was successfully drilled in 2023, and the second exploration commitment well encountered oil-bearing reservoirs in the Abu Roach G formation in September 2024 and was declared a commercial discovery after testing in February 2025. On NBS, the first exploration commitment well (NBS-SW1X) was declared a commercial discovery after encountering multiple pay zones in the Abu Roach G formation and put on production in 2023, having been granted a 20-year development lease by EGPC in December 2023.

The Group is also in discussion with EGPC and our partner IPR on consolidating the El Fayum and NBS concessions. A Memorandum of Understanding (MOU) with EGPC was signed in February 2025 to merge the two assets and replace them with a new consolidated Concession Agreement. The consolidated Concession Agreement is expected to unlock significant value in the Western Desert by improving certain fiscal terms, extending the term of the concessions and committing the Contractor parties to additional work programmes aimed at increasing production from the areas.

Our strong operational performance in 2024 provides the Group with significant operational momentum going into 2025. Nevertheless, the continuing volatility of the macroeconomic environment in Egypt means that the Group continues to monitor progress in both the concession consolidation discussion and the payment of its receivable balance to determine the pace of future investment in country.

Catalysts in 2025

- El Fayum: testing of the successful exploration commitment well in February
- Application for commercial discovery declaration and early production permission submitted to EGPC in 1Q
- Planning underway to commence two-well El Fayum drilling programme in 2H
- NBS: expected completion of 3D seismic data processing in 1H, with interpretation and mapping to follow
- Memorandum of Understanding (MOU) with EGPC in relation to the Egyptian concession consolidation signed in February 2025

1,440 bopd

Net 2024 Production

(2023: 1,381 bopd)

11

Development Leases at the El Fayum and NBS Concessions

12.4 mmboe

2P Reserves as at Year End 2024

(2023: 14.4 mmboe)

45%

Pharos Working Interest

VIETNAM

High net-back producing assets with further significant exploration potential

The Group's current producing interests in Vietnam, the Te Giac Trang (TGT) and Ca Ngu Vang (CNV) fields in the Cuu Long basin off the southern coast, together, are amongst Vietnam's largest oil producers. In December 2024, the Company was formally granted five-year licence extensions to the TGT and CNV fields by the Vietnamese Government, immediately increasing year-end 2024 2P reserves in Vietnam by approximately 10% and enabling further investment in both fields. The Company also successfully completed the two-well infill drilling programme in October 2024 on time and under budget, with both wells contributing to current production. Planning is underway for further appraisal and infill drilling programmes in 2025 for both fields.

We have further potential for growth from two deep-water basin-opening exploration positions in Blocks 125 & 126 in the Phu Khanh basin off the eastern coast of Vietnam. In July 2023, Pharos published an independent report prepared by ERCE on Blocks 125 & 126 in Vietnam which makes estimates of prospective oil resources with an aggregated gross unrisked Mean of 13,328 MMstb, covering those Prospects and Leads already identified. The report supports Pharos' internal assessments and paves the way for further work to develop new Leads and mature Leads to Prospects. Detailed drilling engineering studies for the proposed well on Prospect A commenced in 3Q 2024, with long lead items ordered in August 2024 to progress the opportunity on Blocks 125 & 126. All work done to date highlights the scale of the potential in these blocks. Pharos is continuing its discussions with potential farm-in partners and rig contractors to complete all necessary work to drill the first exploration well on this basin-opening play. In February 2025, we have submitted an application for a two-year PSC exploration phase extension to the relevant authorities, underscoring our commitment to pursue this exciting opportunity.

Upcoming catalysts in 2025

- TGT: drilling of an appraisal commitment well in 4Q; appraisal success would open up an undrilled area in the field
- Three infill wells drilling programme expected to commence in 4Q
- CNV: planning underway for the drilling of one infill well expected to commence in 4Q
- 3D seismic reprocessing on both assets commenced in January 2025, expected completion in 3Q
- Blocks 125 & 126: submitted application for a 2-Year PSC Exploration Phase Extension in February 2025
- Long Lead Items expected to arrive in 2Q 2025
- Renewed focus on farm-out strategy to enable drilling of the prospect

4,361 boepd
Net 2024 Production
(2023: 5,127 boepd)

4
Blocks in Vietnam

8.9 mmboe
2P Reserves as at Year End 2024
(2023: 9.1 mmboe)

25+
Years Active in Vietnam

Our Investment Case

3. OPERATIONAL CAPABILITY

Amidst ongoing global uncertainty, Pharos continues to deliver consistent operational results, thanks to the efforts of our teams, of our partners and of the local JOCs, who have managed to navigate the macroeconomic challenges without compromising our operational capability.

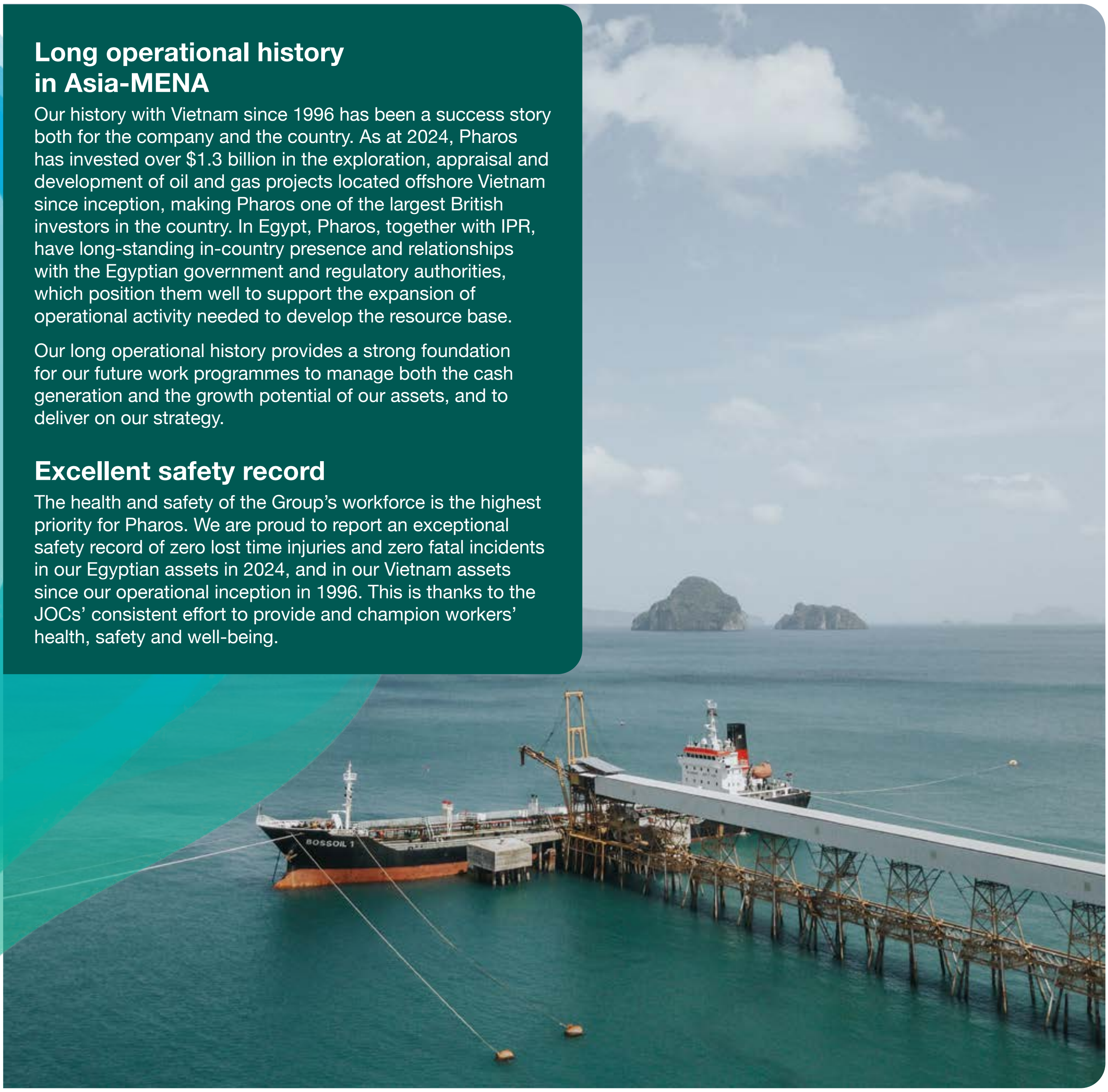
Long operational history in Asia-MENA

Our history with Vietnam since 1996 has been a success story both for the company and the country. As at 2024, Pharos has invested over $1.3 billion in the exploration, appraisal and development of oil and gas projects located offshore Vietnam since inception, making Pharos one of the largest British investors in the country. In Egypt, Pharos, together with IPR, have long-standing in-country presence and relationships with the Egyptian government and regulatory authorities, which position them well to support the expansion of operational activity needed to develop the resource base.

Our long operational history provides a strong foundation for our future work programmes to manage both the cash generation and the growth potential of our assets, and to deliver on our strategy.

Excellent safety record

The health and safety of the Group's workforce is the highest priority for Pharos. We are proud to report an exceptional safety record of zero lost time injuries and zero fatal incidents in our Egyptian assets in 2024, and in our Vietnam assets since our operational inception in 1996. This is thanks to the JOCs' consistent effort to provide and champion workers' health, safety and well-being.



* **Read More** | Corporate Responsibility Report page 59.

Our Investment Case

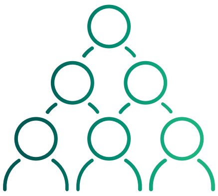
4. DIVERSE AND INCLUSIVE WORKFORCE

Greater diversity and inclusivity helps bring deeper understanding of people. Led by the 5 Pharos Guiding Principles of ‘Safety and Care’, ‘Energy and Challenge’ ‘Openness and Integrity’, ‘Empowerment and Capability’, and ‘Pragmatism and Focus’, we have demonstrated our commitment to maintaining and building a culture of diversity and inclusion.

Diversity in all dimensions

We operate in a global industry, and it is vitally important to ensure that we benefit from the diverse perspectives that people can bring. For this reason, equity, diversity and inclusion sit at the heart of our recruitment, development and promotion processes. Across all of our assets, we acknowledge diversity in all its dimensions and welcome people with differing backgrounds, skills, nationalities, gender and experiences to help us deliver our business strategy of long-term sustainable growth. As at year end 2024, the Board has three female directors out of six, with both executive positions held by women. We recruit talents from diverse backgrounds across our entire organisation.

Most notably our global team comprised



10 nationalities

of which women accounted for

c.51%

Our Group Code of Business Conduct and Ethics, associated policies and the Pharos Guiding Principles commit us to providing a workplace free of discrimination where all employees can fulfil their potential based on merit and ability, and we will continue to align our Company with this ethos.

Regional knowledge and experience

We apply our expertise locally with operational teams in each region, working closely with partners and JOCs. We encourage dialogue and co-operation between the different business assets to ensure the sharing of knowledge and new ideas. We are committed to providing meaningful opportunities for training and capacity building in host countries. We have maintained a gender-neutral recruitment process and, wherever possible, we first look to fill any vacancy internally with a local candidate in London, Vietnam or Egypt.

*** Read More** | Corporate Responsibility Report page 59.

Chair's Statement

STRENGTHENED FOUNDATION FOR FUTURE GROWTH

JOHN MARTIN
Non-Executive Chair

For Pharos, 2024 has been a year of significant progress, during which we have enhanced our core business with the licence extensions in Vietnam, achieved financial resilience with the repayment in full of the company's debt and strengthened our leadership team, laying the foundation for the next stage of growth.

Throughout the portfolio, the team's focus on operational delivery was evidenced by good drilling performance both in Vietnam, with the two TGT wells contributing to production, and in Egypt, with exploration success on the El Fayum commitment well. Most notably, the Vietnam JOCs' application for the five-year licence extensions to the TGT and CNV fields was granted by the Vietnamese Government in December, an important catalyst to enable further investment in both fields. We have continued to build on a culture of capital discipline to transform the Group's balance sheet, having fully paid off all outstanding debt in September and leaving the Company debt-free. Alongside this, the improving macro environment in Egypt has seen our receivables position improve with over $25m received during the year. This performance has allowed the Board to announce today the intention to pay a final dividend of 0.847 pence per share for the 2024 financial year, taking the 2024 full year dividend to 1.210 pence, a continuation of our commitment to sustainable shareholder returns.

> These achievements are a testament to the hard work, dedication, and commitment of the entire Pharos team. I would like to congratulate all of my colleagues on a year of good performance which has positioned Pharos for a positive future with strong operational momentum, a robust capital structure, and excellent growth opportunities.

Board governance and leadership changes

Over the past few years, the Board has undergone significant changes to strengthen Board independence and maintain a high standard of governance. We invest in regular Board training and evaluations to address any skills gaps, ensuring the Board has the right balance of relevant skills and expertise to guide the Company through its next phase of growth.

I am delighted that Katherine Roe joined the Pharos Board as its new Chief Executive Officer in July 2024 following Jann Brown's retirement from the Board in April. Katherine's 20 years of senior corporate, industry and capital markets experience across several international jurisdictions will be of great value to us as she leads Pharos into our next strategic stage. Since joining the Company in July, Katherine has already forged strong relationships with key stakeholders in both jurisdictions, successfully securing the five-year licence extensions to TGT and CNV in Vietnam in December 2024, and the signing of the Memorandum of Understanding (MOU) with IPR and EGPC for the consolidation of our Egyptian assets in February 2025. It is also important to recognise Jann's contribution throughout her tenure as CEO during challenging times, establishing the platform for much of the recent progress across the business. I would like to thank Jann for her years of service to Pharos and wish her well in her retirement.

Another significant change the Company made was the appointment of Bill Higgs as Independent Non-Executive Director in January 2024 and subsequently as Chair of the Company's new Reserves Committee, an important addition to our governance framework as his technical expertise will be crucial to assess and advise on growth opportunities in our portfolio.

With the changes in 2024, the Board is refreshed, resilient, and strong. We will continue to evaluate opportunities to strengthen our capabilities at Board and senior management level with a view to ensuring we are well-positioned for future success.

A diverse and inclusive culture

At Pharos, we recognise that a positive and inclusive company culture is essential to our long-term success. We are proud of our small yet diverse global workforce, whose broad range of backgrounds, ethnicities, skills and experience help strengthen the Company for the future. As at year end, I am pleased to report that the Company had three female Directors, representing 50% of the Board. Most notably, our global team comprised 10 different nationalities, of which women account for c.51%.

The Board and senior management team are dedicated to creating a safe workplace for all, in which people are confident to engage and contribute. During the year, as Non-Executive Chair of the Board and designated Non-Executive Director responsible for workforce engagement, I carried out various in-person town hall meetings, during which staff were invited to share their feedback and views about the Company without the presence of any Executive Directors to provide an open, honest and safe space for all employees to express any concerns they might have. I am pleased to report that staff morale remains high, and we have seen a significant strengthening of our company culture post COVID-19 lockdowns. We operate in a global industry, and we are careful to ensure that we continue to foster an environment that is safe, inclusive and collaborative in order to benefit from the diverse perspectives that our people bring.

Ongoing dialogues with stakeholders

Pharos' operational success and long-standing partnerships, spanning over 25 years, are built on a culture of transparency and integrity. The senior management team and I have maintained regular and proactive dialogues with local governments, joint-operating partners, and shareholders. In addition to the annual Strategy Day, where the Board focuses on where and how we can best offer value to our stakeholders, we also held regular ad-hoc discussions with corporate advisers and commercial experts in 2024 to stay well-informed about shareholder interests and industry challenges as the Company develops, reviews, refines and executes its long-term strategic plan.

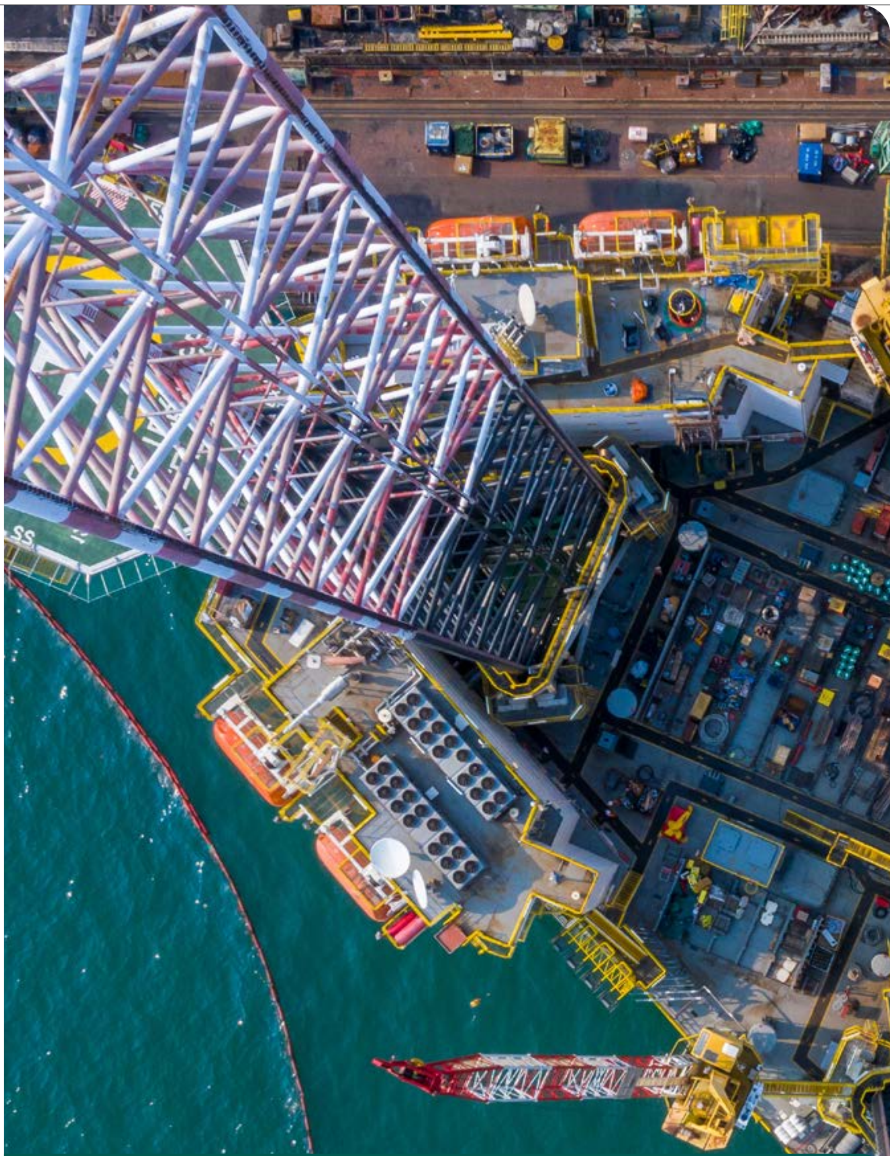
The Board recognises the importance of scale. While Pharos has consistently delivered strong results as an independent small-cap energy producer, we understand that increasing our scale will allow us to create more long-term value for shareholders and compete more effectively in the E&P market. The Board remains committed to delivering returns for shareholders, including potential organic and inorganic opportunities that will enhance our portfolio and strengthen the Company's position in the sector. In doing so, the Board and senior management team will continue to engage with our stakeholders in a personal and meaningful way. We are grateful to our shareholders whose support during times of uncertainty has been crucial to our growth and transformation throughout the years.

Making a positive difference

As Pharos explores these strategic opportunities, we also recognise the need for more balanced energy systems worldwide, delivering energy sources that have a lower climate impact and are reliable and affordable for developed and emerging nations alike. The importance of energy and climate security continues to be a key issue for global governments, and I firmly believe that responsible production and development of oil and gas resources, especially in economies transitioning from heavy reliance on coal, can be a major driver for economic development and alleviating energy poverty. Our host governments understand and appreciate Pharos' in-country impact that goes beyond national revenues from oil and gas production, and we appreciate our host nations' trust in us and the long-term role that we play in their countries' energy transition.

As the global energy landscape continues to evolve, sustainability remains at the heart of our business. In 2024, we progressed our net zero strategy by updating our 2023 Net Zero Roadmap to outline the steps we have taken to reduce our carbon footprint and contribute to a more sustainable future. We are on track to achieve our 2026 interim emissions reduction target and remain committed to transparency in our sustainability reporting.

We are proud of our social and community initiatives, which have been an important part of the Company's philosophy throughout its history. In 2024, in addition to a training levy of $500,000 that goes into a ring-fenced fund to support the development of industry talents in Vietnam and Egypt, we also supported a record 26 community investment projects across Egypt, Vietnam, and the UK, investing a total of $259,889 in education, training, healthcare and infrastructure in our local communities. Pharos is committed to deploying our expertise and capital to partner with host governments to develop local capacity, enhance energy security and unlock value from our host nations' natural resources in an environmentally sustainable and socially responsible manner.



Looking ahead

In addition to seeing a number of important organisational changes at Board and senior management level, 2024 was a year of delivery for Pharos. The Company continued to deliver on its strategy, strengthened its financial health, and built on its track record of sustainable shareholder returns. As Chair of the Board, I would like to thank my fellow Board members, senior management and the Pharos team as a whole for their hard work, commitment, and dedication throughout the year. Their expertise and support have been vital in driving Pharos forward and delivering long-term sustainable value for all shareholders. I am also grateful to our host nations and communities for their continued trust, our shareholders for their confidence, and our partners, suppliers and advisers for their support.

Pharos has a leadership team that brings deep technical experience and strong financial discipline, a clear strategy, a focused portfolio that is unique within our sector, and a commitment to delivering value. We have the right combination to execute the right growth opportunities at the right time, and the Board looks to the future with great confidence in our ability to deliver growth and value in 2025 and beyond.

JOHN MARTIN
Non-Executive Chair

Market Overview

MARKET OVERVIEW

Economics and Political

In 2024, the global economic and political landscape was significantly influenced by the oil and gas industry, with several key factors shaping its trajectory. Global economic growth is projected to be approximately 3.2%[1], reflecting a steady but modest pace amid persistent inflation and geopolitical uncertainties.

The ongoing Russia/Ukraine conflict has had profound impacts on the global economy and the energy sector. Sanctions on Russia have disrupted its energy exports, leading to a reconfiguration of global energy supply chains[2]. European countries, heavily reliant on Russian natural gas, have faced energy security challenges, prompting a shift towards alternative suppliers and accelerated investments in renewable energy[3]. This realignment has also contributed to fluctuations in global oil prices, affecting economic stability in various regions.

Similarly, the Israel/Gaza conflict has added another layer of complexity to the global energy market. Although Israel and Gaza are not major oil producers, the conflict has heightened regional instability, impacting global oil prices due to concerns over potential disruptions to oil supply in the Middle East[4]. This instability underscores the vulnerability of global energy markets to geopolitical tensions.

The combined effects of these conflicts have underscored the importance of energy security. Countries are increasingly prioritising diversification of energy sources and enhancing strategic reserves to mitigate risks associated with geopolitical disruptions. Additionally, the push towards renewable energy and low-carbon projects has gained momentum as nations seek to reduce dependency on volatile fossil fuel markets[5].

Donald Trump's re-election as President of the United States at the end of 2024 has introduced new uncertainties. His administration's stance on energy independence and deregulation may bolster domestic oil and gas production, potentially affecting global energy prices and market dynamics[6]. However, the new administration's policies may lead to volatility in international markets, impacting global economic stability.

Overall, the economic and political landscape in 2024 is characterised by a delicate balance between managing immediate energy security concerns and transitioning towards a more sustainable energy future. The oil and gas industry remains a critical component of this landscape, navigating through the challenges posed by geopolitical conflicts and evolving global economic dynamics. Trump's re-election adds an additional layer of complexity, with potential implications for global trade, energy policies, and economic stability.

Oil Price

Oil markets in 2024 were marginally less volatile than 2023 but overall prices were lower. Strong growth in global oil production and slower growth in demand put downward pressure on prices, while heightened geopolitical risks and voluntary production restrictions among OPEC+ members supported them. These offsetting factors kept oil prices within a narrow range. The average Brent crude price for the year was $80.53, $2/bbl (or 1.8%) less than in 2023.

Having risen month-by-month from the start of the year, oil prices peaked in April 2024 at c.$91/bbl, as geopolitical unrest persisted amid ongoing Middle Eastern hostilities as well as the Russia/Ukraine conflict. This increase was followed by a sharp price correction from April into early June, driven by concerns over the health of the global economy and oil demand as well as reports of progress towards a potential truce in Gaza. Despite a bounce back in oil prices over the course of June, driven by OPEC+ announcing that the unwinding of voluntary production cuts would depend on market conditions, prices declined towards the end of the year, reaching a low in Sept at c.$70/bbl, the lowest level since December 2021, driven by the prospect of an oversupplied market in 2025. Benchmark prices then increased in early October due to escalating tensions between Israel and Iran, and Saudi Arabia and its OPEC+ allies announcing that the planned unwinding of voluntary production cuts would be postponed by two months. Prices eased later in the month as market attention once again shifted from supply risks to concerns over the health of the global economy. By mid-November, prices fell to around $72/bbl as fears of an Israeli attack on Iran's energy infrastructure faded and remained in a $70-75/bbl range for the remainder of the year, with investor sentiment weighed down by the prospect of higher US tariffs and comfortable 2025 balances.

The average realised crude oil price for the Group's production in Vietnam was $85.52/bbl (2023: $87.42/bbl), representing a premium to Brent of over $5/bbl on average (2023: just under $7/bbl). For Egypt, the average realised crude oil price was $74.83/bbl (2023: $78.18/bbl), representing a discount of $6/bbl to Brent for the year (2023: over $4/bbl).

Looking forward, the EIA predicts that oil prices will be under pressure over the next two years as global production growth outpaces demand. According to the EIA Brent crude oil prices are expected to fall by 8% to an average of $74/bbl in 2025. The IEA predicts that the relatively subdued pace of global oil demand growth is set to continue in 2025, accelerating only modestly from 940 kb/d in 2024 to 1.1 mb/d, with overall consumption reaching 103.9 mb/d[7]. Global oil supply is projected to rise by 1.8 mb/d in 2025 to 104.7 mb/d, compared with an increase of 660 kb/d in 2024.

*** Read More**
For more information on the impact of climate change on the long-term oil prices and demand, please see page 58 of the Viability Statement.

1 https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024
2 https://www.nato-pa.int/document/2024-russia-wartime-economy-report-harangozo-052-esctd
3 https://www.imf.org/en/Publications/WP/Issues/2024/03/01/Medium-term-Macroeconomic-Effects-of-Russias-War-in-Ukraine-and-How-it-Affects-Energy-544043
4 https://energy.worldwiderecruitment.org/en/gaza-energy/
5 https://www2.deloitte.com/us/en/insights/industry/oil-and-gas/oil-and-gas-industry-outlook-2024.html
6 https://www.axios.com/2024/01/06/trump-2024-election-economy
7 https://www.iea.org/reports/oil-market-report-december-2024

Egypt

In 2024, Egypt witnessed pivotal changes to its macro-economic environment. In late February/early March 2024, the Egyptian Government (i) announced a landmark agreement with ADQ (an Abu Dhabi sovereign wealth fund), whereby the latter has acquired development rights of the new coastal city of Ras El Hekma for $35 billion, (ii) on 6 March, raised all main interest rates by 600 basis points; signed an expanded new loan with the International Monetary Fund (IMF) ($8 billion, including the original $3 billion secured in December 2022), which facilitated additional $14 billion from other institutional lenders including the World Bank and the European Union; and (iii) let the Egyptian pound (EGP) fully float, with an immediate devaluation from c. 31 to c. 49 EGP per USD. As a result, Egypt's foreign currency reserves have increased from $35.3 billion in February 2024 to $47.1 billion in December 2024.

Notwithstanding these improvements, Egypt's economic and political landscape was also marked by significant challenges, most notably (i) high inflation rate throughout the year (26.3% year-on-year in October[1], then cooling to 24.1% in December), with the central bank maintaining a key interest rate of 27.75%[2], and (ii) a slow but continuous further devaluation of the EGP, which ended the year at 50.8 EGP per USD. Signs of economic recovery are also apparent, with growth projected at 4% for full year 2024-25.

Politically, Egypt continued to navigate a complex landscape with the Israel/Gaza conflict at its eastern borders. In this context, the government focused on maintaining stability while implementing economic reforms. The country also became a full member of the BRICS economic bloc, enhancing trade and investment opportunities with emerging markets[3].

Overall, while Egypt faced significant economic challenges in 2024, the IMF's investment and subsequent reforms provided a foundation for recovery and growth. The country's efforts to stabilise its economy and attract foreign investment were crucial steps toward achieving long-term stability and prosperity.

Vietnam

In 2024, the Vietnamese economy demonstrated impressive resilience, achieving a positive GDP growth of 7.09%, up from 5.05% the previous year. Despite facing external challenges and the adverse impact of Typhoon Yagi, the country's quarter-by-quarter economic growth in 2024 highlighted its strong recovery and adaptability.

Typhoon Yagi was one of the most significant events to affect Vietnam's economy in 2024, disrupting socio-economic activities in northern regions and causing widespread disruptions to production and supply chains. A recent study by the United Nations Development Programme (UNDP) assessed that the total damage from the event was estimated at nearly $1.5 billion, approximately 0.62% of 2023 GDP.

In 2024, Vietnam reported over $38.2 billion in foreign direct investment (FDI), reflecting a slight decrease of 3% compared to the previous year, but reaffirmed Vietnam's status as a sought-after destination for foreign capital.

Looking ahead to 2025, there is a strong potential for sustained growth with Vietnam's GDP growth estimated to be around 6.5%[4], and expectations that it will continue to be the standout among the ASEAN-6[5], growing at a faster pace relative to its peers during the next few years, presenting a promising investment outlook for Vietnam.

Exploration & Production Merger & Acquisition activity

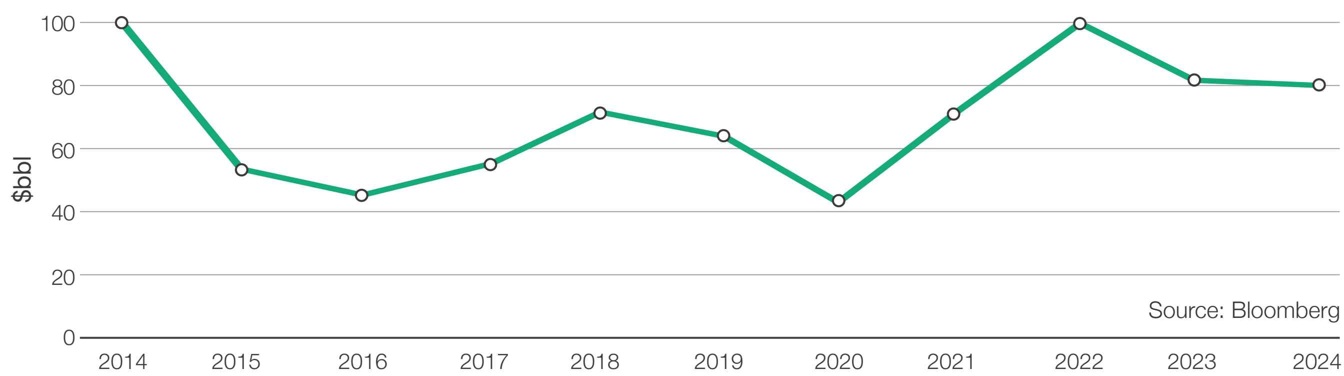
In 2024, the M&A activity in the oil and gas sector saw mixed trends. While the overall deal value dropped significantly compared to 2023, the number of deals remained relatively stable. Specifically, the London market experienced a slight slowdown in the first half of the year, but activity picked up in the latter half, driven by strategic consolidations and asset portfolio balancing. The biggest deals in the E&P sector were Harbour Energy's acquisition of Wintershall Dea for approx. $11.2bn which completed in September 2024, and, in October, Ithaca Energy's acquisition of Eni's UK business for $2.5bn.

1 https://www.oecd.org/en/publications/oecd-economic-outlook-volume-2024-issue-2_839ef1cf-en/egypt_47c3f16b-en.html
2 https://www.iea.org/reports/oil-market-report-december-2024
3 https://www.reuters.com/markets/asia/hsbc-forecasts-vietnam-2025-gdp-growth-65-inflation-30-2025-01-13/#:~:text=Register-,HSBC%20forecasts%20Vietnam%202025%20GDP,6.5%25%2C%20inflation%20at%203.0%25&text=HANOI%2C%20Jan%2013%20(Reuters),2024%2C%20HSBC%20said%20on%20Monday
4 https://www.reuters.com/markets/asia/hsbc-forecasts-vietnam-2025-gdp-growth-65-inflation-30-2025-01-13/#:~:text=Register-,HSBC%20forecasts%20Vietnam%202025%20GDP,6.5%25%2C%20inflation%20at%203.0%25&text=HANOI%2C%20Jan%2013%20(Reuters),2024%2C%20HSBC%20said%20on%20Monday
5 https://www.oxfordeconomics.com/resource/vietnam-growth-will-be-ahead-of-regional-peers-in-2025/

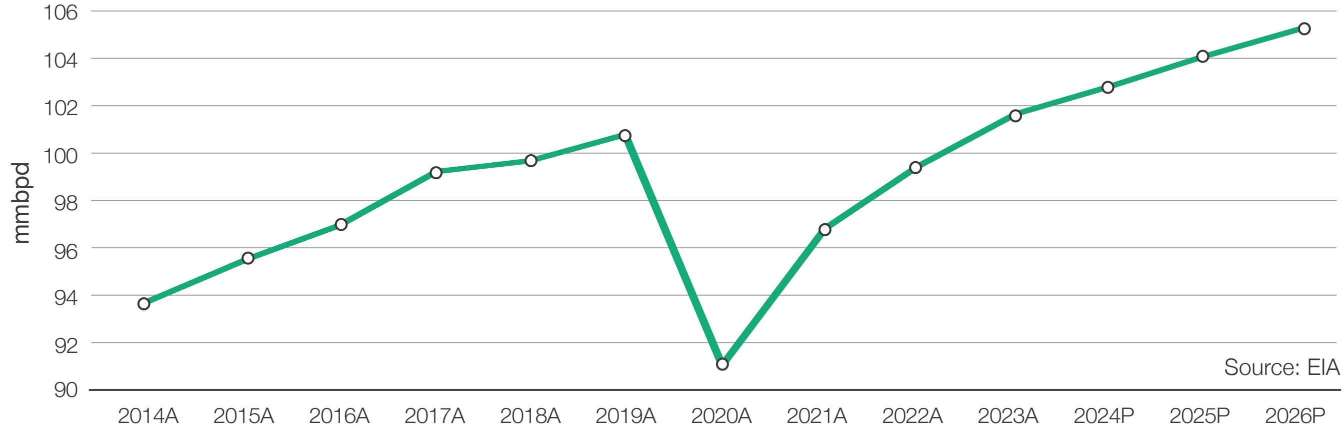
Net Zero

2024 was the first year that average global temperatures breached the 1.5°C limit above pre-industrial levels, crossing the threshold established in the Paris Agreement in 2015[1]. With greenhouse gases related to fossil fuel production accounting for approximately 6.6% of global emissions[2], fossil fuel-related emissions reached a record in 2024[3]. Despite the growing adoption of net zero targets, the world's listed companies are on course for a rise of 2.8°C in average global temperatures this century[4]. Progress towards net zero slowed in the past year due to a lower level of corporate and government ambition on climate change. Several companies, both within and outside the sector, delayed and/or decreased their climate commitments.

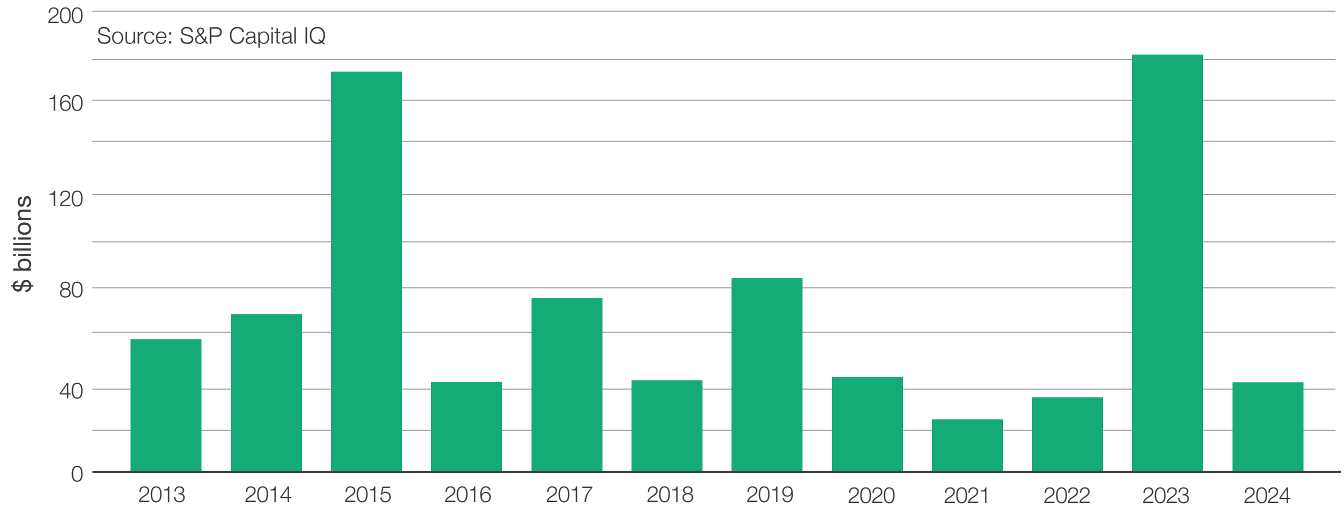
Brent crude 2014-2024 ($bbl)



Global Crude Oil Consumption 2014-2026P



Global E&P M&A Total Transaction Value



1 https://www.bbc.co.uk/news/articles/cd7575x8yq5o
2 https://www.wri.org/insights/4-charts-explain-greenhouse-gas-emissions-countries-and-sectors
3 https://globalcarbonbudget.org/fossil-fuel-co2-emissions-increase-again-in-2024/
4 https://www.msci-institute.com/wp-content/uploads/2024/11/2024-November-MSCI-Net-Zero-Tracker-111124.pdf

Chief Executive Officer's Statement

MAXIMISING THE VALUE OF OUR HIGH QUALITY PORTFOLIO

KATHERINE ROE
Chief Executive Officer

2024 has been a year of delivery for Pharos Energy. Amidst the challenging global environment and ongoing volatilities facing the industry, Pharos achieved crucial milestones that allowed us to emerge operationally stronger and financially robust.

In my first Annual Report statement as Chief Executive Officer of Pharos Energy, I am proud to report a strong performance throughout 2024, with a solid operational business, high-quality assets delivering stable production and robust cash flows, an impressive and dedicated team, and a robust financial base.

Financial strength

> Strengthening our balance sheet has been a pivotal achievement for Pharos in 2024. We were proud to report our Company moving to a debt-free position in September with the full repayment of all outstanding legacy debt since 2019.

We ended the year in a strong financial position with cash balances of $16.5m and revenues of $136.1m. Alongside this, the improving macroeconomic environment in Egypt, coupled with our careful cost control, has seen an improvement in our receivables position, with year-end 2024 balance down 21% to $29.5m and over $25m received from EGPC during the year. The continued progress of regular receivable payments will determine the pace of our future investment in country. We benefit from having quality assets with catalysts to extract further value and we look forward to continuing to invest in our portfolio within the framework of a strict and transparent capital allocation policy.

At Pharos, we have a firm commitment to deliver returns to shareholders. Our established dividend programme is at the heart of our business model, and it is through this lens that we assess all capital allocation goals. With a stronger balance sheet compared to the same time last year and disciplined fiscal management, we continue our track record of delivering sustainable shareholder returns in 2024, totalling $8.8m this year through a combination of dividend payments and share buybacks.

Today, the Board have recommended a final dividend for the 2024 financial year of 0.847 pence per share which, subject to shareholders' approval at the Company's 2025 AGM, would take the 2024 full year dividend to 1.210 pence per share. Dividends continue to be a fundamental part of the Company's investment proposition, and we are committed to striking the right balance between tangible shareholder returns with investment in our assets to generate growth whilst preserving the financial health of the business.

Operational momentum across the portfolio

The Company had an operationally busy year in 2024. Our healthy balance sheet allowed us to support active drilling work programmes during the year, with campaigns in both Vietnam and Egypt successfully completed in the second half. We are proud to have delivered solid production results on time, on budget, in line with guidance, and with zero Lost Time Injuries (LTIs) across the Group.

In Vietnam, the Group continued to achieve stable production rates, robust operations, and high netback. At the TGT field, a two infill well drilling programme was completed in October, with both wells producing in line with expectations. Overall production from Vietnam was further supported by well interventions and production optimisation activities throughout the year. Most notably, in December, the HLHVJOCs' applications for five-year licence extensions to both the TGT and CNV fields were granted by the Vietnamese Government, extending the licence for the TGT field to 7 December 2031, and CNV field to 15 December 2032. The granting of the licence extensions is a significant achievement for the Company, immediately increasing our year-end 2024 2P reserves in Vietnam by approximately 19% and allowing us to prioritise future investments to unlock untapped potential in both fields.

In Egypt, the Group maintains a measured approach to funding allocation for capital expenditure. Production throughout the year was stable due to a strong focus on workovers, recompletions, and water injection to bring low-cost barrels to production and build reservoir energy for future drilling. On El Fayum, drilling of the second exploration commitment well successfully completed in September after encountering oil-bearing reservoirs in the Abu Roach G formation. Additionally, one El Fayum development well was put on production in December. On North Beni Suef, the processing of 3D seismic data continued, with interpretation and mapping to follow in 2025.

We are committed to operating safely and responsibly at all times. We are proud to have maintained our excellent safety record during an operationally active year like 2024. In particular, in Vietnam, we have maintained this record since 1997 thanks to the JOCs' consistent efforts to promote and champion workers' health, safety, and well-being; an achievement of which we are proud. The health and safety of our workforce remains our highest priority, and we are careful to maintain this going forward.

Well-positioned to develop growth opportunities

Our operational momentum in 2024 has laid a solid foundation for Pharos to further develop growth opportunities in our portfolio, with options continuously being explored and development work progressed to maximise the potential of each asset.

In Vietnam, our exploration blocks, Blocks 125 & 126, have significant potential to unlock material organic value. We are active in our discussions to source a partner to support the funding of a commitment well on Block 125. To preserve our ability to drill in 2025, we ordered Long Lead Items (LLIs) in August 2024, demonstrating our commitment to progressing this opportunity. We have recently submitted an application for a two-year extension on Blocks 125 & 126 which will allow us to retain future optionality for the prospect to be drilled, whilst investing in near term production growth in Vietnam.

In Egypt, we have further upside in El Fayum and North Beni Suef, demonstrated by the successes in both concessions in 2023 and 2024. The recent signing of a Memorandum of Understanding (MOU) with IPR and EGPC in February 2025 was a key catalyst in the project seeking to consolidate our two existing concessions. The negotiations, once concluded, are expected to result in a new consolidated Concession Agreement for both assets with improved fiscal terms, an extension of the current term of the concessions and further work programmes aimed at increasing production from the areas. This consolidation is expected to add significant value to our low-cost Egyptian asset base and deliver future growth. We will continue to work closely with all parties and use our best efforts to complete negotiations as soon as possible, with a view to the new agreement receiving government and parliament approval and then being signed by all parties at the earliest opportunity.

Positive partnerships for mutual success

Since joining as CEO in July 2024, I have been greatly encouraged by the open and receptive dialogues we had with key stakeholders. During the year, I met with our regulators, government representatives and JOC partners in both Vietnam and Egypt, including EGPC, IPR, the Egyptian Minister of Petroleum and Natural Resources, PetroVietnam (PVN), and the HLHVJOCs. Their ongoing support has been instrumental in delivering some of our key strategic objectives in 2024, such as the TGT and CNV licence extensions in Vietnam and the signature of the consolidation MOU in Egypt, and underscored the constructive relationship and recognition of our long-term commitment to the regions from our host governments and joint operating partners.

Our positive relationships in both jurisdictions will continue to support our strategy and provide a competitive edge as we seek to unlock further value from these assets. As we maintain a firm handle on our existing portfolio, we also look for inorganic opportunities that can generate additional value for our shareholders, align with our long-term strategy, and leverage our existing long-standing in-country presence and partnerships. We have an experienced and highly dedicated team with strong industry relations to assess these opportunities in a disciplined and systematic manner. Underpinned by a debt-free balance sheet and steady production base, we are confident in our ability to build on our existing portfolio to create further sustainable, value-accretive growth for all our shareholders.

As Pharos explores these opportunities, we remain focused on the role we play in the socio-economic development of our host countries. We believe that oil and gas companies like Pharos, with our commitment to producing safely and responsibly, a wealth of industry expertise, and a healthy financial base, will continue to play an important part in the energy transition, especially in emerging economies like Vietnam and Egypt. In our discussions with our host governments, we note their recognition of the importance of our operations and investments to support their broader energy security agenda and prosperity. This is exactly what we have done in 2024, having committed to the domestic sale of 100% of oil and gas produced from our assets in both Egypt and Vietnam during the year. We also progressed our net zero strategy in 2024 by updating our 2023 Net Zero Roadmap to outline the steps we have taken since its original publication to reduce our carbon footprint and contribute to a more sustainable future. More details of our updated Roadmap can be found on pages 96 to 99.

Outlook

Pharos has made significant strides in 2024, having delivered a stabilised asset base set for growth, a solid financial performance, well-protected cash flows, and an exciting mix of opportunities to pursue in 2025 and beyond. In Vietnam, planning is underway for the drilling of a TGT commitment well in 4Q 2025, the success of which could open up an undrilled area in the field. We also have additional infill drilling programmes in both TGT and CNV. We have recently submitted a two-year extension on Blocks 125 & 126 which will allow us to retain future optionality for the prospect to be drilled, whilst investing in near term production growth in Vietnam. In parallel, we continue active farm-out discussions with potential partners recognising the risk- reward balance of our portfolio. In Egypt, a two-well drilling programme in El Fayum will commence in 2H 2025 and, in parallel, discussions will continue on the consolidated Concession Agreement.

With capital discipline at our core, a clear set of strategic objectives, a portfolio of assets with catalysts, a strong financial position, a dedicated and diverse workforce, and a committed leadership team, the Company is well-positioned to deliver long-term sustainable value for all stakeholders. We have a stronger than ever foundation from which to build on and move forward to grow value in both Vietnam and Egypt.

I would like to take this opportunity to thank all of our employees, partners, and shareholders for their continued dedication and support. Looking ahead, I am confident in our ability to execute our strategy and look forward to steering Pharos on a path towards a new phase of growth and success.

KATHERINE ROE
Chief Executive Officer

Business Model

HOW OUR BUSINESS MODEL CREATES SUSTAINABLE VALUE

We are building a business focused on generating sustainable returns. We look to grow Pharos through the responsible management of our current portfolio and careful selection of opportunities, particularly those with near-term low-cost development and exploration assets with transformative potential within Asia and MENA.

VALUE INPUTS

Our people

- Extensive industry experience
- Technical expertise and commercial acumen
- Relationship-driven
- Diverse and inclusive workforce

VALUE INPUTS

Our assets

- Assets delivering stable production and robust cash flows
- Low-cost onshore drilling in Egypt
- Mature, short payback in Vietnam
- Basin-opening frontier offshore exploration in Vietnam and proven exploration upside in Egypt

VALUE INPUTS

Our capital

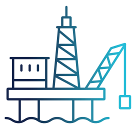
- Rigorous approach to cost
- Disciplined capital allocation process, including returns to shareholders dividend policy
- Debt-free balance sheet
- Low breakeven oil price in Vietnam

Assess

We assess opportunities which offer near term cash generation and longer term growth. We generate opportunities from within our existing asset base and balance the value of investing in the business with the value of cash returns to shareholders.

Invest

Our investment programme will continue to be allocated over our asset base in a disciplined manner to deliver sustainable returns for our stakeholders. We maintain a culture of prudent financial management, capital allocation, and capital returns.



Develop & Produce

Our production increases through the development of existing discovered resources. We seek to maximise margins through optimising production at low operating costs. We are committed to responsible and safe operations at all times.

VALUE OUTPUTS

Organic growth opportunities

- Development of existing discovered resources
- World class exploration prospects and leads in in Blocks 125 & 126 in Vietnam
- Conventional and unconventional + exploration potential

VALUE OUTPUTS

Stakeholders

- Regular cash return to shareholders
- Net Asset Value (NAV) per share growth
- In-country economic contribution and social investment
- Local capability training, local employment & trusted partnerships

VALUE OUTPUTS

Growth metrics

- Safe and responsible operations
- Development of discovered Egyptian resources through onshore, low cost, in-fill drilling
- Continued development of Vietnam producing assets through licence extensions and revised field development plans
- Farm-in partner to support the funding of a commitment well and develop the full potential of Blocks 125 & 126 in Vietnam

Key Metrics

REPORTING ON OUR PERFORMANCE

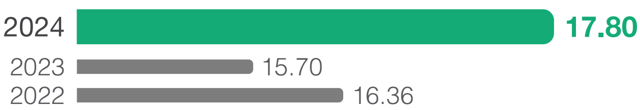
We use both financial and non-financial metrics to manage long-term performance and deliver on our responsible business plans. They are kept under review and regularly tested for relevance against our strategy and policies.

* **Read More** | Non-IFRS measures on page 200.

2024 Financial Measures

LOW CASH OPERATING COST
$/BOE *

17.80



Links to strategy
- Deliver value through growth

Associated risks
- Partner alignment risk
- Political and regional risk

Links to Directors' Remuneration Committee Report
(See page 135)

Description
Low operating expenditure helps deliver high margin production revenues. The cost of producing a single barrel of oil is influenced by industry costs, inflation, fixed costs and production levels.

Objective
To be profitable at lower oil prices.

Performance
Pharos achieved an operating cost of $17.80/boe in 2024, an increase of 13% over 2023, largely due to 15% fall in production from Vietnam. Production from Egypt was 4% higher due to the contribution from NBS.

Outlook
We continue to target improvements in 2025 and beyond through managing costs and increasing production

CAPITAL EXPENDITURE
CASH $M (includes abandonment funding)

26.1

Links to strategy
- Deliver value through growth
- Investment growth

Associated risks
- Commodity price risk
- Partner alignment risk

Description
Investment in the asset base required to maintain and grow the business and directed to the assets in Egypt and Vietnam.

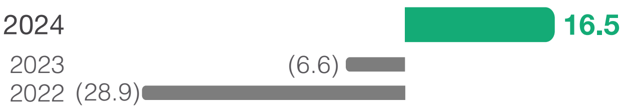
Objective
To achieve returns in excess of cost of capital.

Performance
The 2024 cash capital expenditure was marginally lower by 2% than 2023. Two new infill wells on TGT completed successfully in October 2024 on time and under budget. On El Fayum, a second exploration commitment well was completed in September 2024 and a further development well was put on production in December 2024.

Outlook
The cash capex forecast for 2025 is expected to be c.$33m, reflecting the drilling of the TGT appraisal well, the procurement of long lead items for drilling in Block 125 in Vietnam and the El Fayum drilling programme in Egypt.

NET CASH/(DEBT)
$M

16.5



Links to strategy
- Deliver value through growth
- Return to shareholders

Associated risks
- Commodity price risk
- Insufficient funds to meet commitments

Description
Pharos has a history of stable finances and a strong balance sheet due to the prudent management of producing assets.

Objective
To maintain financial strength through preserving the balance sheet, to invest in growth opportunities in excess of the cost of capital and to generate sustainable returns to shareholders

Performance
Pharos has a strong net cash balance of $16.5m at year end and is debt free, mainly driven by utilisation of cash reserves to repay principal RBL borrowings and the National Bank of Egypt (UK) Limited (NBE UK) credit facility.

Outlook
Capital discipline and financial stability have always been key to the Company and continue to underpin the business.

RETURNS TO SHAREHOLDERS
PENCE PER ORDINARY SHARE

1.10

Links to strategy
- Deliver value through growth
- Return to shareholders

Associated risks
- Commodity price risk
- Climate change risk
- Sub-optimal capital allocation risks

Description
Commitment to cash returns to shareholders remains a core element of our overall allocation framework

Objective
To provide sustainable cash returns to shareholders.

Performance
Approval by shareholders at the 2024 AGM of a final dividend in respect of the year ended 31 December 2023 of 0.77 pence per share, amounting to $4.2m and paid on 19 July 2024. Including the payment of the interim dividend of 0.33 pence per share on 24 January 2024, the full year 2023 dividend was 1.10 pence per share, amounting to $5.9m in total.

Outlook
We are committed to delivering long term, sustainable value to our shareholders via both regular cash returns yield and organic growth. An annual dividend remains a key aspect of the Company's capital discipline and investment thesis.

Operational Measures

LOST TIME INJURY FREQUENCY ("LTIF")

PER MILLION MAN-HOURS WORKED

0

Links to strategy

- Focus on stakeholders

Associated risks

- HSES risk
- Partner alignment risk

Links to Directors' Remuneration Committee Report
(See page 135)

Description

Safety of our workforce remains our number one priority. The Group is committed to operating safely and responsibly at all times. Having a positive impact on the well-being of our employees, our contractors and the local communities in which we operate is a priority.

Objective

To achieve zero LTIF across the Group's operations.

Performance

In 2024, we are pleased to report that there were zero lost time injuries and zero fatal incidents across the Group.

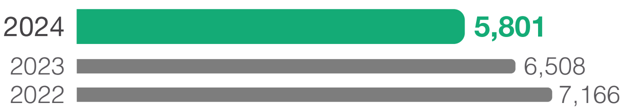
Outlook

Continue to work closely with the Joint Operating Companies to maintain high safety standards and training with the aim of driving continuous improvement year-on-year.

GROUP NET PRODUCTION

BOEPD

5,801



Links to strategy

- Deliver value through growth

Associated risks

- Reserve risk
- Sub-optimal capital allocation risks
- Commodity price risk

Links to Directors' Remuneration Committee Report
(See page 135)

Description

Production revenues generate cash flows which are re-invested in the portfolio of assets, new business opportunities, and in returns to shareholders.

Objective

To optimise production from the Group's asset base.

Performance

Vietnam 2024 working interest production was 4,361 boepd net (2023: 5,127 boepd net) and Egypt 2024 working interest production was 1,440 bopd net (2023: 1,381 bopd net).

Outlook

Group working interest 2025 production guidance is 5,000 – 6,200 boepd net. Vietnam 2025 production guidance is 3,600 – 4,600 boepd net, and Egypt 2025 production guidance is 1,400 – 1,600 bopd net.

SOCIAL AND ECONOMIC INVESTMENT $

759,889

Links to strategy

- Focus on stakeholders

Associated risks

- Commodity price risk
- Insufficient funds to meet commitment
- Business conduct and bribery

Description

In Vietnam, a training levy of $150,000 for each joint operating company goes into a fund which is ring-fenced to support the development of future talent in the industry. In Egypt, under the El Fayum and North Beni Suef Concession Agreements, the Company contributes a total of $200,000 per year split equally between the two Concessions to support training and development within the industry.

Objective

To continue supporting local capability building and social investments to contribute to sustainable development and positive social impact in the UK, Vietnam and Egypt.

Performance

In 2024, in addition to the aforementioned training levy funds (which totals to $500,000), a further $259,889 was invested in a total of 26 healthcare, education, infrastructure and community projects. Since inception, Pharos has contributed c. $2.5m to charitable donations. To enhance our social investment efforts, we established a Charity and Community Projects committee responsible for selecting and allocating funds to worthy causes and projects. More details can be found in our Corporate Responsibility report on page 70.

Outlook

Build on previous work, and continuously assess and review where the most valuable contribution to long-term social projects, both at the local level and more widely, can be made.

EMPLOYEES UNDERTAKEN ANTI-BRIBERY AND CORRUPTION TRAINING %

100

Links to strategy

- Deliver value through growth
- Investment growth

Associated risks

- Partner alignment risk
- Business conduct and bribery

Description

Our Anti-Bribery and Corruption ("ABC") programme is designed to prevent corruption and ensure systems are in place to detect, remediate and learn from any potential violations. All personnel are required to complete annual ABC training.

Objective

To have all Group personnel complete the annual ABC programme including training, testing and self-declaration statement.

Performance

100% of personnel completed the ABC training as at year end 2024.

Outlook

Maintain 100% completion rate for the ABC training and testing. Comply with new legislations and industry best practices and ensure the training programmes are up-to-date.

OPERATIONAL REVIEW

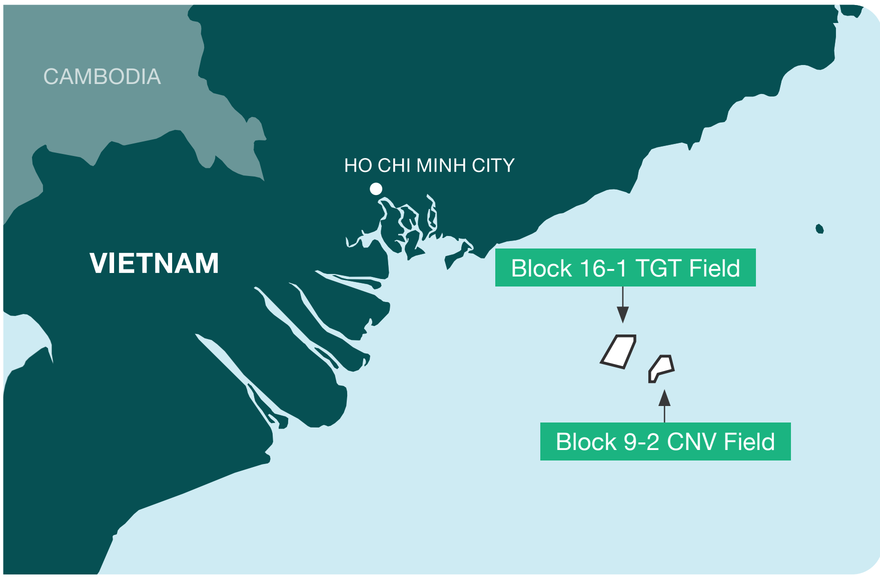
The Group's working interest 2024 production was 5,801 boepd net, in line with the Group's production guidance of 5,200 to 6,500 boepd.

VIETNAM

Pharos has two producing assets, Te Giac Trang (TGT) and Ca Ngu Vang (CNV), and two exploration blocks (Blocks 125 & 126) in Vietnam.

4,361 boepd
2024 Vietnam production (net)

4
Blocks in Vietnam



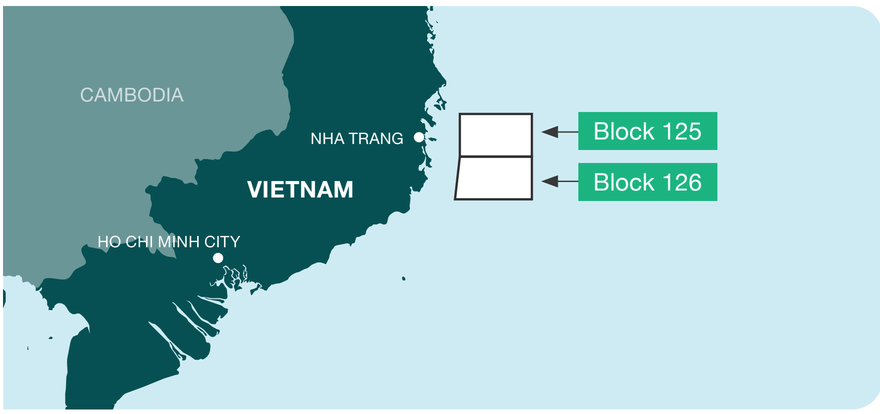
Block 9-2 CNV Field (D&P)

The CNV Field is located in Block 9-2, offshore Vietnam, in the shallow water Cuu Long Basin. In contrast to the geology of TGT, the CNV Field reservoir is fractured granitic Basement.

Block 16-1 TGT Field (D&P)

The TGT Field is located in Block 16-1, offshore Vietnam in the shallow water Cuu Long Basin multi-stacked sandstone reservoirs.

D: Development P: Production E: Exploration



Blocks 125 & 126 (E)

Blocks 125 & 126 are located in moderate to deep waters in the Phu Khanh Basin, north east of the Cuu Long Basin.

Vietnam Production

Production in 2024 from the TGT and CNV fields net to the Group's working interest averaged 4,361 boepd. This is in line with the 2024 production guidance for Vietnam of 3,900 – 5,000 boepd net.

TGT production averaged 10,968 boepd gross and 3,254 boepd net to the Group. CNV production averaged 4,426 boepd gross and 1,107 boepd net to the Group.

Vietnam Development and Operations

TGT & CNV Fields

On Block 16-1 – TGT Field, operational activities in the first half of 2024 focused on adding low-cost production through well interventions and production optimisation opportunities. The second half of the year saw successful completion of the two-well infill drilling programme from October on time and under budget. Both wells are contributing to production.

On 20 December 2024, the applications for our five-year licence extensions to the TGT and CNV fields were granted by the Vietnamese Government. The extensions resulted in an increase to the TGT and CNV 2024 year-end 2P reserves of approximately 19%, with potential to further increase reserves through appraisal success and infill wells. As one of the conditions of the licence extensions, the working interest of the foreign contractor parties will reduce with effect from the start of the five year extension period under each petroleum contract, being December 2026 for TGT (Block 16-1) and December 2027 for CNV (Block 9-2)). The Group's working interest for TGT will change from 30.5% to 25.3% and its working interest in CNV will change from 25% to 20%. The extensions are accompanied by an agreed work programme commitment of 3D seismic reprocessing and one appraisal well on each field. Certain other licence terms have been revised to be consistent with precedent extensions granted to other operators by the Vietnamese Government and are in line with the current Vietnamese Petroleum Law.

Vietnam Exploration

Blocks 125 & 126

On Blocks 125 & 126, discussions with potential farm-in parties and drilling contractors are ongoing. In 2024, the Company continued to optimise its prospects and leads portfolio, and progress options to secure a drilling slot in Block 125. Detailed drilling engineering studies for the well on Prospect A commenced in 3Q 2024. To preserve our ability to drill, we have ordered Long Lead Items (LLIs) in August 2024 for delivery during 2025. In February 2025, we also submitted an application for a two-year PSC exploration phase extension to the relevant authorities, underscoring our commitment to pursuing this exciting opportunity.

2025 Work Programme

TGT & CNV Fields

- Vietnam production guidance for 2025 is 3,600 – 4,600 boepd net
- Following the approval of the TGT and CNV five-year licence extensions:
  - TGT: Drilling of an appraisal commitment well in 4Q; appraisal success would open up an undrilled area in the field
  - TGT: Three TGT infill wells drilling programme expected to commence in 4Q
  - CNV: Planning underway for the drilling of one infill well expected to commence in 4Q
  - 3D seismic reprocessing on both assets commenced in January 2025, expected completion in 3Q 2025

Blocks 125 & 126

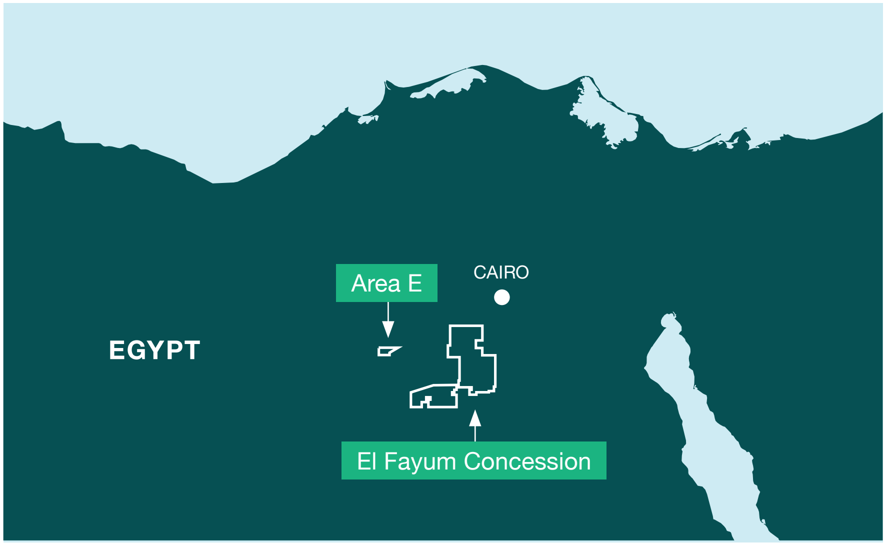
- Submitted application for a 2-Year PSC Exploration Phase Extension in February 2025
- Long Lead Items for Block 125 exploration well expected to arrive in 2Q 2025
- Renewed focus on farm-out strategy to enable drilling of the prospect

EGYPT

The Group has a 45% non-operating interest in two concessions in Egypt - El Fayum and North Beni Suef.

1,440 bopd
2024 Egypt production (net)

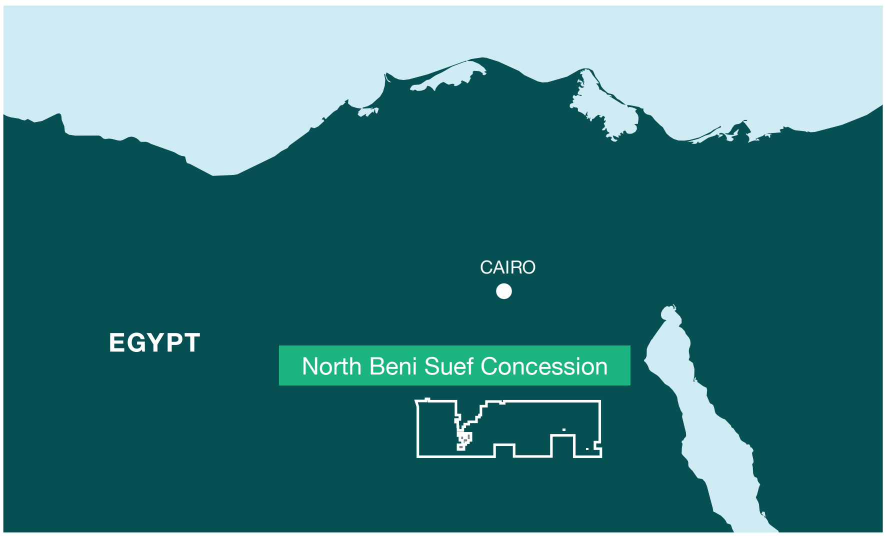
11
Development leases in El Fayum and North Beni Suef



El Fayum (D,P,E)

The El Fayum concession in the Western Desert produces oil from 10 fields and is located 80 km southwest of Cairo.

D: Development **P:** Production E: Exploration



North Beni Suef (D,P,E)

The North Beni Suef (NBS) concession is located immediately south of the El Fayum concession. The first development lease on the NBS concession was awarded in September 2023 and production started in December 2023.

Note:
The remaining exploration area within the Egyptian concession was relinquished in February 2025. The current consolidation project will seek to reinstate exploration acreage within the consolidated concession area.

Egypt Production

Production in 2024 from the El Fayum and NBS concessions net to the Group's working interest averaged 1,440 bopd. This is in line with the 2024 production guidance for Egypt of 1,300 – 1,500 bopd net.

El Fayum production averaged 2,978 bopd gross and 1,340 bopd net to the Group. NBS production averaged 223 bopd gross and 100 bopd net to the Group.

Egypt Development and Operations

El Fayum

One development well was put on production in 2024.

North Beni Suef (NBS)

The NBS-SW1X well, which was declared a commercial discovery and put on production in December 2023, continued to contribute to total production in 2024.

Egypt Exploration

El Fayum exploration

In 2024, we had continued exploration success with a second exploration commitment well in September encountering oil-bearing reservoirs in the Abu Roach G formation.

North Beni Suef exploration

On NBS, all technical commitments of the initial exploration period have been fulfilled with 3D seismic survey acquired on time and on budget. The processing of 3D seismic data is ongoing, with data interpretation and mapping to follow.

Egypt Commercial

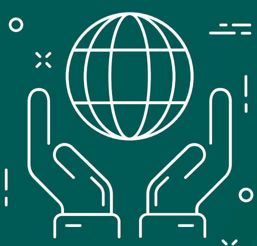
IPR and Pharos El Fayum (PEF), in their capacity as the Contractor parties under the El Fayum and NBS Concession Agreements, submitted a request to EGPC to merge the two assets and replace them with a new consolidated Concession Agreement. The consolidated Concession Agreement is expected to unlock significant value in the Western Desert by improving certain fiscal terms, extending the term of the concessions and committing the Contractor parties to additional work programmes aimed at increasing production from the areas.

In February 2025, the Company announced that PEF had entered into a non-binding Memorandum of Understanding (MOU) with IPR and EGPC in relation to the proposed consolidation of the two Concession Agreements. The signing of the MOU is a key milestone in the process. Under the MOU, EGPC and the Contractor parties have agreed to use their best efforts to conclude negotiations on the new consolidated Concession Agreement as soon as possible, with a view to the agreement receiving government and parliament approval and then being signed by all parties at the earliest opportunity.

2025 Work Programme

El Fayum & North Beni Suef

- Egypt production guidance for 2025 is 1,400 – 1,600 bopd net
- El Fayum:
  - Testing of the successful exploration commitment well completed in February
  - Application for commercial discovery declaration submitted to EGPC in 1Q
  - Planning underway to commence two-well El Fayum drilling programme in 2H
- NBS:
  - Expected completion of 3D seismic data processing in 1H, with interpretation and mapping to follow



Health, Safety and Environment (HSE)

On health and safety, we are pleased to report that in Egypt and Vietnam, we have worked with our partners to maintain our record of zero Lost Time Injury (LTI) and zero spillage incidents in 2024. The health and safety of our workforce remains our highest priority, and we are committed to operating safely and responsibly at all times to provide a safe and healthy working environment for staff and contractors.

On environmental matters, while operational activities in 2024 have increased compared to last year, we have maintained our emissions reduction. This is driven by improved process optimisation and monitoring, and measures to reduce the consumption of carbon-intensive fuel in our field operations. Compared to our 2021 baseline, we are on track to achieve our Net Zero interim short-term three-year target (2024-2026) of 5% emissions reduction. Pharos will continue to work closely with our operating partners to identify opportunities to reduce emissions to ensure we achieve our climate targets.

S.172(1) COMPANIES ACT 2006

The duty under section 172(1) of the Companies Act 2006 is applied in addition to the other duties of a Director. Each Director must discharge these duties in accordance with the duty of care, skill and diligence both objectively and to a subjective standard.

In accordance with section 172(1) of the Companies Act 2006 ("s.172(1)"), the Directors of the Company have a statutory duty to promote the success of the Company for the benefit of its members as a whole. The Board of Pharos, as individuals and together, consider that they have acted in a way that would most likely promote the success of the Company, and deliver the goals and objectives for the benefit of its members as a whole in relation to all stakeholders who may be affected by or engaging with the Company's activities.

Board meetings and discussions

The Board has taken into account its s.172(1) duty throughout the year in line with current reporting and legislative requirements. In fulfilling that duty, the key decisions of the Directors have been specifically confirmed at each Board meeting to take into account, amongst others, the following matters set out specifically in section 172(1):

a) The likely consequences of any decision in the long-term;

b) The interests of the employees;

c) The need to foster the Company's business relationships with suppliers, customers, and others;

d) The impact of the Company's operations on the community and environment;

e) The desirability of the Company maintaining a reputation for high standards of business conduct; and

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

This has been supplemented by the roles of the individual Directors giving due regard and consideration of each of these matters, amongst others, in light of the s.172(1) duty. Illustrative examples of how these matters have been taken into account by the Board are set out below and can also be found throughout the Strategic Report of which this statement forms part.

a) The likely consequences of any decisions in the long-term

During its meetings and discussions, the Board considers decisions with keen regard to consequences in the long term for the business. For example, in November 2024, the Board held its annual Strategy Day to assess and evaluate our strategy to deliver long-term, sustainable value for all our stakeholders, and its implications on our decision-making process. This involved, amongst other things, presentations and other inputs from a number of key parties, including employees and business advisers. At all regularly scheduled meetings and discussions of the Board and committees of the Board ('Board Committees'), several papers are presented to promote discussion and provide options for the Board to hold an informed and balanced debate. From time to time the Board will also invite external advisers and consultants to present to regularly scheduled meetings of the Board on matters of longer-term strategic significance.

*** Read More**
For more information on how the Board consider decisions with regards to the long-term consequences for the business, in light of the principal risks to the Company and its business, see page 45 of the Risk Management report. For more information on the Strategy Day, see page 16 of the Chair's Statement.

b) The interests of the employees

Consideration of the interests of the Company's employees is a key element of the Directors discharging their statutory duty under s. 172(1). Throughout the year, we have continued to run a dedicated Monday weekly meeting, attended by the Executive Directors, to ensure all colleagues are regularly informed about important business developments in the Company and the Group. There are also regular team, departmental and asset meetings in smaller groups, allowing all staff a greater opportunity to share knowledge and debate issues. These forums also act as channels through which employees can ask questions of senior management and Executive Directors and contribute to the strategy and function of the business. We have continued to make extensive use of video conferencing facilities during meetings to maintain visibility and connection. At the same time, we maintained the trend towards an increase in the number of face-to-face meetings, both internal and external, which many of the team appreciate as a collaborative environment for the exchange of ideas, knowledge and advice. Throughout the year, during all employee events, John Martin, as Chair of the Board and designated Non-Executive Director responsible for workforce engagement, made himself available to all employees and encouraged all staff members to share their concerns, feedback and views about the Company. In December 2024, John Martin also held year-end town hall meetings with all employees, during which everyone could share their feedback about the Company without the presence of senior management. Outcomes of these meetings were then communicated back to the Board on an anonymous basis.

The Executive Directors receive regular updates on colleague engagement to understand any complaints or troubles from the hybrid work environment. At the beginning and end of each calendar year, every employee is encouraged to set their own personal and professional development objectives for the upcoming year and assess their own performance against those objectives in conjunction with their line manager. Each employee has at least three meetings with their line manager during the year to discuss and agree the objectives and to review progress mid year and year end. Line managers also provide additional support where needed and assist the employee in overcoming any difficulties they might be facing.

Following feedback received in previous years, in which events such as off-site away days and in-person monthly meetings were proposed to avoid staff isolation and promote team culture, and the success of the inaugural off-site event in 2023, the Company organised a further Group-wide off-site event in October 2024. In the course of this event, colleagues from Egypt, Vietnam and UK all met in Bournemouth to exchange ideas, provide feedback and engage in structured team-building activities. The event proved very successful, with the sharing of knowledge and practical experience having an immediate impact. It also allowed the new CEO, Katherine Roe, a valuable opportunity to introduce herself face-to-face to Group staff based outside the UK and hear their perspective on the business directly. The Board believes these Group-wide events are important not only for the effective and efficient functioning of the Company and the business, but also for the development, advancement and well-being of the Group's global workforce.

*** Read More**
For more information on the Board's engagement with employees, see page 109 of our UK Corporate Governance Code Report.

c) The need to foster business relationships with the Company's suppliers, customers, and others

The Group's business relationships with suppliers, service providers and vendors are subject to regular review and consideration through vendor due diligence and active contracts management. Vendor due diligence is actively undertaken before a service provider of any size is engaged. Significant contracts, concessions and commitments are considered by the Executive Directors and the Board, or relevant Board Committee, supported by papers outlining impact and consequences of potential decisions. All significant contracts and the legal terms of other commitments are also thoroughly reviewed by the Group General Counsel and, if necessary, referred to specialist external counsel.

Our relationships with joint venture partners, host governments, regulatory authorities, shareholders and analysts are the foundation to support the success of our business. Throughout the year, senior management held meetings with media journalists and analysts to foster open and communicative relationships with key figures in the industry. Also during the year, the Company's new Chief Executive Officer, Katherine Roe, held a number of face to face meetings with key partners, regulators and host governments. These included meetings with the new Egyptian Minister of Petroleum and Mineral Resources, EPGC, our partner in Egypt IPR, representatives of PetroVietnam and the Vietnamese Ministry of Industry and Trade and all partners within the JOCs in Vietnam The meetings with the key stakeholders in Vietnam were particularly valuable in the context of the extension applications for the TGT and CNV petroleum contracts and the corresponding Revised Field Development Plans. In March and September 2024, following the announcement of full year and interim financial results respectively, the Executive Directors and other members of senior management participated in roadshows coordinated through our corporate brokers in order to engage with a wide group of existing shareholders and prospective investors.

We plan to continue to engage in a personal and meaningful way with our stakeholders, such as host governments, suppliers, joint venture partners, shareholders, and others in the future.

*** Read More**
For more information on how the Company foster relationships with stakeholders, see page 23 of our CEO's Statement and page 109 of our UK Corporate Governance Code Report.

d) The impact of the Company's operations on the community and environment

The organisation has provided robust evidence of its commitment to ESG in the sector through its Corporate Responsibility report, TCFD report and ESG Committee report in the 2024 Annual Report. Pharos reports transparently on various Corporate Responsibility metrics such as lost time injuries, GHG emissions, energy consumption, waste produced and recycled, and freshwater usage in our Annual Reports. Over the past six years, Pharos have participated in the CDP (formerly Climate Disclosure Project) Climate Change Questionnaire. In 2024, Pharos is pleased to report that we were awarded scores of B for both our Climate Change and Water Security disclosures, an improvement from last year's score of C which was originally achieved in 2019. As a Group, we continue to work to bring our disclosures in line with the requirements of the TCFD. In September 2022, the Company made a formal commitment to achieve Net Zero on all Scope 1 and 2 GHG emissions across all assets by no later than 2050. In December 2023 the Company published a Net Zero roadmap, researched and developed in close consultation with specialist advisors and consultants and including interim targets and asset-level decarbonisation levers towards 2050. The roadmap was reviewed and updated in 2024 to outline the steps taken since its original publication to reduce the Group's carbon footprint and contribute to a more sustainable future. Further details of the updated Roadmap can be found on pages 96 to 99.

In addition to this, the Company remains committed to creating value in a sustainable manner for host countries and local communities as well as for staff. During the year we sought to align our social investment programme with the United Nations Sustainable Development Goals (UN SDGs). We worked closely with our local partners and joint ventures to ensure that our social initiatives continue to have a positive impact on the regions receiving the support and are relevant to the community. In 2024, a total of $259,889 was invested in 26 community projects across all of our assets, and a further $500,000 was invested in ring-fenced funds for training to develop future talents in the industry in Vietnam and Egypt. In addition, to complement this commitment to investment in host countries and local communities, Pharos has donated via its Charity and Community Projects Committee, selecting and allocating funds to worthy causes and projects.

As originally announced in September 2022, the Company has established an Emissions Management Fund, reflecting that, as non-operator, the Company has no direct control over the facilities associated with the Group's producing assets. From every barrel net to the Company sold at an oil price above US$75, this Fund is provided with $0.25. In line with the Net Zero roadmap, this Fund is intended to provide financial support for emissions management projects that are otherwise not economically feasible. As at 31 December 2024 the value of the fund was c.$830,000.

The Board regularly monitors the Group's business activities, financial position, cash flows and liquidity, and operating environment through detailed forecasts. Scenarios and sensitivities are carefully researched and prepared by the Group's Commercial Manager and are regularly presented to the Board, both at its regularly scheduled meetings and at the annual Strategy Day. The scenarios and sensitivities considered including changes in commodity prices and in production levels from the existing assets, together with an assessment of other factors that could affect the Group's future performance and position. These factors include the impact on the community and environment of the Group's operations and any prospective project or investment decision.

Similarly, a standing agenda item at each regularly scheduled meeting of the Board is a report on Group risk, which includes a discussion of the then current principal risks to the Group and its business, a risk heat map showing likelihood and severity for each such risk and a summary of the causes and potential mitigations for each risk. The process for assessment and determination of the principal risks to the Group, and the identification of measures for their management or mitigation, includes full consideration of the impact of operations on the environment and on local communities.

*** Read More**
For more information on the Board's commitment to ESG and considerations on the community and the environment, see pages 117 to 119 for the ESG Committee report, pages 15 to 17 for the Chair's Statement, and pages 59 to 79 for the Corporate Responsibility report.

*** Read More**
For more information on Board oversight on business activities, financial position and the environment of the Group's operations, see page 45 of the Risk Management report.

e) The desirability of the Company maintaining a reputation for high standards of business conduct

The Group's Code of Business Conduct and Ethics and associated policies are reviewed and re-approved by the Board annually, and all policies and procedures have been followed rigorously in 2024 with no known or reported breaches. The Code of Business Conduct and Ethics is placed at the forefront of our engagement with suppliers, vendors, partners, and public officials. It is a requirement for all Group employees and the Board to complete and successfully pass their Anti-Bribery and Corruption and Criminal Finance E-Learning modules every year to ensure that the expected standards of business conduct and the Company's values are communicated and recognised across the organisation. Our Whistleblowing Policy ensures that employees are protected from possible reprisals when raising concerns in good faith. In addition to internal reporting channels, we have a confidential ethics hotline supported by NAVEX with numbers displayed in our local offices available 24 hours a day all year round.

In addition to the overarching Code of Business Conduct and Ethics, the Company has also established governance and policy standards in response to specific circumstances. Most notably in recent years, the Company adopted a new Group Sanctions Policy, reviewed and updated annually, in response to the Russian/ Ukraine conflict in February 2022 and the waves of economic and other sanctions that have followed in response. A number of other measures were introduced by the Company in parallel, including the formation of a working group monitoring the potential impact of the conflict and associated sanctions on the business of the Group and the introduction of new wording relating to sanctions compliance in the Group's standard form contacts. Further information on the Group Sanctions Policy and the activities of the working group is contained in page 47 of the Risk Management Report. The Board recognises that 2024 has seen significant geopolitical instability, something that has impacted far reaching communities and families, the global economy, communities and trade. The Group continue to support colleagues and contractors during this difficult time, as well as ensuring that our business can continue to function unaffected. At an operational level, the Group continues to work with the JOCs and its partners on contingency planning and mitigation in the event that these conflicts, and any associated sanctions, have a direct impact on the Group's business.

The Board has an obligation and duty to ensure that to the Company behaves responsibly. The Board delegates to the management team, including the Executive Directors, the day-to-day execution of the business in a responsible way. The Executive Directors communicate regularly and openly with the Board and the other members of the management team.

In connection with Board deliberation and decisions, each Board member brings individual judgement and considerable experience to decision-making and carefully assesses the course of action most likely to promote the success of the Company. In this context reference is also made to the discussion in point a) above of the Board's consideration of the likely long-term consequences of any decision.

*** Read More**
For more information on the Company's commitment to maintaining high standards of business conduct, see pages 45 to 58 for the Risk Management Report and pages 60 and 61 of the Corporate Responsibility report.

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

The Board recognises that the requirement to act fairly as between the members of the Company is implicit in its legal and regulatory obligations, through both the Companies Act 2006 and related legislation and the regulatory framework applicable to listed companies, including the UK Listing Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules. The Company currently has no "controlling shareholder" as the term is used in the UK Listing Rules, and there is no current member of the Board appointed or nominated by a significant shareholder of the Company. There is only one class of share in the Company (ordinary shares), and each ordinary share in issue, other than any held in treasury, carries the same voting and dividend rights, and the same rights to return of capital on liquidation. All ordinary shares are freely transferable subject to the Company's articles of association.

The Board also recognises that fairness in treatment of members also extends to the provision of information and access. Other than in exceptional cases where it may be considered necessary or expedient to "wall cross" or "bring inside" a significant shareholder in relation to a specific transaction or proposed transaction, subject to imposing dealing restrictions and the express consent of the shareholder concerned, the Board will not share inside information selectively with its shareholders. The Board does however acknowledge that, notwithstanding the absence of inside information, larger shareholders will typically seek greater access to the Board and senior management to share their views on the Company, its business and strategy. The UK Corporate Governance Code (the "Code") establishes an expectation that the directors of listed companies are responsive to the views of shareholders, and will encourage their participation and engagement in reviewing how the company is meeting its responsibilities to shareholders. More specifically the Code requires that the Chair, in addition to formal general meetings, "seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy". In pursuance of this Code provision, the Chair, either alone or accompanied by member(s) of senior management, will typically engage with major shareholders of the Company over the course of the year, perhaps on several occasions if justified by circumstances. Committee chairs are expected to perform a similar role in relation to significant matters within their area of responsibility. Subject to ensuring that the Company meets its Code obligations, the Board is committed, so far as is reasonably practical, to providing all shareholders, however small their holding, with a fair opportunity in each year to access the Chair, other Directors and senior management. The regular and most established forum for this access is the AGM, at which all shareholders may attend and speak, with a dedicated section for questions and answers (Q&A) and typically an opportunity following the meeting to speak in a more informal context. Other engagement opportunities for shareholders include investor roadshows, online Q&A sessions and email and website correspondence and enquiries.

Conclusion

The Company is committed to good governance and will continue to review the balance and effectiveness of the Board with a view to maintaining the right skills, experience and diversity to align with the Group's strategic goals.

We will act and make decisions responsibly in the interests of the Company, our shareholders and other stakeholders, delivering our plan and working closely to consider the best opportunities for the Company. Detailed Board and Board Committee papers are carefully prepared and constructively debated to ensure all scenarios and options are fully considered in a timely and consistent fashion in meetings.

In accordance with s. 172(1), the Board has also continued to consult with, and take account of, the views of our investors, employees, partners, governments, suppliers and other stakeholders throughout the year.

Other stakeholder engagement initiatives during the year not mentioned above included, but were not limited to:

- Continuation of the flexible working model for UK staff, with the option but not the obligation to work primarily from home – protecting people, accommodating diverse working preference and reducing overhead while maintaining productivity
- Open and active dialogue with its institutional, private and retail shareholders through calls, email and in person meetings including the AGM, via the Company's website, and through a social media presence on X (formerly known as Twitter) and LinkedIn
- Following announcement of the full year financial results, an online meeting with Q&A to allow the wider public, including prospective shareholders, a free platform to put questions directly to the Executive Directors
- Regular liaison with proxy advisory and corporate governance services on responsible investment, ESG and the terms of shareholder resolutions
- A section of the agenda for each regularly scheduled meeting of the Board being dedicated to investor relations and stakeholder considerations
- Reports from corporate brokers and a financial PR firm on feedback from investors and research analysts

ROBUST FINANCIAL POSITION

SUE RIVETT
Chief Financial Officer

We have seen a strong financial performance from our operations and continued strengthening of our liquidity position, where we have moved into a positive net cash position of $16.5m compared to net debt of $6.6m reported at the end of December 2023.

We have achieved solid USD cash flow from our Vietnam and Egypt portfolios and this has enabled us to accelerate the repayment of our borrowings. Following the farm down of the Egypt concessions in 2022, the Company continued to benefit from a full carry of all contractor costs for G&A, opex and the capital programme through to April 2024. In addition, Egypt operations became profitable during 2024, reversing the previous historical tax losses since first production, and this has led to a gross-up of revenues and tax charge in the income statement by $1.9m.

Returns to shareholders have been delivered through an additional $3.0m committed to the Company's share buyback programme, completed in January 2025, and the payment of an interim and final dividend in respect of the year ended 31 December 2023. The interim dividend of 0.33 pence per share was paid in January 2024, and the final dividend of 0.77 pence per share, following approval at the AGM in May 2024, was paid to shareholders in July 2024. In addition, an interim dividend of 0.363 pence per share in respect of the year ended 31 December 2024 was paid to shareholders in January 2025, and a final dividend of 0.847 pence per share to be paid in July 2025 will be proposed to shareholders at this year's AGM.

Operating performance

Revenues

Group revenues of $136.1m, prior to realised hedging loss of $0.1m (2023: $168.1m prior to realised hedging loss of $0.2m) were negatively impacted by an 18% decrease in sales volumes, leading to an inventory build of $6m in Vietnam, and 3% fall in realised commodity prices.

Revenues for Vietnam of $115.4m (2023: $149.2m) decreased year on year as a result of a reduction in sales volumes due to timing of cargoes and maintenance shutdown at the BSR-owned Dung Quat refinery to which TGT crude is sold, together with lower realised prices in general. The average realised crude oil price was $85.52/bbl (2023: $87.42/bbl), a 2% decrease year on year, and the premium to Brent was over $5/bbl on average (2023: just under $7/bbl). Production was lower at 4,361 boepd (2023: 5,127 boepd) and, combined with 21% fall in sales volumes, this has led to an inventory build of $6.0m for the Vietnam producing fields.

The revenue for Egypt of $20.7m (2023: $18.9m) increased year on year, inclusive of $1.9m (2023: $nil) gross-up for corporate income taxes to be paid by EGPC on behalf of PEF. There was lower average realised crude oil price, down 4% to $74.83/bbl (2023: $78.18/bbl). Production rose to 1,440 bopd (2023: 1,381 bopd) and this included the NBS-SW1X well that commenced production in December 2023. There are two discounts applied to the Egypt crude production – a general Western Desert discount and one related specifically to El Fayum. Both are set by EGPC (the in-country regulator) and combined increased to just under $6/bbl for the year (2023: over $4/bbl).

Hedging

During 2024, the Group entered into zero cost collar hedges to protect the Brent component of forecast oil sales and to ensure future compliance with its obligations under the RBL facility agreement secured over the Group's producing assets in Vietnam and to provide downside protection to cash flows in the event of commodity price falling.

At 31 December 2024, the commodity hedges run until June 2025 and are settled monthly. Our hedging positions for the year resulted in a $0.1m realised loss (2023: loss of $0.2m).

For full year 2024, 31% of the Group's total oil entitlement production was hedged, securing average floor and ceiling prices for the hedged volumes at $63.4/bbl and $89.2/bbl, respectively. The RBL facility agreement requires the Group to hedge at least 35% of Vietnam RBL production volumes and the current hedging programme meets this requirement through to June 2025, leaving 72% of 1H 2025 Group entitlement production unhedged as at 31 December 2024. Following the maturity of the RBL facility in July 2025, the Group intends to continue hedging to mitigate the risk of commodity prices falling. As a result, the Group placed two further hedges in January 2025 through which the Group has hedged 20% of total forecast group entitlement production for 2025.

The table below sets out a summary of the Group's hedges outstanding as at 31 December 2024, which are all zero cost collars.

	1Q25	2Q25
Production hedge per quarter – 000/bbls	150	90
Min. Average value of hedge - $/bbl	63.60	64.00
Max. Average value of hedge - $/bbl	88.94	90.17

Operating costs

Group cash operating costs, defined in the Non-IFRS measures section on page 200, were $37.8m (2023: $37.3m). Vietnam increased marginally by 1% from $28.8m to $29.1m in 2024, the equivalent of $18.23/bbl (2023: $15.39/bbl). The increase is partly due to costs relating to the FPSO as a result of lower 3rd party production throughput from the TLJOC, which increased the HLJOC's share of the costs (TLJOC had 23.4% cost share in 2024 compared to 23.2% in 2023).

Cash operating costs in Egypt were $8.7m in 2024 (2023: $8.5m), which equates to $16.51/bbl (2023: $16.86/bbl). The 2% decrease in cash operating costs per barrel was mainly due to 4% higher production following full year contribution from NBS, combined with a reduction in fixed costs due to devaluation of the EGP against USD.

DD&A

Group DD&A associated with the producing assets decreased to $47.1m (2023: $55.4m) driven by 15% decrease in production year on year for the Vietnam assets and lower DD&A rates per barrel following the impairment charge recorded on TGT in December 2023. This was partially offset by higher DD&A from Egypt due to the increase in production and impairment reversal recorded on El Fayum as at 30 June 2024.

DD&A per bbl is currently $26.38/boe for Vietnam (2023: $27.25/boe). DD&A per bbl for Egypt is $9.49/boe (2023: $8.73/boe).

Administrative expenses

Administrative expenses in 2024 of $9.1m (2023: $9.0m) were comparable to prior year. After adjusting for non-cash share based payment charges of $0.9m (2023: $0.9m) the underlying administrative expenses were $8.2m (2023: $8.1m).

Other operating expenses

Other operating expenses in 2024 of $0.8m (2023: $nil) included $0.6m in relation to the posthumous vesting of share scheme awards to the former CEO of the Company, which was formally approved by the Remuneration Committee, settled in cash and paid to his estate with the agreement of the executor. A further $0.2m related to closure costs in respect of the US office, where the former CEO of the Company was based.

Operating profit/(loss)

Operating profit from continuing operations for the year was $38.0m (2023: $47.3m) excluding the net impairment reversal of $26.3m (2023: $65.4m net impairment charge), reflecting the combined impact of a decrease in production volumes and a lower commodity price environment during the year.

Other/restructuring expenses and gain/(loss) on fair value movement of financial asset

Other/restructuring expenses in 2024 of $0.4m (2023: $0.6m) related to restructuring costs for the Egypt office in Cairo.

As part of the 2022 farm-down of 55% of the Egypt concessions, Pharos is entitled to contingent consideration depending on the average Brent price each year from 2022 to the end of 2025 (with floor and cap at $62/bbl and c.$90/bbl respectively). The contingent consideration is calculated annually and is capped at a maximum total payment of $20.0m. The change in contingent consideration is booked under gain/(loss) on fair value movement of financial asset.

The gain on fair value movement of financial assets for the year of $0.3m (2023: $0.3m loss) is due to upwards revision of the contingent consideration, as there was an immaterial movement in the assignment fee payable to EGPC.

Finance costs

Finance costs decreased to $3.9m (2023: $10.2m), due to voluntary repayments on the Group's RBL facility. Following the June 2024 redetermination, there was a change in estimated future cash flows. Upon full repayment of the loan in September 2024, a credit of $1.3m was recognised in the income statement. There was also interest expenses and similar fees of $2.4m, unwinding of discount on Vietnam decommissioning provisions of $2.2m and foreign exchange losses of $0.6m primarily driven by devaluation of the EGP against USD.

In 2023, following the June and December 2023 redeterminations and the $35.0m repayment of principal in relation to the Group's RBL, there was a change in estimated future cash flows. As a result, a charge of $2.7m was recognised in profit and loss, offset by an amortisation adjustment of $(1.4)m. There was also interest expenses and similar fees of $6.4m, unwinding of discount on Vietnam decommissioning provisions of $2.0m and foreign exchange losses of $0.5m primarily driven by devaluation of the EGP against USD.

Cash operating cost per barrel*

	2024 $m	2023 $m
Cost of sales[1]	**87.3**	111.2
Less		
Depreciation, depletion and amortisation	**(47.1)**	(55.4)
Production based taxes	**(9.2)**	(10.5)
Change in inventories	**6.0**	(4.0)
Trade receivables expected credit loss	**2.5**	(2.2)
Other cost of sales	**(1.7)**	(1.8)
Cash operating costs	**37.8**	37.3
Production (BOEPD)	**5,801**	6,508
Cash operating cost per BOE ($)	**17.80**	15.70

1) Includes impairment reversal/(charge) of financial asset

DD&A per barrel*

	2024 $m	2023 $m
Depreciation, depletion and amortisation	**47.1**	55.4
Production (BOEPD)	**5,801**	6,508
DD&A per BOE ($)	**22.18**	23.32

* Cash operating cost per barrel and DD&A per barrel are alternative performance measures. See page 200 for definitions.

Cash operating cost per barrel by Segment

	Vietnam $m	Egypt $m	Total $m
Cost of sales	75.6	11.7	**87.3**
Less			
Depreciation, depletion and amortisation	(42.1)	(5.0)	**(47.1)**
Production based taxes	(9.1)	(0.1)	**(9.2)**
Change in inventories	6.0	–	**6.0**
Trade receivable expected credit loss	–	2.5	**2.5**
Other cost of sales	(1.3)	(0.4)	**(1.7)**
Cash operating costs	29.1	8.7	**37.8**
Production (BOEPD)	4,361	1,440	**5,801**
Cash operating cost per BOE ($)	18.23	16.51	**17.80**

DD&A per barrel by Segment

	Vietnam $m	Egypt $m	Total $m
Depreciation, depletion and amortisation	42.1	5.0	**47.1**
Production (BOEPD)	4,361	1,440	**5,801**
DD&A per BOE ($)	26.38	9.49	**22.18**

Movements in Property, Plant and Equipment

	2024 $m	2023 $m
As at 1 January	**279.8**	381.8
Capital spend	**17.8**	12.1
Transfer from intangible assets	**–**	2.9
Revision in decommissioning assets	**(4.9)**	(2.5)
DD&A – Oil and gas properties	**(47.1)**	(55.4)
DD&A – Other assets	**(0.2)**	(0.2)
Impairment reversal/(charge) – PP&E	**28.3**	(58.9)
As at 31 December	**273.7**	279.8
Property, Plant and Equipment	**273.5**	279.3
Right of use asset	**0.2**	0.5
As at 31 December	**273.7**	279.8

Taxation

The overall net tax charge of $37.1m (2023: $19.8m) principally relates to tax charges in Vietnam of $26.8m and the deferred tax charge on impairment reversals of $8.4m (2023: Vietnam tax charges of $36.0m less the deferred tax credit on net impairment charges of $16.2m).

The Group's effective tax rate approximates to the statutory tax rate in Vietnam of 50%, after adjusting for non-deductible expenditure and tax losses not recognised.

The Egypt concessions are subject to corporate income tax at the standard rate of 40.55%, however responsibility for payment of corporate income taxes falls upon EGPC on behalf of PEF and the other contractor parties. The Group records a tax charge, with a corresponding increase in revenue, for the tax paid by EGPC on its behalf. As PEF became profitable in 2024, reversing the historic tax loss position since first production, this led to a $1.9m tax charge being recorded (2023: $nil).

One of the Group's companies entered into commodity zero cost collars designated as cash flow hedges. In accordance with IAS 12, a deferred tax asset has not been recognised in relation to the hedging losses of $0.1m (2023: $0.2m) recorded in the year as it is unlikely that the UK tax group will generate sufficient taxable profit in the future, against which the deductible temporary differences can be utilised.

Profit/(loss) post-tax

The post-tax profit for the year of $23.6m (2023: $48.8m post-tax loss) included $19.9m of restructuring expenses, re-measurements and impairments (2023: $53.8m) which are shown in the table below. Business performance post-tax profit for the year was $3.7m (2023: $5.0m).

Restructuring expenses, re-measurements and impairments are comprised of the following:

Financial Statements Impact:

	2024 $m	2023 $m	
Profit/(loss) for the year	**23.6**	(48.8)	
Impact of restructuring expense, re-measurements and impairments			
Revenue	**(0.1)**	(0.2)	Realised hedging losses
Cost of sales	**2.5**	(2.2)	Trade receivables expected credit loss
Other operating costs	**(0.8)**	-	Posthumous vesting of share scheme awards and US office closure
Pre-licence costs	**(0.8)**	-	Write-off of pre-licence costs
Impairment charge – Intangible assets	**(2.0)**	(6.5)	
Impairment reversal/(charge) – Property, plant and equipment	**28.3**	(58.9)	
Other/restructuring expenses	**(0.4)**	(0.6)	Egypt redundancy cost following farm down and revision of carry with IPR
Gain/(loss) on fair value movement of financial asset	**0.3**	(0.3)	Revision of contingent consideration in relation to Egypt farm-out
Finance costs	**1.3**	(1.3)	Adjustment and amortisation of capitalised borrowing costs
Income tax (charge)/credit	**(8.4)**	16.2	Deferred tax on impairment (reversal)/charge
Total	**19.9**	(53.8)	
Business performance post-tax profit *	**3.7**	5.0	

* A non-GAAP measure of underlying net profit from operations, which takes out the impact of unusual, non-recurring transactions and the impact of non-cash re-measurements and impairments.

Cash flow

Operating cash flow (before movements in working capital) was $84.3m (2023: $103.8m). After tax charges of $35.3m (2023: $44.3m), other/restructuring costs of $0.4m (2023: $nil), working capital inflow of $5.0m (2023: $15.0m outflow) and interest received of $0.4m (2023: $0.4m), the cash generated from operations was $54.0m (2023: $44.9m).

Cash generated from operations, after tax charges, exceptional expenses and working capital movements, is the basis of our dividend framework.

Operating cash flow (before movements in working capital) adjusted for the impact of the hedging positions of $0.1m loss (2023: $0.2m loss) gives an underlying operational performance of $84.4m (2023: $104.0m), which is consistent with the production decrease year on year and reduction in realised commodity prices.

The decrease in receivables was $11.3m (2023: increase in receivables of $19.1m). The movement in 2024 is primarily driven by $6.4m decrease from Vietnam (2024: $7.4m increase) due to three cargoes being lifted in December 2023 compared to two cargoes in December 2024. Payments for the December 2023 cargoes were received in January 2024 and December 2024 cargoes were received in January 2025.

There was a further $4.8m decrease in receivables from Egypt (2023: increase in receivables of $11.4m), due to a reduction in EGPC receivables. As of 31 December 2024, the trade receivables with EGPC stood at $29.5m (2023: $37.4m) and the Company received total payments of $25.5m during 2024, following increased recovery during the year.

In Egypt, 2024 has brought about a general improvement of the macroeconomic situation. In late February/early March 2024, the Egyptian Government (i) announced a landmark agreement with ADQ (an Abu Dhabi sovereign wealth fund), whereby the latter has acquired development rights of the new coastal city of Ras El Hekma for $35 billion ($24 billion paid in cash and $11 billion as conversion of UAE deposits at the Central Bank of Egypt), and then (ii) on 6 March 2024, raised all main interest rates by 600 basis points; signed a significantly expanded new loan with the International Monetary Fund (IMF) ($8 billion, including the original $3 billion secured in December 2022), which facilitated an additional $14 billion from other institutional lenders including the World Bank and the European Union; and let the Egyptian pound (EGP) fully float, with an immediate devaluation from c.31 to c.49 EGP per USD, which forthwith eradicated the parallel FX market.

As a result of these policy decisions and diplomatic achievements, Egypt's foreign currency reserves increased from $35.3 billion in February 2024 to $47.1 billion in December 2024.

While the improved macroeconomic situation and increased FX reserves have not yet translated into a significant improvement in EGPC's arrears to oil and gas producers, the general trend is encouraging, as is the focus that the new Minister of Petroleum & Mineral Resources, Karim Badawi, is placing on the matter in order to ensure that companies resume investing in field activities. PEF is entitled under contract to be paid for hydrocarbon sales in US dollars. Until March 2024, the Group had opted to reject payment of any part of PEF's receivables balance in EGP and continued to hold USD denominated receivables due to the devaluation of currency against USD. Following the carry with IPR having been fully utilised by April 2024, the Group opted to accept the payment of part of the receivables balance in EGP in order to cover operational expenditure, cash calls and other expenses in local currencies. These factors have accelerated the recovery of Egyptian trade receivables during 2024 and the Group remains optimistic that its receivable position will continue to improve during 2025.

Capital expenditure on continuing operations for the year was marginally lower at $26.1m (2023: $26.7m). On Block 16-1 – TGT Field, a two-well infill programme completed successfully in October on time and under budget. In Egypt, on El Fayum, the drilling of a second exploration commitment well completed in September, encountering oil-bearing reservoirs in Abu Roach G formation. In addition, a further El Fayum development well was put on production in December 2024.

Net cash outflows from financing activities of $51.6m (2023: $50.1m outflow) included outflows in relation to the RBL of $20.0m in May 2024 (2023: $22.4m in June 2023 and $12.6m in December 2023) following the half year redetermination process, plus a further $10.0m principal repayment in September 2024. The amount drawn stood at $nil at year end (2023: $30.0m) and the RBL facility, which is secured only over the Group's interest in the Vietnam producing assets, matures in July 2025.

There was a net outflow of $9.2m in relation to the NBE revolving credit facility (2023: $nil). This facility allows PEF to draw down 60% of the value of each El Fayum invoice in USD. The amount drawn under the NBE facility as at 31 December 2024 was $nil (2023: $9.2m).

The Group is now debt free.

Financing activities also included $2.9m outflow (2023: $2.8m) in relation to the $3.0m extension of the share buyback programme and there was a $5.9m outflow (2023: $5.6m) following payment of the interim and final dividends of $1.7m and $4.2m respectively for the 2023 financial year. The final dividend for the 2023 financial year was approved by shareholders at the AGM in May 2024.

Tax strategy and total tax contribution

Tax is managed proactively and responsibly with the goal of ensuring that the Group is compliant in all countries in which it holds interests. Any tax planning undertaken is commercially driven and within the spirit as well as the letter of the law.

This approach forms an integral part of the Group's sustainable business model.

The Group's Code of Business Conduct and Ethics seeks to build open, cooperative and constructive relationships with tax authorities and governmental bodies in all territories in which it operates. The Group supports greater transparency in tax reporting to build and maintain stakeholder trust. Our Tax Strategy statement can be found on our website at www.pharos.energy/responsibility/policy-statements/. We have a number of overseas subsidiaries which were set up some time ago and the Group is now proactively planning to bring these into the UK tax net to ensure greater transparency and comparability. No additional taxes are expected to be due as a result of this exercise.

During 2024, the total payments to governments for the Group amounted to $160.3m (2023: $188.0m), of which $138.7m or 87% (2023: $166.5m or 89%) was related to the Vietnam producing licence areas, of which $92.9m (2023: $110.8m) was for indirect taxes based on production entitlement. In Egypt, payments to government totalled $19.1m (2023: $19.3m), of which $18.5m (2023: $18.4m) related to indirect taxes based on production entitlement.

Balance sheet

Intangible assets increased during the year to $21.8m (2023: $18.2m). Additions for the year related to Blocks 125 & 126 in Vietnam $2.8m (2023: $3.1m) and Egypt $2.8m (2023: $8.0m), which included $2.2m in respect of the East Saad 1X exploration well drilled on El Fayum. During the prior year, the first exploration well on NBS (NBS-SW1X) was declared a commercial discovery in September 2023 and put on production in December 2023, and exploration costs of $2.9m relating to the development lease were transferred to property, plant and equipment. There were total Exploration and evaluation expenditure impairment charges of $2.0m in the year (2023: $6.5m), which included $1.4m write-off of an El Fayum exploration well in the Abu Roach G and Upper Bahariya formations drilled in the prior year.

The movements in the Property, Plant and Equipment asset class are shown above.

Impairment reversals/(charges)

As a result of previously recognised impairment losses, combined with the licence extensions, and movements in 2P reserves, we have tested each of our oil and gas producing properties for impairment. The results of these impairment tests are summarised below. For each producing property, the recoverable amount has been determined using the value in use method. The recoverable amount is calculated using a discounted cash flow valuation of the 2P production profile.

Summary of Impairments - Oil and Gas properties

	TGT $m	CNV $m	El Fayum $m	NBS $m	Total $m
2024					
Pre-tax impairment credit	19.8	3.6	4.9	–	28.3
Deferred tax charge	(7.1)	(1.3)	–	–	(8.4)
Post-tax impairment credit	**12.7**	**2.3**	**4.9**	**–**	**19.9**
Reconciliation of carrying amount:					
As at 1 January 2024	158.6	65.0	54.7	1.0	279.3
Additions	12.8	1.0	3.5	0.5	17.8
Changes in decommissioning asset [1]	(4.9)	–	–	–	(4.9)
DD&A	(32.7)	(9.4)	(4.6)	(0.4)	(47.1)
Impairment reversal	19.8	3.6	4.9	–	28.3
As at 31 December 2024	**153.6**	**60.2**	**58.5**	**1.1**	**273.4**

	TGT $m	CNV $m	El Fayum $m	NBS $m	Total $m
2023					
Pre-tax impairment (charge)/credit	(46.3)	0.3	(11.0)	(1.9)	(58.9)
Deferred tax credit/(charge)	16.5	(0.3)	–	–	16.2
Post-tax impairment charge	**(29.8)**	**–**	**(11.0)**	**(1.9)**	**(42.7)**
Reconciliation of carrying amount:					
As at 1 January 2023	242.4	76.4	62.5	–	381.3
Additions	1.3	3.0	7.6	–	11.9
Transfer from intangible assets	–	–	–	2.9	2.9
Changes in decommissioning asset [1]	–	(2.5)	–	–	(2.5)
DD&A	(38.8)	(12.2)	(4.4)	–	(55.4)
Impairment (charge)/reversal	(46.3)	0.3	(11.0)	(1.9)	(58.9)
As at 31 December 2023	**158.6**	**65.0**	**54.7**	**1.0**	**279.3**

1) Changes in decommissioning asset for TGT are due to a change in discount rate and field abandonment plan, including two new infill wells completed in October 2024. CNV reflects a change in discount rate and field abandonment plan (2023: change in discount rate only for TGT; change in field abandonment plan and discount rate for CNV)

Cash is set aside into abandonment funds for both TGT and CNV. These abandonment funds are controlled by PetroVietnam and, as the Group retains the legal rights to the funds pending commencement of abandonment operations, they are treated as other non-current assets in the Financial Statements. As at 31 December 2024, the Group's total contribution to the funds was $56.0m (2023: $53.7m).

Oil inventory was $9.3m at 31 December 2024 (2023: $3.3m), of which $9.1m related to Vietnam and $0.2m to Egypt. Trade and other receivables decreased to $47.9m (2023: $62.3m) of which $14.5m (2023: $19.0m) relates to Vietnam and $32.7m (2023: $42.7m) relates to Egypt. Egypt trade receivables include $28.1m from EGPC, after expected credit loss provision of $1.4m recognised under IFRS 9, where collection has been delayed by the devaluation of EGP and ongoing restrictions on outgoing USD transfers by the Central Bank of Egypt previously highlighted (2023: trade receivable from Egypt $33.4m after expected credit loss provision of $4.0m). For Egypt in 2023, the closing balance included $4.9m of carry which reflected the remaining disproportionate funding contribution from IPR to compensate for net cash flows between the economic date of the farm down transaction, 1 July 2020, and the completion date of 21 March 2022. The carry decreased every month by the cash calls received from IPR and was utilised in full by April 2024.

Cash and cash equivalents at the end of the year were $16.5m (2023: $32.6m) and the decrease was mainly driven by $39.2m net repayment of borrowings (2023: $40.5m) and $10.6m reduction in utilisation of the carry compared to prior year, offset by cash flows from operating activities of $54.0m (2023: $44.9m) due to working capital inflows.

Trade and other payables were higher at $14.3m (2023: $12.5m), of which $5.3m (2023: $7.9m) relates to Egypt, primarily net JV payables in relation to operations and Stratton royalty obligation. $5.1m (2023: $2.2m) relates to Vietnam payables and $3.9m (2023: $2.4m) Head Office payables. Tax payables decreased to $3.2m (2023: $5.8m) which relates to Vietnam taxes on oil and gas revenues.

Borrowings were $nil (2023: $40.5m) following voluntary repayment of the RBL loan facility (2023: $31.3m RBL loan) and the NBE revolving credit facility was also repaid in full (2023: $9.2m NBE credit facility).

Long-term provisions comprise the Group's decommissioning obligations for the Vietnam fields. The decommissioning provision decreased from $53.8m at 2023 year end to $51.1m at 31 December 2024, as $2.2m unwind of the decommissioning provision and $0.9m impact of two new infill wells on TGT, were offset by an increase in discount rate from 3.87% to 4.58% for both TGT and CNV ($2.4m), finalisation of revised abandonment plans for both fields ($0.8m) and also extension of the production licences for both TGT and CNV to December 2031 and December 2032 respectively ($2.6m). The amounts set aside into the abandonment funds total $56.0m (2023: $53.7m). No decommissioning obligation exists under the El Fayum and NBS Concessions.

Own shares

The Pharos Employee Benefit Trust holds ordinary shares of the Company for the purposes of satisfying long-term incentive awards for senior management. At the end of 2024, the trust held 3,784,406 (2023: 2,126,857), representing 0.89% (2023: 0.49%) of the issued share capital.

In addition, as at 31 December 2024, the Company held 9,122,268 (2023: 9,122,268) treasury shares, representing 2.15% (2023: 2.11%) of the issued share capital. All shares purchased under the on-market buyback programme originally announced in July 2022 and extended in January 2023 and December 2023 have been cancelled rather than retained in treasury.

Share buyback and dividend framework

Following a period of relatively stable commodity prices and a strengthening of the Group's liquidity position, the Company committed to shareholder returns in the form of share buybacks and dividends. On 6 December 2023, the Company announced the continuation of a further $3.0m share buyback programme in 2024 (the Second Programme Extension), of which $2.9m had been incurred by the end of December 2024. The programme subsequently completed in full during January 2025.

Pharos has a clear sustainable policy for regular dividend payments and this has been set at returning no less than 10% of Operating Cash Flow (OCF) each year in two tranches:

- An interim dividend of 33% of the previous year's total dividend, payable in January of the following year; and
- A final dividend payable in July of the following year.

On 6 December 2023, an interim dividend of 0.33 pence per share, $1.7m equivalent, was declared by the Board in respect of the year ended 31 December 2023 and paid on 24 January 2024 to shareholders on the register at the close of business on 22 December 2023. A final dividend of 0.77 pence per share in respect of the year ended 31 December 2023, $4.2m equivalent, was approved by the shareholders at the Company's AGM in May 2024 and subsequently paid on 19 July 2024 to shareholders on the register at the close of business on 14 June 2024. This took the 2023 full year dividend to 1.10 pence per share, an increase of 10% on the prior year.

The Board resolved to pay an interim dividend of 0.363 pence per share, $1.8m equivalent, in respect of the year ended 31 December 2024 and this was paid on 22 January 2025 to shareholders on the Company's register as at 20 December 2024.

The Board have recommended a final dividend in respect of the year ended 31 December 2024 of 0.847 pence per share subject to approval of the shareholders at the Company's 2025 AGM. Subject to this approval, the final dividend will be paid in full on 18 July 2025 in Pounds Sterling to ordinary shareholders on the register at the close of business on 13 June 2025, with an ex-dividend date of 12 June 2025. This would take the 2024 full year dividend to 1.210 pence per share, which is 10% higher than prior year.

Going concern

Pharos continuously monitors its business activities, financial position, cash flows and liquidity through detailed forecasts. Scenarios and sensitivities are also regularly presented to the Board, including changes in commodity prices and in production levels from the existing assets, plus other factors that could affect the Group's future performance and position.

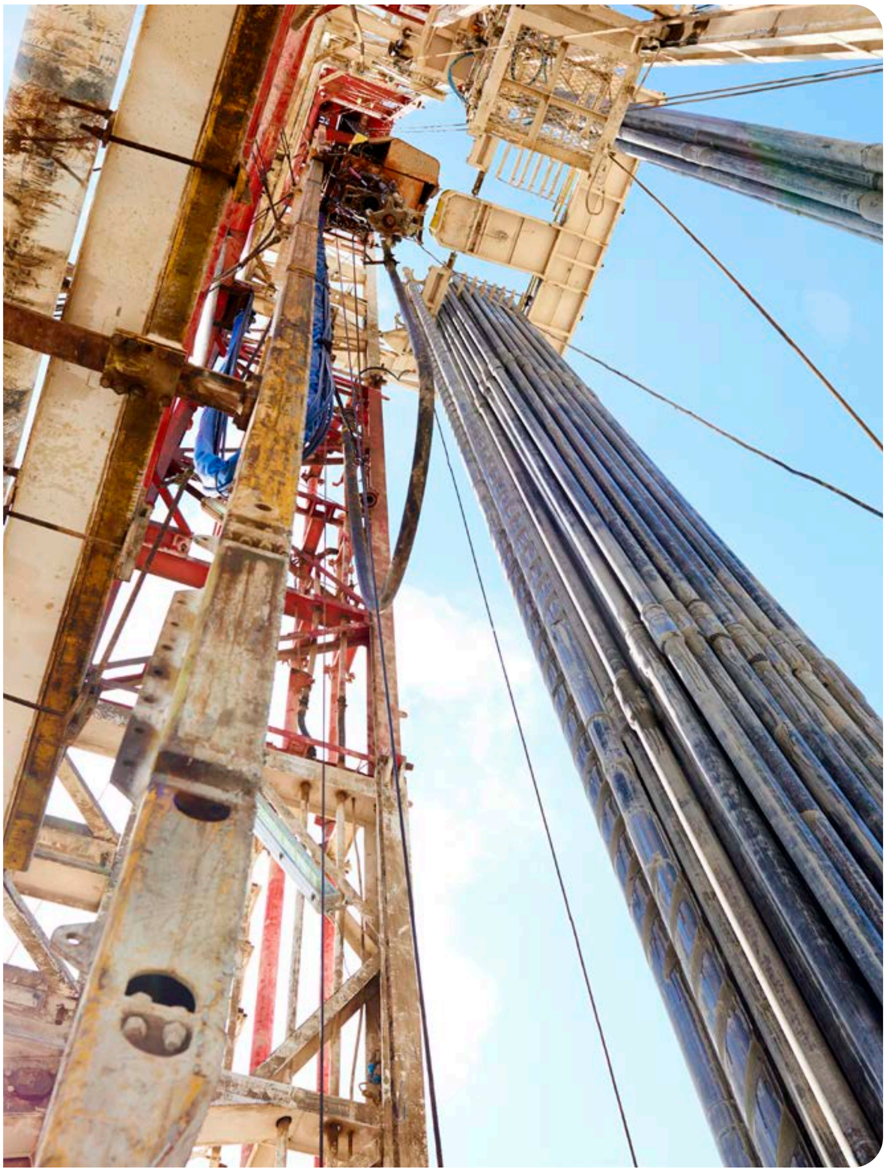
A base case forecast has been considered that utilises oil prices of $74.7/bbl in 2025 and $72.9/bbl in 2026. The key assumptions and related sensitivities include a "Reasonable Worst Case" (RWC) scenario, where the Board has taken into account the risk of an oil price crash broadly similar to what occurred in 2020. It assumes the Brent oil price down by a third to $49.5/bbl in April 2025 and gradually recovers to base price in next 12 months, concurrent with 5% reductions in Vietnam and Egypt production compared to our base case from April 2025. Both the base case and RWC take into account effect of hedging that has already been put in place at 31 December 2024 and subsequent hedges placed in 2025, now covering 20% of total group entitlement production for 2025. We have therefore secured an average floor price and ceiling price of c. $63.5/bbl and c. $87.6/bbl, respectively, for the entire hedged volumes in 2025. Under the RWC scenario, we have identified appropriate mitigating actions, which could look to defer uncommitted expenditure as required.

In addition, we have conducted a reverse stress test sensitivity analysis that indicates the magnitude of oil price decline required to breach our financial headroom, assuming all other variables remain unchanged.

Our business in Vietnam remains robust, with a low breakeven oil price. In Q4 2025 to 1Q 2026, we have three infill wells and one appraisal well on TGT, and one infill well on CNV planned to be drilled. The Group voluntarily repaid the RBL loan facility in full on 17 September 2024 and is currently debt-free.

In Egypt, we have also focused on economically efficient programmes, including development wells and recompletions on both El-Fayum and NBS in 2025. Pharos has an extended $10m revolving credit facility until November 2025.

On the basis of the forecasts provided above, the Group is expected to have sufficient financial headroom for the period up to 31 March 2026. Based on this analysis, the Directors have a reasonable expectation that the Group has adequate resources to continue its operations in the foreseeable future. Therefore, the Financial Statements have been prepared using the going concern basis of accounting.



Financial outlook

We are in a strong position as we move into 2025 with a number of value catalysts:

- An extensive drilling campaign in Vietnam with the approval of the licence extensions on our producing assets TGT and CNV
- Look forward to approval of the consolidation of our concessions in Egypt with improved fiscal terms and increased longevity
- A strong and stable balance sheet with improved liquidity position.
- Continued improvement in the economic situation in Egypt unlocking more of our receivables position

Stable returns to shareholders are expected in 2025, with the dividend policy of no less than 10% of OCF.

SUE RIVETT
Chief Financial Officer

RISK MANAGEMENT

Effective risk management is integral to Pharos achieving its corporate strategy to deliver sustainable value for all stakeholders through the responsible management of our current portfolio and the careful selection of growth opportunities, while protecting our personnel, assets, the communities in which we operate, and our corporate reputation and values.

Risk Management Framework at Pharos

Pharos carried out regular and robust risk assessments to identify and manage its Principal and Emerging risks during 2024 and continues to monitor closely the Egyptian economic situation and the global macroeconomic environment. The Group's risk management activities during the year focused on the Egyptian economy, commodity price uncertainty, and volatility in production levels and reserves.

Our management undertook a number of deep-dive exercises to gauge its risk appetite and recalibrate its risk tolerance to ensure the appropriate mitigating actions were implemented. The Board has closely considered the potential impact and probability of these risks and related events on its corporate strategy, objectives and stakeholders' perspectives of the Group.

Control environment

The Group's control environment is based primarily on its Code of Business Conduct and Ethics (the Code) and associated guidance for implementation. The Code and associated guidance enshrines a number of fundamental values to the Group and its business, including openness and integrity, safety and care and respect for human rights. The control environment is also supported by a series of corporate policies, which form part of the Group's Business Management System (BMS).

These documents are distributed to all employees, followed up with training as required and are available on Pharos' internal intranet system. As part of the compliance programme, all employees have to undertake and successfully complete a training assessment at least once a year covering anti-bribery and corruption laws and procedures and other financial crimes, including tax evasion and the new UK offence of failure to prevent fraud.

Governance, authorities and accountability

The Board of Directors, supported by its various Committees, ensures that the internal control functions operate properly. The Audit and Risk Committee oversees the implementation by the senior management team of the internal control and risk management procedures based on the risks identified to support the Group's objectives.

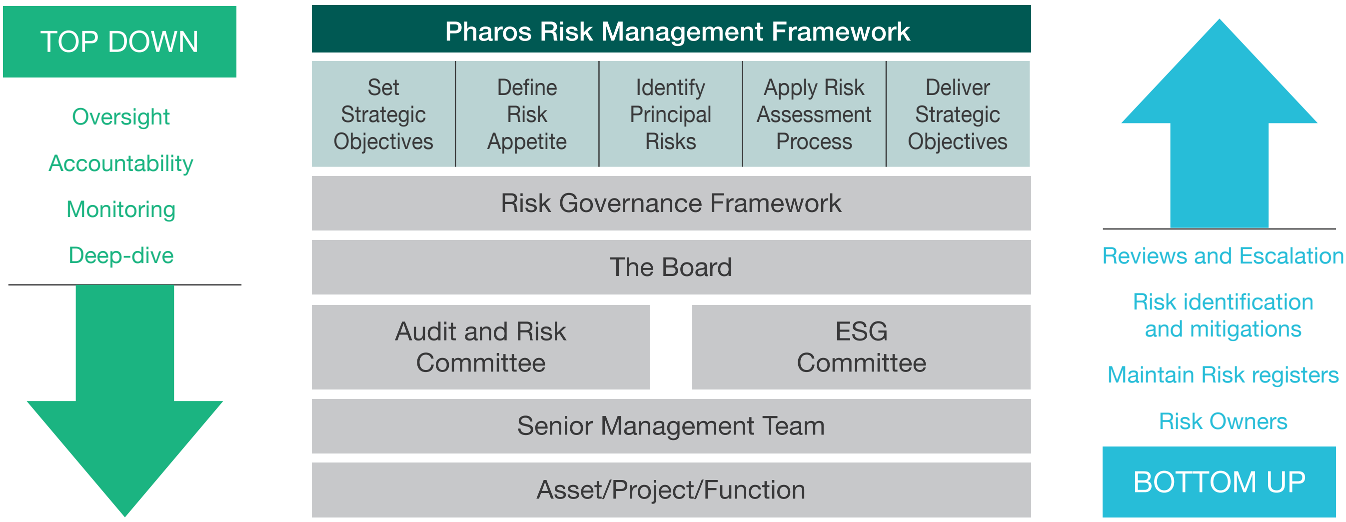
Managing Our Risks

Principal risks in 2024 (*) and Principal and Emerging risks in 2025

(*) reassessed as part of the 2024 interim results

1. HSE & Social
2. Political and regional instability, including conflicts and ensuing sanctions
3. Risk of rising inflation and stagflation
4. Climate Change
5. Commodity Price volatility
6. Partner alignment
7. Sub-optimal capital allocation
8. Cyber security
9. Reserves downgrades
10. Insufficient funds to meet commitments

Risk Management Framework



The Pharos Risk Management Framework requires that all business units within the Group conduct on-going risk management and report to the Audit and Risk Committee and to the Board. The Group's Risk Management Policy defines the specifics of the risk management process, describes the risk tools (for example, the preparation and maintenance of a Group risk matrix and risk register) and outlines the reporting process and responsibilities in order to meet the Group's Risk Governance Framework.

Risk management and reporting is a necessary and important activity at Pharos. It is an internal control process implemented by the Board, management and all other personnel, applied throughout the organisation and all functions, designed to identify potential events which may affect the business, and manage those risks within its risk appetite. In addition, risk management is a process that provides reasonable assurance regarding the achievement of the Group's objectives. A comprehensive risk management approach allows Pharos to:

- Assist the Group in achieving its corporate objectives and develop alternate strategies
- Better manage the business by anticipating potential risks and devise preventive / mitigating measures
- Meet regulatory requirements
- Promote sustainability and help build more resilient systems

The Group's Business Management System evolves continually at Pharos but at its core comprises a set of policies and standards, including the Risk Management Policy based on ISO 31000 Risk Management Principles and Guidelines.

The BMS is supported by procedures and processes for each function and business unit to control day-to-day business activities. The internal control framework and risk management process under the BMS seeks to ensure that risk identification, assessment and mitigation are all properly embedded throughout the organisation. Whilst the Group's approach to risk management is designed to provide a reasonable assurance that material financial irregularities and control weaknesses can be detected, the process does not totally eliminate that a risk could have a material adverse effect on our operations, earnings, liquidity and financial outlook.

Risk is often described as an event, change of circumstances or a consequence. The Group's risk reporting will focus on identifying risk as a "potential event". Each event will be assessed on its potential impact to people, the environment, the respective asset / financial impact on operations, and the Group's reputation in terms of severity and likelihood.

An unsettled world challenging the future - The war in Ukraine and conflict in the Middle East

Repercussions of the Russian invasion of Ukraine and ensuing sanctions continue to reverberate globally, testing the resilience of the international financial system and rules-based order. While the conflict remains unresolved, ongoing geopolitical tensions, economic sanctions, and supply chain disruptions contribute to market volatility and prolonged uncertainty.

Meanwhile, the situation in the Middle East has become increasingly complex. The escalation following the surprise attacks on 7 October 2023 by Islamist militants in southern Israel and the subsequent Israeli military response in Gaza and elsewhere has increased uncertainty and volatility on world commodity markets.

The prolonged nature of the conflict, coupled with the involvement of regional and international actors, has led to sustained instability.

Since the start of the conflict in the Middle East, multiple ceasefires have been implemented, but unfortunately, none have led to a lasting resolution. This highlights the numerous attempts made to end the conflict.

The conflict has negatively impacted Egyptian tourism, and a protracted war or expansion of hostilities could further curtail Suez Canal revenues and disrupt energy supplies, particularly through reduced imports of Israeli gas.

International sanctions

The extensive sanctions and export controls introduced by the US, EU and UK on key Russian and Russia-connected industries, entities and individuals following the invasion of Ukraine on the 24 February 2022 remain an important consideration for the Group and its approach to risk management.

Throughout 2022, 2023 and 2024, and continuing into 2025, the scope of international sanctions and controls related to the Russian invasion has continued to expand. To date, neither the conflict in Ukraine nor the sanctions themselves have had a material impact on the Group's business. Despite this, the Group continues to be prepared to act swiftly in the event that an existing counterparty were to become a sanctioned entity or otherwise affected. The dedicated cross-functional Pharos working group covering sanctions and the impact of the conflict in Ukraine established in March 2022 remains active. The working group reports to the Audit and Risk Committee and also contributes to regular risk management reporting. The Group Sanctions Policy, originally adopted in May 2022, is updated and renewed annually, or as required in response to circumstances. The Policy is available on the Pharos website with the Group's other principal corporate policies. At an operational level, the Group continues to work with the JOCs on contingency planning and mitigation.

The conflict in the Middle East since the attacks in southern Israel on 7 October 2023 has materially increased regional political and economic instability, in addition to creating a widespread humanitarian crisis in Palestinian territory. Although some organisations have advocated for a substantial international response to Israel's actions in the region, no major economic or other sanctions have been imposed on Israel or Israeli state actors at the time of writing. In November 2024, however, the International Criminal Court (ICC) issued a warrant for the arrest of Israeli Prime Minister Benjamin Netanyahu and former Defence Minister Yoav Gallant, alleging responsibility for the war crimes in the region. The 125 member states of the ICC, including the United Kingdom, are now required to arrest Netanyahu or Gallant if either enters their territory. The Group continues to regard the likelihood of UK, US or EU economic sanctions against Israel as low, but will continue to monitor the situation and, in particular, diplomatic efforts aimed at a longer-term ceasefire. The Group is also monitoring carefully the wider geopolitical impact and perception of the conflict in Egypt, in connection with its assets and operations.

Serious impacts on the Egyptian economy

After a period of strong post-pandemic recovery in late 2021 and early 2022, Egypt's economic growth was significantly impacted by the repercussions of the Russia-Ukraine war. The country has since faced persistent economic and financial difficulties, including:

- limited access to USD cash revenues for repatriation to the UK
- restrictions on converting EGP to USD
- continued depreciation of the Egyptian pound

In early 2024, Egypt took several significant steps to stabilise its economy and secure much needed foreign investment: (i) Landmark Foreign Investment – In mid-February, the Egyptian government announced a major $35 billion investment agreement with ADQ (an Abu Dhabi sovereign wealth fund) for the development of the new coastal city of Ras El Hekma ($24 billion paid in cash and $11 billion as conversion of UAE deposits at the Central Bank of Egypt); (ii) International Financial Support – (a) an expanded $8 billion IMF loan, building on the original $3 billion secured in December 2022; (b) $8 billion package from European Union, consisting of loans, grants and investments; (c) $6 billion from the World Bank, over the next three years; and (iii) EGP Devaluation and FX Market Reform – In March 2024, Egypt allowed the Egyptian pound (EGP) to float, leading to an immediate devaluation from approximately 31 to 49 EGP per USD, before strengthening to around 46.5 EGP per USD. This move effectively eliminated the parallel foreign exchange market, increasing transparency and improving liquidity.

Overall, out of the total of $57 billion pledged to Egypt, we understand that $38 billion has been received.

These measures have provided a short-term boost to confidence, but structural challenges remain, particularly regarding inflation, debt sustainability, and long-term foreign currency liquidity.

Pharos considers it preferable to continue holding USD-denominated receivables and accept part-payments of its receivables balance in EGP to fund the Group's working interest share of the cost of operations, following the expiry of the carry with IPR early 2024.

In the event of continued delays in the payment of its invoices, the Company has access to a $10m revolving credit facility with the National Bank of Egypt (UK) Limited (NBE UK), which allows it to draw down 60% of the value of each invoice in USD. The NBE UK facility currently runs to 5 November 2025 but has been extended by agreement on a number of occasions since its original grant in 2021.

Climate Change risks

The 29th Conference of the Parties (COP29) to the UN Framework Convention on Climate Change, held in Baku, Azerbaijan, concluded on 24 November 2024. The conference established a new climate finance goal aimed at supporting countries in protecting their populations and economies from climate disasters while also enabling them to benefit from the opportunities presented by the clean energy transition.

With climate finance at its core, COP29 brought together nearly 200 nations in Baku and achieved a landmark agreement to:

- Triple financial support for developing countries, increasing the previous target of $100 billion per year to $300 billion annually by 2035
- Mobilise efforts across all sectors to scale up finance for developing nations from both public and private sources, reaching $1.3 trillion per year by 2035

The new financial commitment at COP29 builds on key milestones from previous climate summits, including COP27's historic agreement on a Loss and Damage Fund and COP28's landmark pledge to transition away from fossil fuels, triple renewable energy capacity, and enhance climate resilience.

In addition, COP29 reached a long-awaited agreement on carbon markets, a breakthrough that had eluded several previous summits. These agreements will enable countries to implement their climate strategies more efficiently and cost-effectively, accelerating progress towards halving global emissions this decade, in line with scientific imperatives.

Climate risk and resilience

Climate change risks, both arising from energy transition and the physical effects of changes in climate, are identified and assessed as part of the Group's integrated risk management approach and mitigated within the remit of a diverging set of key stakeholders' aspirations and calibrated within the Group's risk appetite and corporate strategy. Climate change and the transition to a low carbon economy were also considered in preparing the consolidated financial statements, more details of which can be found on page 58 of our Viability Statement and Note 2 (a) of the financial statements.

Pharos continue to aim to align our disclosure with the TCFD recommendations on Governance, Strategy, Risk Management and Metrics and Targets. A detailed analysis was commissioned to a TCFD specialist consultancy in December 2023 which produced in-depth assessments of the transition and physical climate risks followed by a hi-grading risk exercise based on the Group internal risk matrix. These assessments were then discussed with the Senior Management team and submitted to the ESG committee of the Board. Throughout the year, these risks, along with other principal and emerging risks presented on page 46 of the Risk Management Report, are discussed and reviewed by the Audit and Risk Committee every quarter to ensure they are up to date and remain dynamic to the changing nature of the macroeconomic environment and the business.

For a full list of our transitional and physical climate risks, please see page 80 for our TCFD disclosures.

The physical risk assessment focused on screening our operational interests in Vietnam and Egypt using the consultant's physical risks datasets to quantify changes in key climate variables (e.g. drought, rainfall, wave height) over a 5 and 10 year timeframe under the three emissions scenarios – Representative Concentration Pathways (RCPs). The transition analysis focused on the potential impacts of different future scenarios on the key transition risks facing the Group and the oil and gas sector more broadly over the next 5-10 years. By undertaking these assessments, Pharos is in a better position to formulate strategies which will increase its resilience to climate related risks – and better cope with the uncertainty, speed and extent of the energy transition. The transition risk analysis conducted by the TCFD specialist consultant in December 2023 was assessed under the International Energy Agency (IEA), Sustainable Development Scenario (SDS) and Stated Policies Scenario (STEPS).

Additionally, Pharos has considered the risk that climate change pressures could reduce oil prices during the three-year Viability Statement window under the recommended IEA's Net Zero Emissions scenario. For more information, please see pages 57 and 58 for the Viability Statement and pages 80 to 95 for our TCFD disclosures.

Commodity Price risk

Oil markets in 2024 were slightly less volatile than in 2023. However, oil prices were lower. Strong global oil production growth and slower demand growth put downward pressure on prices. In the second half of the year, prices fluctuated in a relatively narrow range between c.$91/bbl and c.$70/bbl, affected by growing concerns over geopolitical tensions in the Middle East, instability in global political environment, and a slowdown in economic growth. However, voluntary production cuts from OPEC+ helped to support the prices.

Carbon Tracker, a London-based not-for-profit think tank researching the impact of climate change on financial markets, warned oil producers they should not let high prices today lure investments into pricey new projects that will lose money when the fever breaks and the energy transition cripples fossil fuel demand in the future.

Commodity price uncertainty persists and is factored into all stages of the planning process. Please refer to the Viability Statement on pages 57 and 58 for more details of how the Group has stress tested its assets and projected cash flows against its principal risks.

Insurance costs

Energy insurance premiums for the 2024 renewal of the Group's cover increased broadly in line with inflation, as was the case with the 2023 and 2022 renewals. As with the 2023 renewal, the cost of the Group's insurance premiums in 2024 actually reduced in real terms in certain areas. Concerns that the energy insurance markets are increasingly difficult to access for oil and gas exploration and production businesses have subsided, at least in the short term, with new entrants to the market replacing those withdrawing from, or restricting further business relating to, fossil fuels, such as Munich Re, Zurich and Aviva. Nonetheless, according to Global Data's Future Outlook of Financial Services 2024 report, 18 insurers have adopted restrictions on underwriting fossil fuels since 2020, and looking ahead it is likely that climate change risks and broader environment, social and governance (ESG) objectives remain at the forefront of insurers' attitudes to oil and gas assets.

The Group continues to believe that in the longer term the trend of reducing access to the insurance market for oil and gas exploration and production businesses will be maintained, with the expectation of significant premium increases ahead of inflation over time. While the Group may be able to mitigate the impact of premium increases by agreeing to more restrictive terms of cover or reduced financial cover limits, this strategy will inevitably result in increased exposure to risk elsewhere.

Operational Cost risk

Rising operational costs may become a big risk because they are directly impacted by the other factors, and can impact our ability to meet capital commitments. Generally speaking, the larger a project, the greater the legal and regulatory burden and associated costs. In addition, higher oil prices result in services companies increasing prices, creating further inflationary pressure. With the unpredictability of oil and other commodity prices and owing to global manufacturing beyond any one company's control, there are genuine cost concerns.

Additionally, many oil and gas firms struggle to find and keep skilled employees during boom periods. Thus payroll can rapidly grow to add another expense to the total picture. The cost of training employees in the oil and gas sector has increased, reducing the number of firms in the industry and specialised industry professionals, as older generations reach retirement age. As a result, oil and gas has become a very capital-intensive business with fewer participants each year.

Out-sourcing is becoming more common in the industry, and while this offers flexibility to operators, it also results in greater exposure to increases in daily rates for essential services, such as drilling and well services, when the oil price rises.

With heightened scrutiny on ESG transparency, there will be continuous and more onerous regulatory challenges which oil and gas companies must handle to sustain their growth and purpose.

Emerging Risks

Areas of emerging risks will be around regulatory changes, digital transformation, and risks of social disorder.

Similar to our principal risks, emerging risks are identified using our bottom-up approach with regular risk assessments with risk owners, and by reporting to and discussing the emerging trends at the quarterly management risk meetings and the Audit and Risk Committee meetings. Pharos is engaged with the industry through organisations such as BRINDEX and assesses news alerts from such sources as Oil & Gas UK, Financial Times, Refinitiv (Eikon and Worldcheckone) Bloomberg Green and the World Economic Forum. Pharos also conducts internal benchmarking analyses with its industry peers to better understand emerging trends in the sector.

Opportunities

For the oil and gas sector, the lack of liquidity and increased scrutiny from investors on fossil fuel producers to decarbonise may create investment opportunities for oil and gas independents with a lower cost base than the oil majors and which are more able to adapt to a rapidly changing risk landscape. In the short term, capital allocation and discipline will be rigorously maintained while at the same time exploring opportunities to reduce our carbon footprint by adopting different methods / processes to power our operations, including the possibilities of solar power, wind power and other carbon reduction technologies in the longer term. Our asset base is operated by separate independent Joint Operating Companies, leaving our role in both Egypt and Vietnam one of joint, rather than unilateral, control.

Board Responsibility

The Board fulfils its role in risk oversight by developing policies and procedures around risk that are consistent with the organisation's strategy and risk appetite, taking steps to foster risk awareness and encouraging a company culture of risk adjusting awareness throughout the Group. The Audit and Risk Committee reports back to the Board regarding the adequacy of risk management measures so that the Board has confidence that management can support them. The Board regularly reviews the principal and emerging risks facing the business, including an annual review of the effectiveness of the risk management process in identifying, assessing and mitigating any significant risks which may affect the Group's business objectives.

Risk management and the principal financial risks and uncertainties facing the Group are discussed in Note 36 to the Financial Statements. The Group's Risk Management Framework, Policy and associated procedures are further discussed in the UK Corporate Governance Code Report on pages 109 to 116 and in the Audit and Risk Committee Report on pages 128 to 134, where the significant issues related to the 2024 Financial Statements are also reported. The Group's Business Management System, which includes the Health, Safety, Environmental and Social Responsibility (HSES) Management System, incorporating the Group's internal control mechanisms of policies, procedures and guidelines through which it assesses, manages and mitigates its HSES risks and impacts, is described more fully in the Corporate Responsibility Report on pages 59 to 79.

The Board has carried out a review of the uncertainties surrounding the Group's principal and emerging risks and recognised that a potential adverse event can have a material impact on the Group's future earnings and cash flows. The fluctuating prices of crude oil and gas remain a significant variable to monitor closely for the Group. Flash events are happening more frequently from international trade tensions, geopolitical tensions, sudden outbreak of diseases, speed of climate change transition and physical risks which may require changes to our corporate price assumptions and productions outlook which, in turn may trigger impairment of assets.

PRINCIPAL RISKS AND MITIGATIONS

A summary of the key risks affecting Pharos and how these are mitigated to enable the Company to achieve its strategic objectives is as follows:

Key to change in likelihood during the year: Increase | No Change | Decrease | N New Risk

Principal risks	Change in likelihood	Causes	Risk Mitigation
STRATEGIC			
1. Growth in CNV and TGT • Loss of NPV and impairments	No Change	• Not moving forward with the work programme • Production below expectation	• Continue building strong relationship with partners and key government stakeholders • Technical work and operational planning
2. Not testing Prospect A (Block 125) • Reputational	No Change	• Inability to secure the drill ship • Failure to secure farm-in-partner • Insufficient funds to meet commitments	• Seek extension of current PSC exploration phase • Work with another operator to secure a Drill Slot in a multi-well Drilling Contract • Secured Long Lead Items • Cost carry by farm-in partner(s)
3. Growth in Egypt • Loss of overall value driving impairments and reserve write offs • Reputational	No Change	• Slow drilling process • Production below expectation • Delay in signing the consolidation project	• Continue building strong relationships with partners and key government stakeholders • Active participation and collaboration with our partner

Principal risks	Change in likelihood	Causes	Risk Mitigation
STRATEGIC			
4. Health, Safety, Environmental and Social Risk • Reputational • Operational outages leading to lower production	⇔	• Health and safety and environmental risks of major explosions, leaks or spills • High-risk operating conditions and HSES risks • Climate change impacts on the sector, such as extreme weather, sea level rise and water availability affecting production • Gas venting and flaring hazards and risks - well blow outs, land/ water contamination • Non-alignment of new acquisitions HSES practices with Pharos Corporate standards • Increased disparities and societal risks in health, technology or workforce opportunities	• Improve structural and asset integrity through strong operational and maintenance processes which are critical to preserving a safer environment • Comply with all legislative / regulatory frameworks and transitioning to a goal-based approach focused on improving safety • Promote a positive health and safety culture where workers are given proper training and incentives to work safely with a zero tolerance for non-compliance • Environmental and Social Impact Assessments relating to, for example: – climate impacts and the need to adapt to changing climate conditions over the life of the assets – regulatory developments • Enhance emergency preparedness and spill prevention plan: – Controlled venting – Control and management of pressurised oil and gas from boreholes – Use of low impact extraction chemicals where alternatives exist – Water management - securing of a sustainable water supply, recycling and reusing wastewater – Marine management plan - especially for offshore drilling – Carry out scenario exercises to improve preparedness – Active participation in dialogue with JOC to influence them on best work practices • Maintaining adequate energy insurance for our assets and operations

STRATEGIC

Principal risks	Change in likelihood	Causes	Risk Mitigation
5. Climate Change – transition and physical risks • Commodity price volatility • Restrictions of use of carbon intensive assets • Lack of portfolio diversification • Accelerating electrification • Carbon pricing • Reduced water availability • Increased temperature and heat stress • Storm frequency		• Pressure on investors to divest / avoid fossil fuel companies / projects • Inability to find economically viable CO_2 reduction solutions • Lack of alignment between our key stakeholders' priorities and climate change concerns • Global transition to a lower carbon intensity economy • Increased climate regulation and disclosure • Increase in carbon taxes / decarbonisation charges • Transformational shifts leading to reduced demand for fossil fuels • Climate activists pressing prominent institutions and investors to abandon fossil investments - "greening" the financial system • Increased frequency of extreme weather events • Supply chain disruptions causing delay / shutdowns to operations • Lack of partner alignment on decarbonisation initiatives • Reduced access to insurance market	• Net Zero commitment on all assets by 2050, detailed roadmap published in December 2023 and updated in 2024 • Emission Management Fund, under which we set aside $0.25 for each barrel sold at an oil price above $75/bbl to support emissions management projects • Transparent reporting and participation in Carbon Disclosure Project (CDP) • Continue alignment with TCFD recommendations • Further integrate climate risk management within Pharos Risk Management Framework • Stress test our Viability Statements under a Net Zero Emissions price scenario and carbon tax • Embed climate change scenarios and evaluate decisions on key business operations / directions • Continuous improvement of GHG emissions management and get JOCs to support CO_2 emissions reduction initiatives • Annually review, update and renew Group Climate Change Policy to keep it fit for purpose and in line with evolving decarbonisation developments • Comprehensive insurance cover for Physical Damage to oil and gas assets and infrastructure • Close monitoring of regional extreme weather developments so that evacuation or shut-down are activated in good time • Regular and timely control of inventories to ensure essential spares are sourced in advance • Prepare business cases or studies to support decarbonisation initiatives

FINANCIAL

Principal risks	Change in likelihood	Causes	Risk Mitigation
6. Commodity Price risk • Uncertainty on planning • Inability to fund work programme / dividend		• Geo-political factors and international conflicts • Pressure on investors to divest / avoid fossil fuel companies / projects • Lower long-term prices tighten the margin of error for investments • Market speculation and trading in oil futures • Repercussions of the Russian invasion of Ukraine • Repercussions of the conflict in Gaza	• Oil commodity hedging – Comply with RBL requirements – Maintain robust processes around treasury, governance, forecasting, credit and risk • Close monitoring of business activities, financial position cash flows • Control over procurement costs / effective management of supply chains derived from third parties - suppliers, joint venture partners, investors, and contractors • Stress test scenarios and sensitivities via principal compound risk analysis to ensure a level of robustness to downside price scenarios • Capital discipline with focus on controlling and managing costs • Discretionary spend actively managed • Maintain and cultivate good relationships with lenders
7. Rising operational costs • Reduced profits • Strain on cash flows • Shortages in skilled labour		• Global inflation • Turmoil in the energy markets causing sharp price hikes	• Regular updates to yearly budgets and forecasts • Focus in discretionary spend • Secure long-term contracts where appropriate without lock-ins • Explore applying new technological advances, focus on prevention and early detection
8. Egyptian economy • Inability to repatriate cash earned from Egypt		• Further devaluation of the Egyptian pound • The impact of the war in Ukraine on Egypt's economy is especially significant • The impact of the conflict in Gaza	• Revolving credit facility with NBE UK, which allows us to draw down 60% of the value of each oil sales invoice in USD ($10m facility until 5 November 2025, with further renewals by agreement) • Accepting payments in EGP, to be reinvested in field operations • Regular dialogue with EGPC

OPERATIONAL

Principal risks	Change in likelihood	Causes	Risk Mitigation
9. Reserves Risk • Future cash flows and value depend on producing our reserves	↔	• Earlier impairment triggers due to low commodity price • Capital constraints jeopardise planned exploration / development initiatives • Inherent uncertainties in the evaluation techniques to estimate the 2P reserves • Lower than expected well performances and drilling results • Slower drilling programmes	• On-going evaluation of projects in existing and potential new areas of interest and pursue development opportunities • Regular reviews of reserves estimates by independent consultants • Ensure continuing adherence to industry best practice regarding technical estimates and judgements
10. Partner Alignment Risk • Adverse impact on Production and Cash flow	↔	• Technical disagreement caused by quality of JV staff, work ethic, low productivity, competency issues • Geological Modelling differences resulting in sub-optimal well locations • JOC partners divergent views on investments, and difference in value-drivers.	• Active participation in JOC management • Direct secondment • Build Senior Management level relationship with local Partners • Continue good relationship with other foreign Partners • Close collaboration with JOC partners • Support JV training initiatives
11. Cyber risk • Major cyber security breach may result in loss of key confidential data • Unavailability of key systems	↔	• Sophistication and frequency of cyber-attacks increasing • Heavy reliance on and disruption to critical business systems • Infiltration of spam emails corrupting our systems • Critical reliance on remote working in light of demand for longer-term hybrid and flexible working practices	• Update service level agreement with IT providers, including regular meetings and other interfaces to raise any issues and review performance • Offsite Installation of back-up system and Business Recovery / Continuity Plan in place • Enhance our Cloud back-up data and solutions • Prevention and detection of cyber threats via a programme of effective continuous monitoring • Plan upgrade of IT systems
12. Human Resource Risk • Good skilled people are essential to ensure success	↔	• Failure to recruit and retain high calibre personnel to deliver on and implement growth strategy • Challenges in the recruitment and integration of additional technical expertise for any new acquisition • Negative view of the oil and gas industry amongst younger professionals, particularly in light of climate change impacts, resulting in fewer entrants to the industry to replace retiring professionals • High costs of recruiting experienced workforce • Weakened corporate culture and collegiate responsibility due to remote working • Board re-composition and retirements	• Remuneration Committee retains independent advisors to test the competitiveness of compensation packages for key employees • On-going succession planning • Maintain a competitive remuneration mix re bonus, long-term incentive and share option plans • Build and use people networks in each country and advertise vacancies in these networks • Maintain a programme for staff well-being • Facilitate and encourage workforce communication via Group-wide offsite events and quarterly video conferences, employee surveys and shared feedback • Ensure staff have regular access to Director with responsibility for workforce engagement and are free to share concerns, feedback and views

Principal risks	Change in likelihood	Causes	Risk Mitigation
REPUTATION			
13. Sub-optimal capital allocation • Adverse reaction from current / future stakeholders		• Scarcity of capital for investment projects • Pressure to invest and produce growth and returns in the short term to maintain dividend payments • Shareholder focus on increasing returns in conflict with wider strategic considerations • Inability to "switch-off" drilling / investment commitments if economic assumptions change rapidly	• Carry out robust economic analyses based on opportunities high-grading to support capital allocation • Key KPIs such as NPV, IRR and payback used to compare across many project scenarios • Rig count investment scenarios are stress-tested against a range of Brent oil price • Seeking to maximise influence to promote best practice in non-operated ventures • Seek the views of stakeholders through direct and indirect engagement • Maintain a balanced investment portfolio which allows a degree of resilience in adjusting short-term investment commitments • Prepare business case or pay-back study to support decarbonisation initiatives
14. Political and Regional risk • Energy sector exposed to a wide range of political developments which may impact adversely on operating costs, compliance and taxation		• Operations in challenging regulatory and political environments • Changes to fiscal regimes without robust stabilisation protections • Protracted approval processes causing delays • Government reform, political instability and/or civil unrest • Impact of financial sanctions, export controls and other trading restrictions on industry counterparties and sectors (in particular, sanctions on entities or individuals arising from the continuing conflict in Ukraine and other international conflicts)	• Canvas support in risk management by using both international and in-country professional advisors • Engage directly with the relevant authorities on a regular basis • Assess country risk profiles, trend analyses and on-the-ground reports by journalists / academics • Thoroughly evaluate the risks of operating in specific areas and assess commercial acceptability • Maintain political risk insurance at appropriate levels of cover • Active working group monitoring sanctions arising from conflict in Ukraine and assessing/managing associated risk to Group • Annual review and renewal of a standalone Group Sanctions Policy, to supplement existing Group Code of Business Conduct and Ethics • Develop and maintain mitigation planning in relation to certain counterparties with potential to come within the future scope of sanctions
15. Business Conduct and Bribery • Reputational damage and exposure to criminal charges		• Presence in countries with below average score on the Transparency International Corruption Index • Lack of transparent procurement and investment policies • Non-compliance with Criminal Crime Offences (CCO) and/or UK Bribery Act • Corruption and human rights issues	• Ensure adequate due diligence prior to on-boarding with a risk-based approach, including independent "Red flags" checks • Annual training, testing and compliance certifications by all associated persons • Increase awareness of, and ensure regular training in, the Group's Code of Business Conduct and Ethics and associated guidance and other corporate policies for all employees and associated persons • Mandatory Gifts and Hospitality declaration and register • Group Whistleblowing Policy and confidential anonymous ethics 24 hour hotline with numbers displayed in all offices • CCO risk assessment and on-going implementation of adequate procedures to prevent facilitation of tax evasion across all operations • Comply with the principles of the Extractive Industries Transparency Initiative

VIABILITY STATEMENT

In accordance with the UK Corporate Governance code, the Board has assessed the prospects of the company over a period longer than the twelve months required to support the Going Concern Statement on page 172 of the Financial Statements. The Audit and Risk Committee reapproved in December 2024 that the appropriate length, which the Viability Statement (VS) should cover, is three years. A significant factor in the Group's forward cash position is the oil price assumption, and as most of the source data relates to a three-year period this is considered as the appropriate lookout period for the VS.

In undertaking this assessment, the Board has carried out a robust review of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, with particular attention given to the principal and emerging risks.

Our strategy and associated principal and emerging risks underpin both the Group's three-year base forecast and scenario testing, as well as our longer term prospects and position.

Group's current position

- Production assets in Vietnam and Egypt with low operating cost base
- Flexibility in the capital expenditure programme
- Operating cash flows in line with oil prices and supported by hedging programme
- Focus on capital discipline
- Excellent HSES standards in Vietnam
- No outstanding RBL or NBE UK loan balance

Strategy and business model

- Business model drawing on geoscience, engineering, financial and commercial talent
- Responsible and flexible stewards of capital
- Focus on stakeholders

The principal and emerging risks, which are considered in assessing the Group's prospects, are the same as those used to stress test our viability over the three-year period.

How we assess our viability

Our forecast is built on an asset-by-asset basis using a bottom-up model and is stress tested by compounding downward scenarios.

The three-year period selected for testing covers the Group's medium term capital plans and projections, in particular oil price projections, a fundamental driver of the groups operating cash flows, where market consensus data becomes less reliable for periods further ahead than three years.

Although individual assets are often modelled for periods longer than three years, to reflect the return on investments being considered over the life of field, the three-year period has been selected by the Board as most appropriate for the group as a whole. It provides management and the Board with sufficient and realistic visibility of the future industry environment whilst capturing the Group's future expenditure commitments on its licences, its near term drilling programmes and Field Development Plans.

In assessing the Group's viability over the next three years, it is recognised that all future assessments are subject to a level of uncertainty which increases with time and that future outcomes cannot be guaranteed.

Key Assumptions

During the three-year period, the working assumption is that Group will be dependent on its cash generating assets TGT and CNV in Vietnam, and El Fayum and North Beni Suef in Egypt.

The underlying oil and gas reserves in both Vietnam and Egypt have been certified by Reserves Auditors, McDaniel (for both Vietnam and Egypt). In our model, we have used management's best estimate of future commodity prices. This results in a base oil price of $74.2/bbl in 2025, $72.9/bbl in 2026 and $74/bbl in 2027, prior to scenario testing. The base model also includes the Group's latest life of field production models and expenditure forecasts.

The company has a Reserves Based Lending (RBL) facility over its Vietnam producing assets which matures in July 2025 and was fully repaid in September 2024. As of December 2024, there is no outstanding balance against this loan.

Pharos El Fayum has an uncommitted revolving credit facility through to 5 November 2025 for up to $10m with the National Bank of Egypt (UK) Limited. This facility was implemented to help mitigate the risk of late payment from debtors. Under this arrangement, Pharos is able to access cash from the facility for up to 60% of the value of each El Fayum oil sales invoice.

Stress testing linked to Principal Risks

As well as the base model, the Group also evaluates other scenarios and has stress-tested the forecast for a combination of severe but plausible events (linked to the majority of the Group's principal risks) that could potentially impact its ability to fund planned activities and/or comply with the covenants and undertakings within its RBL facility agreement. These events include:

- A material reduction in the oil price putting pressure on the Group's capital available for investment
- A material reduction in production
- An unfavourable event resulting in lost production and oil price shock

Base Forecast flexed for combinations of the following scenarios	Link to Principal Risks and Uncertainties	Level of Severity Tested	Conclusion
Sustained and sharp drop in oil price	2,3,4,5	Sharp drop in the oil price, down by a third to $49.5/bbl in April 2025, then rising gradually over a year till in line with base price	Company remains viable with mitigating actions
Reduction in production	2,3,6,7,9,10	5% drop in production from April 2025 throughout the testing period, and dry hole assumption with TGT appraisal well 18X	Company remains viable with mitigating actions
Unfavourable event leading to lost production and price shock	2,3,4,5,6,7,9,10	Combination of tests above	Company remains viable with mitigating actions

Climate Change

We have also factored in the risk of potential price reductions due to climate change pressures during the three-year VS window. We have therefore considered the price curve as an output of a Net Zero Emissions by 2050 (NZE) based on IEA's World Outlook 2024 report, which is consistent with achieving 1.5 °C stabilisation in global average temperatures and a net zero CO_2 emission by 2050. The nominal Brent prices used in this scenario are comparable to our base case oil price assumptions over the three-year VS period. But in connection with the licence extensions for Blocks 9-2 and 16-1 in Vietnam, the Group has committed environmental fees in both TGT and CNV assets from December 2026 and December 2027 onwards. The environmental fees of $0.24/bbl on the company's oil production, and $0.071/cf of the gas production in Vietnam have been included in our Base Case and RWC testing. Nevertheless, we have concluded that the stress testing outlined above adequately accounts for the potential downside risks to our revenue base over the three-year VS period, due to climate change pressures.

To date, there is no official carbon tax established in either of jurisdictions where our operations are located i.e. Vietnam and Egypt. Furthermore, the imposition of carbon taxes would likely to uplift the Brent prices, as some of the burden will be passed to consumers. As a sensitivity test, we have run the effect of carbon tax from 2027 on Base Case without assuming any increment in Brent price and the Group remains viable over the three-year VS period. Please see our TCFD report on pages 80 to 95.

The existing revolving facility with NBE UK provides us certain level of protection against the risk of capital availability being constrained by concerns related to climate change.

In all combinations of scenarios that were tested, the Group had implemented mitigating actions including hedging and deferring non-committed expenditure beyond the three-year window of VS. Directors have reviewed the realistic mitigating actions that could be taken to reduce the impact of the underlying risk. The forecast cash flows are regularly monitored and reviewed to provide early warnings of any issues and to give sufficient time to undertake any necessary mitigating actions.

The potential impact of the other principal risks on the group's viability during the assessment period were also considered. The Board has reviewed the risk mitigation strategies for all listed risks and believes that the existing mitigation strategies in place are sufficient to reduce the impact of each risk, making it unlikely to jeopardise the Group's viability during the three-year period.

Based on all of these assessments, including the availability of actions which could be taken in the event of plausible negative scenarios occurring, the Directors confirm that they hold a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due for the three year period to 31 December 2027.

CORPORATE RESPONSIBILITY REPORT

2024 PERFORMANCE

BUSINESS

100%
EL FAYUM OIL
(2023: 100%)

100%
TGT & CNV OIL
(2023: 100%)

Oil sold domestically in Egypt and Vietnam in 2024, contributing to host country development goals and access to energy

ETHICS

$160.3m
Taxes and royalties to host governments, includes host governments share of production entitlements in 2024
(2023: $188.0m)

100%
Percentage of staff receiving anti-bribery and corruption training by 31 December 2024
(2023: 100%)

PEOPLE

0 LTIs
Zero Lost Time Injury events across Group operations in 2024
(2023: 0 LTI)

c.51%
Female employees across the Group in 2024
(2023: c.51%)

SOCIETY

$500,000
Combined total training levies in Vietnam and Egypt for investment in industry capacity building in 2024
(2023: $500,000)

$ 259,889
Community investments supporting 26 social projects in Egypt, Vietnam and UK in 2024
(2023: $247,373)

ENVIRONMENT

302
Tonnes CO_2e per 1,000 tonnes of hydrocarbon produced in 2024
(2023: 273)

0
Oil/chemical spills (quantities greater than 100 litres) in 2024
(2023: 2)

Corporate Responsibility Report

GOVERNING CORPORATE RESPONSIBILITY

Our aim is to add value in everything we do through responsible, efficient and safe energy production.

We take our role in society very seriously. We are committed to open, transparent communication, and taking a rigorous, conscientious approach to the environment, our role in society, our business practices and ethics, and how we relate to people. That includes all our stakeholders: the people who work with us directly and indirectly, those who live where we operate, and the host governments and authorities that regulate our activities.

The Group's Corporate Responsibility standards, policies and HSES Management System

1. **Code of Business Conduct and Ethics**

2. **Key Corporate Responsibility /HSES policies supporting the Code**

- Climate Change Policy
- Code of Business Conduct and Ethics
- Human Rights Policy
- Security Policy
- HSE Policy
- Social Responsibility Policy
- Biodiversity Conservation Policy
- Water Resource Management Policy
- Prevention of Slavery and Human Trafficking Policy
- Sanctions Policy
- Tax Strategy Statement
- Non-Audit Services

3. **Standards, procedures and guidance support the policies**

See **www.pharos.energy/responsibility/policy-statements/** for the full text of the current versions of each of these policies.

Corporate Responsibility governance & management

A long-term goal of the Group is to be a positive presence in regions in which it operates by providing responsible and sustainable development. The objective of sustainability will apply equally to the Company's traditional reputation for financial discipline and return of value to shareholders as it will to the Group's objective of striving towards the goal of establishing and maintaining the highest operating standards across Environmental, Social and Governance ("ESG") matters.

The Board is also fully committed to effective compliance with the 2018 UK Corporate Governance Code (the 2018 Code), applicable to the current financial year of the Company ending 31 December 2024. The Board's objective is to be recognised for its high standard for governance, with a considerate and pragmatic approach to its business. This will be the final annual report in which the Company reports against compliance with the 2018 Code. As noted in last year's report, the Company has no material concerns over compliance with the provisions of the 2024 UK Corporate Governance Code, under which the majority of provisions will apply from the Company's next financial year, commencing 1 January 2025.

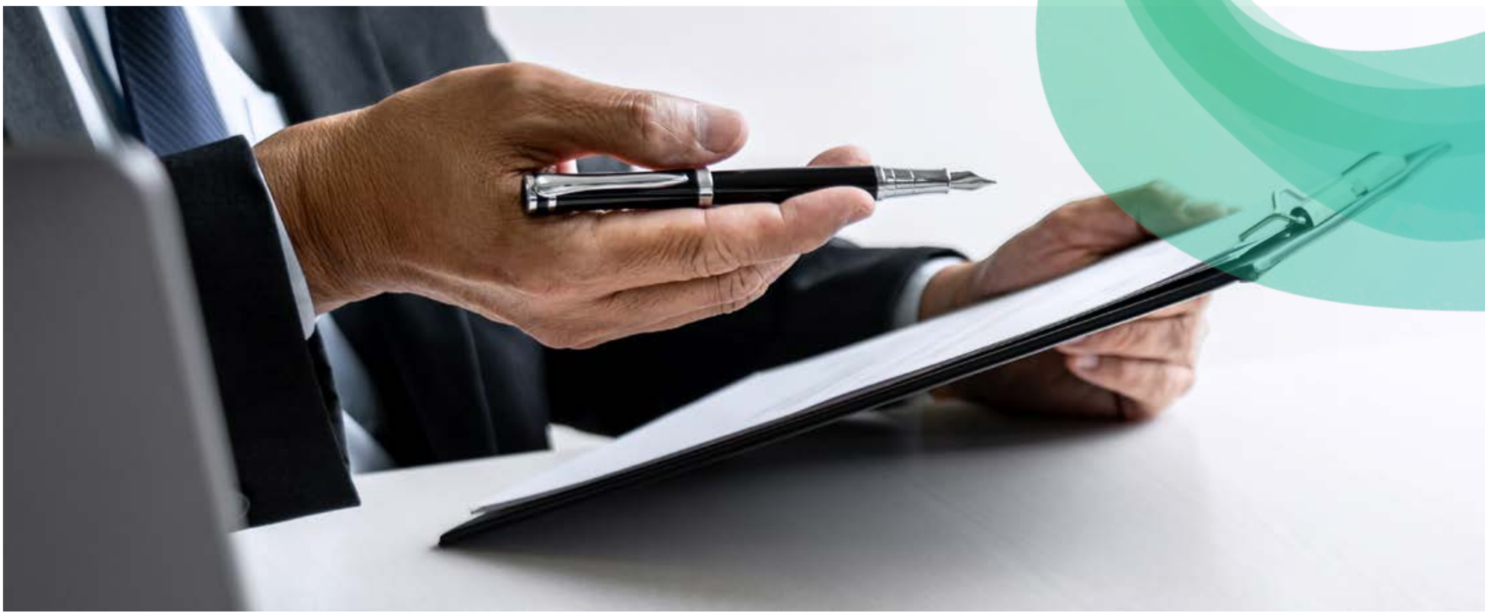
> Corporate Responsibility objectives are defined annually and reviewed quarterly in relation to: our business, our ethics, our people, environment and society.

In terms of corporate responsibility and community engagement, the Board is committed to treating all stakeholders in every area of operations with honesty, fairness, openness, engagement and respect, and to conducting all business ethically and safely. The Group will only work with parties that share these values.

Our Code of Business Conduct and Ethics ("our Code") sets out our expectations for how we do business, clarifying our commitments to ethical, social and environmental performance. Our Group Corporate Responsibility ("CR") and Health, Safety, Environmental and Social Responsibility ("HSES") policies described above support our Code.

Our corporate standards, procedures and guidelines support the policies. Project-specific operational plans, programmes and procedures set out the specific approach to CR and HSES issues and risks within each project.

The Pharos Health, Safety, Environmental and Social Responsibility Management System ("HSES MS") describes the Group's internal processes to manage risks and is consistent with the requirements of internationally recognised standards (ISO 14001, ISO 45001) and aligned with the World Bank's International Finance Corporation ("IFC") Environmental and Social Performance Standards.



Climate-related governance & management

Pharos has a multi-layered governance structure that aligns our operating model with our net zero ambition.

The Board takes overall responsibility for our Net Zero ambition, corporate responsibility strategy and climate-related risk and opportunities. Given the wide-ranging remit of climate-related matters, Pharos integrated management responsibilities into various business and functional areas within the Group, and climate-related activities are managed and held accountable by a combination of different committees:

- **The ESG Committee** oversees the Group's management and compliance with climate-related reporting and disclosure requirements, as well as assists the Board in defining and implementing the Group's corporate responsibility strategy.
- **The Audit and Risk Committee (ARC)** oversees all principal and emerging risks in our risk management process, in which climate risk is considered a principal risk. It also oversees the adequacy and effectiveness of our policies, standards and management system for HSES.
- **The Remuneration Committee** oversees the level of management incentives attached to improvements in climate-related performance in order to further encourage action on this agenda.

For the current version of each Committee's terms of reference, please visit www.pharos.energy/about-us/governance/committees/.

Progress against our Net Zero ambition, ESG targets and updates on GHG performance are reviewed at quarterly Board and Committee meetings.

Our senior leadership team manage our climate progress and are responsible for the delivery of our Net Zero strategy. The Board and Executives are supported by the Net Zero Working Group, which was set up in May 2022 and include representatives from various business functions across Pharos, and drives progress towards Pharos' Net Zero targets.

Stakeholder engagement & materiality screening

We engage with our stakeholders on a regular basis and receive feedback through a range of formal and informal processes, which we set out in more detail in the UK Corporate Governance Code report on pages 109 to 116 of our Governance Report. We listen to their concerns and feedback when determining our corporate responsibility framework and use the information they provide us to identify the issues that are most important to the successful delivery of our corporate objectives and most important to our stakeholders.

The Board, the ARC and the ESG Committee also regularly discuss at each quarterly Board and Committee meetings the new and existing themes and issues that matter to our stakeholders. Our management team then uses this insight and other applicable disclosure laws and regulations to choose what we measure and publicly report in our Annual Report.

In 2024 Pharos has continued to refer to the Sustainability Accounting Standards Board (SASB) materiality map for Oil & Gas - Exploration and Production, to ensure that the material issues of importance to its activities are appropriately managed and reported. Our approach on environmental and social reporting in 2024 has taken into account the Voluntary Sustainability Reporting guidance issued by IPIECA, the global not-for-profit oil and gas industry association for environmental and social issues, in partnership with the American Petroleum Institute and the International Association of Oil and Gas Producers. We report on joint operating companies in Egypt and Vietnam.

The Group consider 'materiality' to be the threshold at which ESG issues become sufficiently important to our investors and other stakeholders. We are also informed by the Financial Conduct Authority and London Stock Exchange listing and disclosure rules in areas where we have operations, and are held accountable by our auditors and Company Secretary. The Board will further reinforce the integration of climate considerations into its governance frameworks by implementing the principles stated in our Climate Change Policy and continuing the Company's alignment with TCFD recommended disclosures.

> We know that what is important to our stakeholders evolves over time and we plan to continue to assess our approach to ensure we remain relevant in what we measure and publicly report.

Stakeholder groups and corporate responsibility topics

Stakeholder group	How we engage with them and understand any concerns	Key areas of concern for stakeholder groups
Local communities	Environmental and social impact assessments and grievance mechanisms at project level	• Community investment • Effluents and waste management • Biodiversity • Transparency
National and host governments	Regular dialogue	• Payments to governments • Local capability building • Environmental management and net zero commitment • Health and safety
Employees and contractors	• Promote adherence to local government's health and safety guidelines • Regular dialogue and grievance mechanisms • Annual feedback sessions with all staff members	• Keep workforce safe • Local capacity building • Contractor management • Staff well-being
Shareholders	Regular dialogue	• Climate risk/energy transition and other ESG risks • HSES Health and Safety • HSES Management System • Preventing corruption
International community	Responding to inquiries and media scanning	• Climate risk, energy transition and net zero commitment • GHG emissions • Preventing corruption • Human rights and Modern Slavery

Corporate Responsibility Report

BUSINESS

Focusing on supply chain impacts. Our objective is to contribute to responsible and sustainable development throughout our operations.

Climate risks and global energy transition

Climate change is considered a principal risk to the Group and its business over the medium and long term, and this is discussed in more detail in the Risk Management report and in our TCFD report on pages 80 to 95.

Our overall risk management framework integrates climate-related risks into business decision by carrying out regular and robust risk assessment, conducting deep-dive exercises to gauge risk appetite, monitoring macroeconomic environment and regulatory landscape, and using scenario analyses to stress-test principal risks on key variables for the Going Concern and Viability Testing. Our Net Zero Roadmap, which was initially published in December 2023 and updated in this Annual Report on pages 96 to 99, sets out interim targets towards our net zero by 2050 commitment and decarbonisation levers to reduce our carbon emissions, and is a key part of our climate risk management and business decision.

Pharos is cognisant of the potential diminished role of fossil fuels in the global energy mix as depicted in the IEA Sustainable Recovery Plan. However, we also recognise that that oil and gas will continue to play an essential role in the global energy mix for the next decade, and that the importance of producing this energy in a safe, environmentally sustainable and socially responsible way will continue to grow. We believe that there are real opportunities in the energy transition, especially for countries such as Egypt and Vietnam, to benefit from the responsible and sustainable development of their natural resources. Pharos stands ready to play our part in this transition and will continue to support our host governments as they seek to use oil revenues to promote sustainable, inclusive economic development, manage the impact of climate change and achieve their COP commitments.

We report transparently and have participated in the CDP (formerly Climate Disclosure Project) Climate Change Questionnaire over the past six years. In 2024, Pharos is pleased to report that we were awarded scores of B for both our Climate Change and Water Security disclosures, an improvement from last year's score of C which was originally achieved in 2019. Our greenhouse gas emissions (GHG) are reported in the Environment section on page 76. Our commitment to align our reporting to TCFD recommended disclosures are set out on page 80.

Business partners and influence

Relationships with business partners, host governments and local communities where we operate are critical for our business. Our Code sets out our commitment to doing business honestly and ethically and to complying with all applicable laws and regulations. It sets out our expectations to take steps to only do business with others who share our values.

Our ability to influence our business partners and JOCs depends on our degree of ownership and operatorship. Where we are the designated operator, we fully apply the Pharos HSES MS. Where we are a joint operating partner or part of a JOC, we seek to influence and ensure alignment with our systems. Where we have a minority interest, we seek to make our views heard and ensure that minimum standards are met in accordance with our commitment to the IFC Performance Standards.

Vietnam interests and operations[1]

Degree of influence	Blocks	Country	Pharos ownership	Pharos role	2024 field activity	Target HSES outcome
High	Blocks 125 & 126	Vietnam	70%	Operator	Detailed drilling engineering studies for the proposed well on Prospect A commenced in 3Q 2024. Orders placed for long lead item in August 2024.	Full application of the Pharos HSES MS
Moderate	Block 16-1	Vietnam	30.5%[1]	Joint operating partner (in Hoang Long Joint Operating Company)	Successful completion of two-well infill drilling programme in October on time and under budget. Applications for five-year licence extension to the TGT field formally granted by the Vietnamese Government in December 2024.	Influence to bring alignment to the Pharos HSES MS
Moderate	Block 9-2	Vietnam	25%[1]	Joint operating partner (in Hoan Vu Joint Operating Company)	Applications for five-year licence extension to the CNV field formally granted by the Vietnamese Government in December 2024.	Influence to bring alignment to the Pharos HSES MS

1) Pharos currently has a 30.5% working interest in Block 16-1 which contains 97% of the Te Giac Trang (TGT) field. Pharos' unitised interest in the TGT field is 29.7%. Pharos also currently has a 25% working interest in the Ca Ngu Vang (CNV) field located in Block 9-2. Following the announcement by Pharos in December 2024 of approval a five year extension to the terms of the petroleum contracts for Blocks 16-1 and 9-2, Pharos will hold a revised working interest in Block 16-1 (TGT) of 25.33% with effect from 8 December 2026 and a revised working interest in Block 9-2 (CNV) of 20% with effect from 16 December 2027.

Egypt interests and operations

Degree of influence	Blocks	Country	Pharos ownership	Pharos role	2024 field activity	Target HSES outcome
Moderate	El Fayum Concession	Egypt	45%	Joint operating partner (in Petrosilah)	Successful drilling of second exploration commitment well in September, encountering oil bearing reservoirs in Abu Roach G formation. One El Fayum development well put on production in December 2024.	Influence to bring alignment to the Pharos HSES MS
Moderate	North Beni Suef Concession	Egypt	45%	Joint operating partner (in Petrosilah, to which operating functions are subcontracted by PetroBeniSuef)	Ongoing processing of 3D seismic data. Discussions with EGPC and our partner on the consolidation of our Egyptian concessions (El Fayum and North Beni Suef) ongoing in 2024.	Influence to bring alignment to the Pharos HSES MS

HSES Management System

We undertake a range of activities to continuously improve our HSES MS to ensure that the Company's policy commitments are applied. We may work in countries that have different standards and we review any potential gaps to ensure adherence to our policies in dialogue with our business partners. Routine monitoring is undertaken to assess and improve performance and periodic audits are conducted.

HSE trainings and exercises

In Vietnam, the HLHVJOCs continued HSE induction to new staff, maintained its HSE Training Matrix such as travel safely by boat, firefighting and rescue, working at height, arranged refreshing BOSIET/FOET and other training courses such as T-HUET, travel safely by boat, fire fighting and rescue, lead auditor and greenhouse gas practitioner. The HLHVJOCs also conducted training for the offshore production team such as Personal Protective Equipment training, refresh safety induction for contractors, emergency response, permit to work and confined space entry procedures, behavioural safety, refresh facility induction, medical training and tank inspection procedure.

In Egypt, HSES training focused on increasing the staff's capabilities and competence on ISO 14001 and 45001 management systems, land transport, safety at rig, firefighting, lifesaving rules, permit to work, hot work hazards and safety requirements in confined space entry and working at heights.

Key Performance Indicators

KPI	Target	2024	2023	2022
HSES regulatory non-compliances	Zero	0	0	0

Supply chain management

Contractors are used throughout all aspects of our business. Our Contractor Management Procedure sets out requirements through all stages from selection through to management and service delivery.

In HSES critical activities, bridging documents are put in place to ensure Pharos and contractor alignment with our requirements.

Hours worked in Vietnam and Egypt assets	Percentage of total
Company staff: 684,524	21%
Contractors: 2,576,956	79%

Overall objective

To provide responsible and sustainable development

2024 Objectives	2024 Outcomes	2025 Objectives
Further alignment with Pharos HSES Management System.	Pharos Energy continued to work towards full implementation of our HSES Management System across our business.	Further alignment with Pharos HSES Management System.
Work closely with partner's HSES department to achieve good alignment between our respective HSES Management Systems.	In Egypt, Petrosilah obtained the ISO 45001:2018 and ISO 14001:2015 certificates for Health and Safety Management and Environmental Management. Equally, the Hoang Long Hoan Vu Joint Operating Company (HLHVJOC) obtained the ISO 14001:2015 certificate.	Work closely with partner's HSES department to achieve good alignment between our respective HSES Management Systems.
Review implementation of updated HSES Management System across business functions.	HSES Management System policies and procedures have been updated and will be submitted to the Executive for approval.	Review implementation of updated HSES Management System across business functions.
Further training on crisis management and emergency response to be held in 2024.	The learnings from the previous crisis management and emergency response training were captured and included in a revised Crisis Management Plan to be released during 2025.	Issue revised Crisis Management Plan and train staff on changes to emergency response procedures.

Corporate Responsibility Report

ETHICS

Our objective is to conduct our business in an honest and ethical manner.

100% Employees and relevant contractors have undertaken anti-bribery and corruption training by 31 December 2024.

Preventing corruption

Pharos currently operates in Vietnam, which is allocated a low score on Transparency International's most recently published Corruption Perception Index ("CPI"), and is ranked number 88 (83 in 2023) out of 180 countries in the 2024 CPI. Egypt is ranked at 130 on the same CPI (108 in 2023). We recognise that, with both areas of operation having a reputation for a lack of transparency and relatively high risk of corruption, it is vital that the Group's policies, procedures and working practices are fit for purpose. Pharos maintains internal control systems to guide and ensure that our ethical business standards for relationships with others are achieved. The Audit and Risk Committee and the Board have carried out a review of the effectiveness the Group's risk management and internal control systems, see the Audit and Risk Committee report on page 128. Bribery is prohibited throughout the organisation, both by our employees and by those performing work on our behalf. The Code of Business Conduct and Ethics supports all businesses that are conducted in an honest and ethical manner across the organisation. Our Anti-Bribery and Corruption ("ABC") programme is designed to prevent corruption and ensure systems are in place to detect, remediate and learn from any potential violations. This includes due diligence on new vendors, annual training for all personnel, requisite compliance declarations from all associated persons, Gifts and Hospitality declaration and comprehensive 'whistleblowing' arrangements.

Our Whistleblowing Policy and associated procedures ensure that employees are protected from possible reprisals when raising concerns in good faith. In addition to internal reporting channels, we have a dedicated, anonymous and confidential ethics hotline supported by NAVEX with numbers displayed in our local offices available 24 hours a day all year round. Zero calls were made to the NAVEX hotline in 2024.

Payments to host governments

Wealth generated by natural resources plays an important part in the growth and development of countries in which we operate. Revenues to governments become payable by the Group due to oil production entitlements, taxes, royalties, licence fees and infrastructure improvements.

During 2024, the total payments to governments for the Group amounted to $160.3m (2023: $188.0m), of which $138.7m or 87% (2023: $166.5m or 89%) was related to the Vietnam producing licence areas, of which $92.9m (2023: $110.8m) was for indirect taxes based on production entitlement. In Egypt, payments to government totalled $19.1m (2023: $19.3m), of which $18.5m (2023: $18.4m) related to indirect taxes based on production entitlement. More information on payments to host governments can be found on page 204.

Overall objective

To conduct our business in an honest and ethical manner.

2024 Objectives	2024 Outcomes	2025 Objectives
All personnel to complete the annual ABC programme including training, testing and self-declaration statement.	Completed.	All personnel to complete the annual ABC programme including training, testing and self-declaration statement.
Continue to review ABC programme and update as required.	No updates required.	Continue to review ABC programme and update as required.
Update and republish the Modern Slavery annual statement and all other corporate policy statements.	The annual statement on Modern Slavery has been reviewed by the Board and republished on the Pharos website.	Update and republish the Modern Slavery annual statement and all other corporate policy statements.

Corporate Responsibility Report

PEOPLE

> Our objective is to ensure the health, safety, security and welfare of our employees and those with whom we work and to ensure that we have a workforce that is performing at its best.

Occupational health and safety

Safety is the highest priority in our business and we are committed to operating safely and responsibly at all times and to providing a safe and healthy working environment for staff and contractors. Following from our Health, Safety and Environment Policy and Code of Business Conduct and Ethics, our HSES MS provides the framework for our approach and is implemented at each stage of a project supported by Occupational Health and Safety Guidance and Standard Operating Procedures. While Pharos had no field activity in 2024 in which we were the operator, we continued to work with our partners in Vietnam where the HLHVJOCs continued to maintain a high level of safety. In 2024, the Company recorded zero LTIs in Vietnam, an achievement which the JOCs have maintained since Pharos' operational inception, representing 10+ production years on TGT and CNV. We have worked to build and contribute to improvements in the safety culture in Vietnam and we are proud of that record of achievement. HSES training, drills, workshops and inspections are conducted on an annual basis to ensure that the zero lost time injury target is maintained.

We are able to share our practices and lessons learned with others in the industry and are contributing to further capacity building.

In Egypt, no lost time injuries and no motor vehicle crashes were recorded in 2024. We continuously work with the operator IPR and the JOC Petrosilah to maintain high safety standards in our operations.

> Safety of our workforce remains our number one priority and Pharos has reinforced the use of stop cards and safety training across all of the Group's operations

Safety record

		2024		2023		2022	
KPI	Target rates	Pharos	IOGP[4]	Pharos	IOGP[4]	Pharos	IOGP[4]
Fatal Accident Frequency Rate[1]	Zero	0		0	0.82	0	1.28
Lost Time Injury ("LTI") Frequency Rate[2]	Zero	0		0	0.24	0.30	0.28
Total Recordable Injury Rate[3]	Zero	0		0	0.84	0.60	0.90
Million-man hours worked		3.26		3.59	3,291	3.35	2,579

1) Fatal accident frequency rate: Number of fatal accidents per hundred million man-hours for both employees and contractors
2) Lost time injury frequency rate: Number of lost time injuries per million man-hours for both employees and contractors
3) Total Recordable Injury rate: Number of recordable injuries per million man-hours for both employees and contractors
4) International Association of Oil and Gas Producers ("IOGP") - Statistics not yet available for 2024
5) Note that for IOGP frequency rates the number of hours used depends on the indicator and can be slightly under the total number of work hours in the database.

Critical Incident Risk Management

Pharos has emergency response plans in place for all projects and assets. The plans are communicated to the workforce and response personnel receive training to ensure they are competent to carry out their emergency roles. This is supplemented by periodic refresher training. Drills and training exercises are carried out. We ensure asset integrity and control operations in order to effectively manage all significant risks during all stages of the operations.

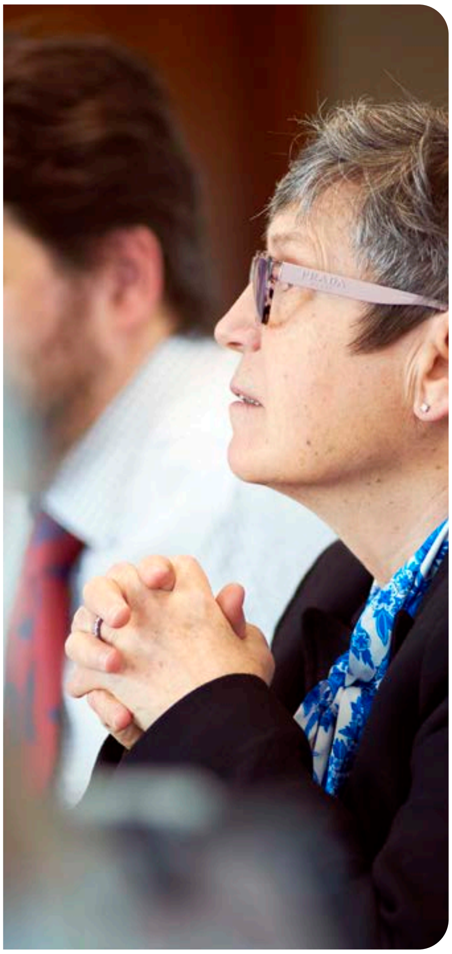
During 2024, there were no Process Safety Events classified Tier 1 or Tier 2 to be reported. All incidents were investigated and lessons learned as appropriate and actions to prevent recurrence were implemented.

Safety indicators
(for both Pharos employees and contractors)

Indicator	2024
Lost Time Injury frequency rate ("LTI")	0
Fatal Accidents	0
Medical Treatment Cases	0
First Aid Cases	0
Number of Motor Vehicle Crashes	0
Roll-over	0
HSES Near Miss	13
HSES Inspections	773
HSES Audits	730
HSES Toolbox Talks	4,957
HSES Meetings	548

Safety indicators

Indicator	2024
Emergency Response Drills	134
Process Safety Events (Tier 1 or Tier 2)	0
Other minor events	2



Diversity, Equity and Inclusion (D,E&I)

Greater diversity and inclusivity brings greater understanding of people. Through our five Guiding Principles of 'Safety and Care', 'Energy and Challenge', 'Openness and Integrity', 'Empowerment and Capability' and 'Pragmatism and Focus', we have demonstrated our commitment to maintaining and building a culture of diversity and inclusion in meaningful ways.

We believe in a workforce with a diversity of experience, nationalities, cultural backgrounds and gender, to support our business strategy of long-term sustainable growth. It is crucial to the success of our business that we retain and develop the diversity of our workforce and have diversity and inclusion at the heart of our recruitment, development and promotion processes.

Our Code of Business Conduct and Ethics, associated Policies and the Pharos Guiding Principles commit us to providing a workplace free of discrimination where diversity is valued and all employees can fulfil their potential based on merit and ability. They also commit us to providing a fully inclusive workplace, while providing the right development opportunities to ensure existing staff have rewarding careers. During the year, the Company undertook a further Group-wide survey of staff on questions and perceptions of diversity, equity and inclusion within the organisation. The outcome of these surveys will continue to inform additional learnings for the whole organisation in 2025.

We work hard to ensure that we consult and engage with all of our employees. We value the contribution made by all employees and strive to have training and development opportunities for everyone.

2024 statement of compliance with the Listing Rules on Diversity and Inclusion

The spirit of diversity, inclusion and trust lies behind everything we do. We are committed to inclusion and diversity in all areas of the business.

Throughout the year, the Company complied with 2 out of 3 targets set by UKLR 6.6.6R(9)(a) of the FCA's Listing Rules. As at 31 December 2024, the Company had:

- Three female Directors, representing half of the Board
- All Executive Director positions (Chief Executive Officer and Chief Financial Officer) held by women

The UKLR 6.6.6R(9)(a) target with which the Company did not comply in 2024 related to ethnic diversity. That Listing Rule establishes a target for listed commercial companies of having at least one member of the Board from a minority ethnic background. In the future recruitment of both NEDs and Executive Directors, the Company will continue to seek and welcome candidates for the Board from a minority ethnic background. There is also significant diversity within wider organisation, including in management positions. Equity, diversity and inclusion sit at the heart of our recruitment, development and promotion processes.

2024 Gender diversity(*)

	Male	Female
Non-Executive Directors	3	1
Executive Directors		2
Senior Management	3	1
Other Employees	13	14

* Figures correct as at 31 December 2024 and represent the Group's global workforce (Egypt, Vietnam, UK), not including contractors. Gender diversity data is collected from Pharos' Human Resources ("HR") database, in which employees fill in a questionnaire upon joining the Company. Gender diversity data is assumed to be consistent year-on-year, unless the Company is notified otherwise by the employee.

Local capability building

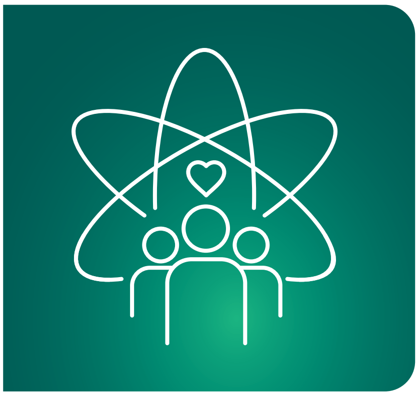
We are committed to providing meaningful opportunities for technical cooperation, training and capacity building in host countries. We have maintained a gender-neutral recruitment process and, wherever possible, are ensuring that we first look to fill any vacancy internally with a local candidate in London, Vietnam and Egypt.

In Egypt, under the El Fayum and North Beni Suef Concession Agreements, the Contractor party commits to a total of $200,000 split equally between the two Concessions for training and development of employees. In Vietnam, as part of the HLHVJOCs, we contribute to local capability building. A training levy of $150,000 for each JOC goes into a fund which is ring-fenced to support the development of future talent in Vietnam in the industry. The HLHVJOCs also invest in staff development and training.

Overall objective

To ensure the health, safety, security and welfare of our employees and those with whom we work; to sustain and grow a global cultural of diversity and inclusion such that diversity is at the core of who we are and where inclusion drives innovation and solutions.

2024 Objectives	2024 Outcomes	2025 Objectives
Building on the strong foundations and global team culture. Recognising the value that DE&I brings to our team, we will commence a global learning programme tailored on our DE&I survey insights and ensure DE&I initiatives extend beyond training into the future.	Strengthened our global team culture through several successful initiatives: Our second Company global offsite fostered strong cross-country relationships and knowledge sharing. Building on this engagement, we launched company-wide DE&I workshops and completed a tailored DE&I learning program creating lasting channels for ongoing DE&I dialogue and advancement throughout the organisation.	We are strengthening our commitment to ethical leadership through effective DE&I governance and meaningful engagement initiatives that uphold our moral obligation to create an equitable workplace where all employees are valued and can thrive with dignity and respect.
Developing the company's Employee Value Proposition (EVP). Recognising the benefits of the employee value proposition (EVP) to employees and using this as a tool to aid retention.	Developed and implemented a comprehensive Employee Value Proposition (EVP) that enhanced our employee experience and retention efforts. The EVP framework strengthened our ability to attract and retain talent while fostering higher levels of employee engagement and satisfaction throughout the organisation.	Develop succession planning program with focus on diverse talent
Ensure worker health and safety is maintained to a high standard during both desk-based and operational activities.	Worker health and safety was adequately maintained with no recordable injury or ill-health reported. Where incidents (including near-misses) occurred, thorough investigations were carried out and lessons learned were captured and communicated. Safety workshops are routinely held to raise awareness.	Maintain worker health and safety to a high standard during both desk-based and operational activities.



Corporate Responsibility Report

SOCIETY

Our Social Responsibility and Human Rights Policies set our requirements for social responsibility, community engagement and human rights.

Human Rights & Modern Slavery

The Group Human Rights Policy commits Pharos to conducting its business in accordance with the fundamental principles of human rights set out in the Universal Declaration of Human Rights and reflects the terms of both the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. Together with our Social Responsibility Policy, it sets out our commitments to align with the Voluntary Principles on Security and Human Rights. We respect indigenous rights and cultures of the communities where we operate.

Our human rights due diligence includes processes to address, monitor and communicate actual or potential impacts.

For Egypt, all Group corporate policies including the Human Rights Policy and the Social Responsibility Policy, have been translated into Arabic for dissemination locally.

In accordance with the UK Modern Slavery Act, Pharos reports annually on the steps it has taken to mitigate the risk of modern slavery occurring in any part of its business. The Group's Statement on the prevention of Modern Slavery and Human Trafficking is available on the Company's website at www.pharos.energy/responsibility/policy-statements/

Local capacity

We support local capacity building during the exploration or development phases of a project to ensure a positive imprint and legacy. All our licence agreements include a high degree of local content, which commits us to hire locally where possible and provide training to develop new skills. Our policy commits us to provide meaningful opportunities for technical co-operation, training and capacity building within any host country in which we operate.

Community and social investment

Pharos remains committed to creating value for host countries and local communities as well as for staff and shareholders. We understand that our success is reliant upon building and maintaining strong relationships and being welcomed as a responsible partner in our host countries and communities. In recent years, we have structured our social investment programme to align more with the United Nations Sustainable Development Goals (UN SDGs).

In Vietnam, commitment to local sourcing, employment, training and industry capacity building has continued in 2024 with a training levy of $300,000 per year in a ring-fenced fund to support developing future Vietnamese expertise in the industry. In Egypt, under the El Fayum and North Beni Suef Concession Agreements, the Contractor parties contribute a total of $200,000 per year split equally between the two Concessions to support training and development in industry.

Pharos works closely with our local partners and joint ventures in order to make sure that our social initiatives continue to bring more positive impacts to the region. In addition to the training levy mentioned above, a further $119,253 was invested in a total of 13 healthcare, education, infrastructure and other community projects across the Group in 2024. This is thanks to the efforts of the JOCs and in-country employees who actively inquired and listened to locals to find out which areas of the country need the greatest assistance in order to ensure that we were investing in local projects that would bring the most sustainable positive impact to the community.

Social and community projects have been part of Pharos since inception, and we have always sought to invest sustainably via the HLHVJOC Charitable Programme so that the initiatives that we helped set up stay in place and have lasting impacts for many generations. To build on this legacy, the Group established a Charity and Community Projects Committee, an outcome accumulated from positive and open discussion with the global workforce at the Company's offsite day in 2023, to bring together employees from all three offices in the UK, Egypt and Vietnam to extend Pharos' social impacts beyond our host nations. The Charity and Community Projects Committee, which includes employees from multiple business functions and multiple countries, met seven times in 2024, and have supported $140,636 in 13 different social projects across three different countries. The Committee aims to continue its work in supporting a diverse mix of social causes in 2025.

Details of charitable projects supported by the HLHVJOC Charitable Programme and Pharos' Charity and Community Projects Committee can be found below.

Community projects across the Group in 2024

Total $259,889

1 NO POVERTY

UN SDG 1 – No poverty

End poverty in all its forms everywhere

- Living costs support for orphans in Vietnam whose parents passed away due to the COVID-19 pandemic
- Vietnamese Lunar New Year (Tet) gifts for people from low-income families in various provinces and communities in Vietnam
- Financial support for:
  - House of Grace Orphanage in Thu Duc city, Vietnam
  - Stable Antar Dream Foundation (SADF) to support social/ economic development and integration of underprivileged children in Egypt

2 ZERO HUNGER

UN SDG 2 – Zero hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

- Financial support towards providing school lunches with protein for children in remote highland areas in Vietnam

3 GOOD HEALTH AND WELL-BEING

UN SDG 3 – Good health and well-being

Ensure healthy lives and promote well-being for all at all ages

- Financial support to:
  - London's Air Ambulance Charity's Up Against Time Appeal to fundraise to replace the current air ambulance helicopter fleet
  - The Flying Doctors, to support emergency health care services to patients in remote and rural areas in the UK and Australia
  - Cleveland Clinic Foundation, to support clinical research for cancer patients
  - Children Hospital 2 in Vietnam, to support hematologic cancer (blood cancer) patients
  - Association of People with Disabilities, Victims of Agent Orange/Dioxin ("VAVA") and Social Protection of Gio Linh District, Quang Tri Province, Hung Ha district, and Thai Binh province
  - Heartbeat Vietnam to fund life-saving heart operations for financially disadvantaged children with congenital heart defects
  - Social Protection Centre for homeless elders and disabled children in Ca Mau province
  - Mobile medical check and health care for low-income patients in Gia Lai province
  - Eye surgery medical fees for patients in need from low-income backgrounds
  - Movember to support men's health

UN SDG 4 – Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- University tuition fees and living costs support towards orphans at Amalna City Association in Egypt
- One academic year tuition fees for kindergarten children from low-income backgrounds in Vietnam
- Financial support to:
  - Hear.Us.Now to support English and computer science education for the hearing-impaired in Ho Chi Minh City
  - The Centre for Inclusive Education Development for disabled students of Ca Mau province
  - An education fund for high-achieving students from low-income backgrounds in Vietnam
  - Secondary and high school students at Hanoi School for the Hearing-impaired in Vietnam (part of the Vietnam Red Cross)

UN SDG 9 – Industries, innovation and infrastructure

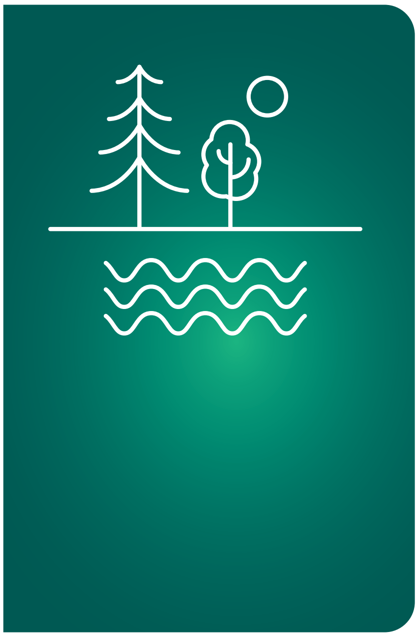
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

- Financial support towards the construction of:
  - Toilets for low-income families in Quang Ngai
  - New houses for the homeless or low-income in Dien Bien province and Can Gio Beach, in collaboration with the Vietnam Red Cross
- Donations to repair rooftops of public medical centres after typhoon/monsoon season
- Donations to repair and upgrade old bridges in Hai Phong province

Overall objective

To consult with and contribute into our host communities.

2024 Objectives	2024 Outcomes	2025 Objectives
Continuation of the social investment programme in Vietnam	On target	Continuation of the social investment programme in Vietnam
Continuation of the social investment programmes in Egypt and UK	On target	Continuation of the social investment programme in Egypt and UK



ENVIRONMENT

We recognise the potential impacts of our business on the environment. Our Health, Safety and Environment Policy sets out our commitment to conduct all business activities in a responsible manner. In setting the Group's corporate responsibility priorities, our objective is to protect the environment and conserve biodiversity.

Net Zero Roadmap & Emissions Management Fund

In December 2023, Pharos published its Net Zero Roadmap following its formal commitment in September 2022 to achieve net zero greenhouse gas (GHG) emissions by 2050. The Roadmap will be reviewed and updated on an annual basis.

The Net Zero Roadmap, which was researched and developed by the Company in close consultation with specialist advisors and consultants, models emission reduction pathways to achieve net zero Scope 1 (direct) and Scope 2 (indirect) GHG emissions from all existing and proposed future assets by 2050 or before. Based on this modelling, the roadmap contains interim targets set against the Company's 2021 baseline year, which have been approved by the Board.

In order to realise our climate commitment to achieve Net Zero GHG emissions from all our future and existing assets by no later than 2050, Pharos prioritise reducing emissions by achieving operational efficiencies, reducing flaring and venting, replacing the power consumption of our facilities with lower emission energy sources and eventually procuring nature-based carbon offset projects for hard-to-abate, residual emissions.

More details of our climate strategy, including interim targets and the decarbonisation levers at asset-levels, can be found in our Net Zero Roadmap published in December 2023 on our website (https://www.pharos.energy/media/b55c4sqz/pharos-energy-net-zero-roadmap-2023_official.pdf), or on pages 96 to 99 of this report which include the latest updates and progress against the Roadmap.

The Group has non-controlling equity stakes in its producing assets and is predominantly non-operating. As a result, it has no direct control over the majority of its emissions inventory but it can exercise influence through the joint operating companies (JOCs) in Vietnam and Egypt in conjunction with the other JOC partners. The Company will use the net zero roadmap to continue to engage with the JOCs, partners and governments on reducing emissions where possible through the options identified. To the extent within its control, the Company will continue reducing its own emissions and remain committed to transparency in reporting and to keeping stakeholders updated on progress.

In addition, the Company established an Emissions Management Fund in September 2022. From every barrel net to the Group sold at an oil price above $75 per barrel, a contribution of $0.25 is made to the Fund. The current value of the Emissions Management Fund is now c.$830,000. In line with the net zero roadmap, this Fund is available to provide financial support for emissions management projects undertaken directly by the Group or through the JOCs.

Greenhouse gas emissions (GHG)

GHGs emissions associated with energy use and with natural gas flaring and venting are a key issue for the Group.

In 2024, we continued to monitor our emissions and disclose them in accordance with industry requirements and standards. Additionally, we also participated in the Carbon Disclosure Project (CDP), details of which can be found in the Business section of this report on page 63, and continue to align our disclosure with TCFD recommended disclosures, details of which can be found in our TCFD report on page 80.

GHG reported

Pharos reports carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N2O) combined into carbon dioxide equivalent (CO_2e) based on the gases' 100-year Global Warming Potential (GWP). These three gases are produced through combustion, although N2O quantities produced via combustion are relatively small.

In addition to emissions resulting from combustion, Pharos is reporting its direct methane emissions from routine venting and has been doing so since 2021.

The other greenhouse gases, HFCs, PFCs and SF_6, are not closely associated with the petroleum industry. Their respective emitting activities are not core parts of Pharos operations. The total emission of these gases is therefore expected to be small and has not been calculated.

Emissions scope

Reported Scope 1 direct emissions comprise direct GHG emissions resulting from equipment or other sources owned (partly or wholly) and/or operated by the Company (for example, gas flaring operations and fuel gas/diesel use to generate power or for vehicle use, as well as venting). Reported Scope 2 indirect emissions comprise those arising from purchased energy already transformed into electricity, heat or steam generation. For Pharos activities, Scope 2 emissions comprise electricity supplied by the national grid in our Cairo office (Egypt) and in Ho Chi Minh City (Vietnam). Pharos is not an operator on any of our producing assets, so we do not have direct control over our oil and gas production. This is in the hands of the JOCs, each of which is staffed by experienced oil and gas professionals with strong track records of delivering responsible production. Certain Pharos personnel are seconded to senior positions in the JOCs in Vietnam, providing a degree of influence in operational planning and execution.

We recognise that Scope 3 value chain emissions can help companies have a better and more comprehensive understanding of their overall emissions footprints. Value chain emissions have also seen an increasing amount of focus from a wide variety of stakeholders. Therefore, during Q4 2023, Pharos together with our climate specialist carried out a high-level materiality assessment across our portfolio against all 15 categories listed in the GHG Protocol to understand which categories are relevant, material and reportable for Pharos. The materiality assessment took into account several factors including the relevance to oil exploration and production activities, stakeholders' views, data completeness and availability, peer groups' reporting journeys, and Pharos' ability to influence the emissions.

In light of this assessment, we have identified a number of categories determined to have low materiality threshold or relevance for Pharos and therefore do not report on these categories at this time. These categories are:

- **Category 12** – End-of-Life Treatment of Sold Products

  This is not material for Pharos as we do not produce non-fuel products (such as lubricants or plastics) that are disposed in landfills or via incineration.

- **Category 13** – Downstream Leased Assets

  This is only material for companies with significant leased assets where the company leases assets to others, which Pharos do not do.

- **Category 14** – Franchises

  This is immaterial for Pharos as we do not own franchises.

As at year-end 2024, we have calculated emissions from Category 4 – Upstream Transportation, Category 6 – Business Travel, and Category 11 – Use of Sold Product, as defined in the GHG Protocol. Category 4 and Category 11 are highly-material categories for Pharos. Further details can be found in our Corporate Responsibility Non-Financial Indicators on page 79 and in our TCFD report under '4. Metrics and Targets' on pages 94 and 95.

Reporting boundary

Pharos has elected to report its emissions of GHGs from Egypt and Vietnam operations on the basis of equity share.

Under equity share reporting, Pharos reports a pro-rata share of the Scope 1, 2 & 3 GHG emissions from partnerships or assets over which the Group has operational control (i.e., Vietnam Blocks 125 &126) and a pro-rata share of the emissions from partnerships or assets it does not control (i.e., Vietnam Blocks 9-2 and 16-1 and Egypt, all of which are operated through JOCs) according to its ownership interest. Since the middle of July 2021, Pharos has rented a flexible office space in London. The electricity consumption and GHG emissions of this office space are not included in the report because they are not disclosed by our provider. However, because the electricity procured for this office is 100% renewable, this energy usage amounts to a minuscule portion of our total carbon footprint.

Pharos Energy commits to making all efforts to minimise all GHG emissions during its ongoing exploration activities in Blocks 125 & 126, where it has operational control. Where we are a joint operating partner, we seek to influence and ensure alignment with our systems to promote best practice. Where we have a minority interest, we seek to make our views heard and ensure that minimum standards are met in accordance with our commitment to the IFC Performance Standards and TCFD recommendations.

Methodology

Pharos applies the expectations set by the ISO 14064-1 standards in terms of Relevance, Completeness, Consistency, Transparency and Accuracy which are endorsed by IPIECA, the Greenhouse Gas Protocol Initiative and Part 7 of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. Emission factors for GHG calculations were taken from UK Government GHG Conversion Factors for Company Reporting (DESNZ, 2024), EEMS, 2008, Atmospheric Emissions Calculations, IGES List of Grid Emission Factors (M. Azuma & M. Louhisuo, 2024) and Ecometrica, 2011. For the calculation of associated gas consumed and flared in Vietnam, the emission factors were calculated based on the carbon content of gas analysed by the Vietnam Petroleum Institute in December 2024 at the CNV field, and at the gas export metering skid of TGT also in December 2024 for the TGT field. For the calculation of gas consumed, vented and flared in Egypt, the emissions factors were calculated based on the carbon content of gas analysed at the North Silah Deep, North-East Tersa, South Silah and Silah Base Separators (EPRI Central Analytical Labs, 2018) as well as at the Aboud 1-3 and NBS-SW-1X well locations.

In 2024, we have again reported our GHG emissions intensity in tonnes of GHG per 1,000 tonnes of hydrocarbon produced by equity share to align with the International Association of Oil and Gas Producers (IOGP) benchmarks.

Key sources of our emissions are from flaring and use of associated gas as fuel to generate power on our offshore production sites in Vietnam and likewise for our onshore production in Egypt. Since 2021, in addition to our emissions from combustion which had been the focus of Pharos reporting until then, we have reported our direct methane emissions resulting from venting, with the latter being another significant contributor to our overall emissions. In 2024, gas fuel and gas flaring in TGT remain the largest single contributor to Pharos total emissions. Venting in Egypt represented 18 percent of our gross emissions.

The Group's total CO_2e emissions for 2024 are 84,403 tonnes of CO_2 equivalent based on equity share (307,377 tonnes of CO_2 equivalent gross). This corresponds to a decrease of 2 percent compared to 2023 (both on equity share and gross values). This year-on-year reduction in the Group's GHG emissions is the result of proactive maintenance and management of the TGT facilities with a focus on minimising event flaring and reducing overall gas flaring volumes.

Activity data pertaining to GHG emissions by the HLHVJOCs and Egypt is reported to Pharos. Telos NRG assisted with data collation and GHG emissions calculations. Verification of the 2024 GHG Emissions Report has been undertaken by RPS Consulting UK & Ireland using the principles in BS EN ISO 14064-3:2019 (the Standard) with the following limits:

- Activity data completeness, accuracy and data collection and control procedures have not been verified due to the majority of GHG emissions arising from activity in operations not under Pharos' direct operational (and data collection) control
- Activity data from Pharos Egypt operations is considered to have a higher risk of uncertainty
- This is the second year that Pharos has reported selected categories of scope 3 GHG emissions. As such, it is noted that the data collection and calculation process for these emissions sources is by nature more variable than other, more established, emissions sources
- Scope 3, category 11 data from Pharos' Egypt operations is considered to have a higher risk of uncertainty compared to other scope 3 data
- It should be noted that petroleum companies' scope 3 GHG inventory are unique in that the use of the fuel products produced can contribute to emissions in other scope 3 categories. As such, there is by nature a risk of double counting between scope 3 categories
- There is inherent variability and uncertainty associated with the available methods for calculation of GHG emissions from activity data; reported emissions and the verification statement should be understood in that context

The Tetra Tech RPS 2024 GHG verification report is unqualified and covers all of our GHG metrics, including Scope 3 emissions.

Approaches to reducing emissions

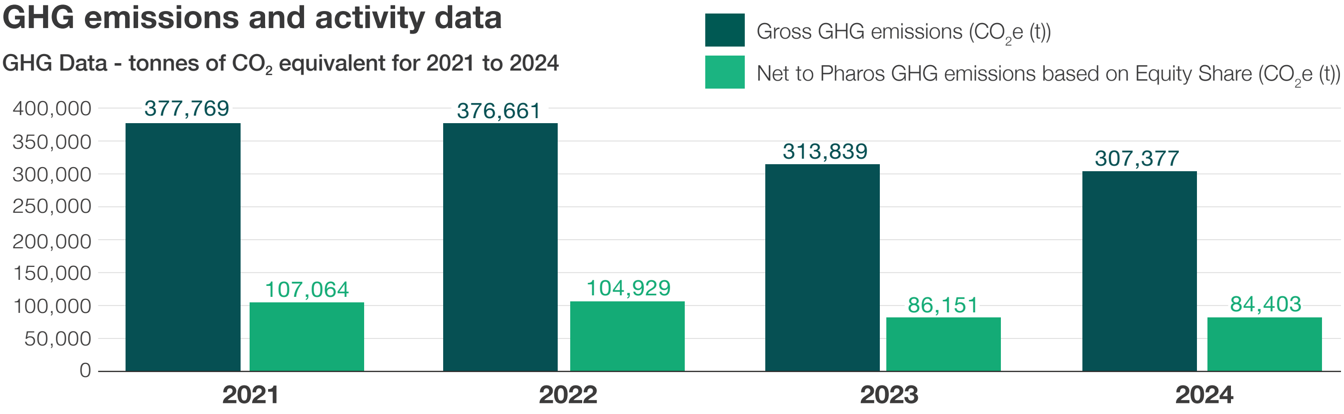
In Vietnam, we continue to manage gas flaring by carefully monitoring and optimising the processing facilities in the TGT FPSO. The focus for the next year will be on exploring opportunities and technologies to reduce gas venting in Egypt, which can potentially reduce our Scope 1 emissions while also resulting in economic gains, such as increased use of gas generators at well sites, piloting the use of solar photovoltaics (PV) to reduce diesel consumption and further deployment of flare stacks, among other gas utilisation opportunities. In terms of energy efficiency, the usage of a co-working space is an initiative to reduce both our cost base and our energy usage. This is a continuation of our energy-saving initiative from the previous year.

Annual Environmental Measurements - in accordance with the requirements of the Egyptian Environmental Law 4 for year 1994, the Company carried out annual environmental measurements, and all environmental measurements resulted in less than the threshold limit in the law.

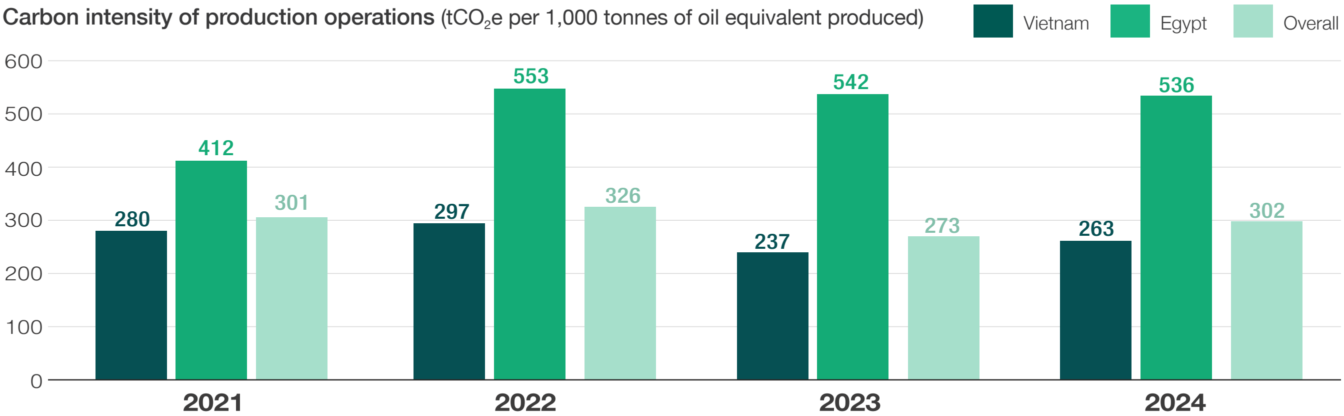
Environmental permit non-compliances - the company achieved zero Legal Environmental Violation during 2024 and did not obtain any violations from the Environment Authority in Egypt in 2024. The Company obtained 3 Environmental Approvals from the Egyptian Ministry of Environment during 2024.

GHG emissions and activity data

GHG Data - tonnes of CO_2 equivalent for 2021 to 2024

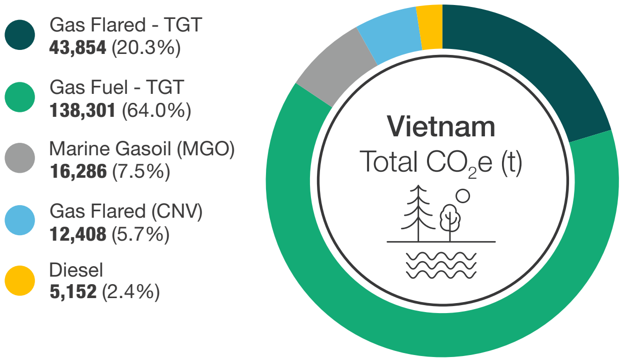


Carbon intensity of production operations (tCO_2e per 1,000 tonnes of oil equivalent produced)

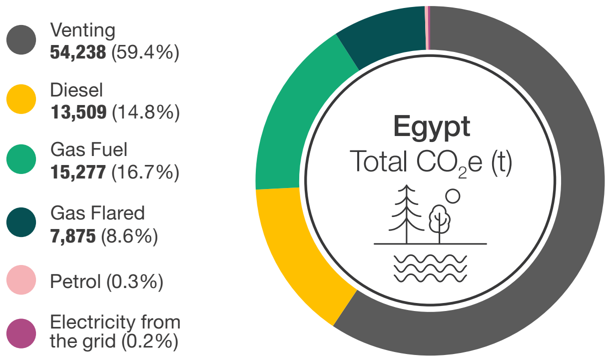


Charts: Scope 1 and 2 emissions from the Group's operated and joint-operated projects on an equity share basis calculated pro-rata to its ownership interest.

Greenhouse Gas Emissions Contributors (Total CO_2e (t)) for 2024 – Vietnam (Based on total field emissions)



Greenhouse Gas Emissions Contributors (Total CO_2e (t)) for 2024 – Egypt (Based on total field emissions, including venting)



In 2024, 20 tonnes of gas were flared for every 1,000 tonnes of total hydrocarbon production from Group assets on a net equity share basis. This is a slight increase from 17 tonnes in 2023.

Venting

Routine venting emissions have been included for the fourth year in the GHG report in 2024. Routine venting only occurs in Egypt. Although there is no routine venting in Vietnam, accidental leaks can occur. In addition, some activities do occasionally require depressurisation of differing process systems. In these instances, the system(s) are isolated, and depressurised to as low as possible, and then drained to a closed drain tank. A minor amount of gas commingled with liquid evacuates through a cold vent line to a safe area. Associated emissions are negligible (23 tCO_2e) but for the sake of completeness have been included within the report for 2024.

In 2024, the amount of associated gas used as fuel in gas generators in Egypt was 162 mmscf, which resulted in 15,277 tCO_2e (gross). However, had this associated gas been vented it would have resulted in additional emissions in the order of 49,344 tCO_2e, or nearly a quarter of the Group's total emissions on a gross basis.

The Group's energy use from grid electricity was 328,060 kWh in 2024 for overseas offices in Egypt and Vietnam. In 2023, the Group's energy use was 330,552 kWh. Since 2021, Pharos has rented a flexible office / co-working space in London. The electricity consumption and GHG emissions of this office space are not included in the report because they are not disclosed by our provider. However, because the electricity procured for this office is 100% renewable, this energy usage amounts to a minuscule portion of our total carbon footprint.

Effluents and waste

During 2024, although Pharos had no recordable spills in Vietnam and Egypt, there were four incidents of leaks below the spill reporting threshold. A crude oil leak was reported at Armada TGT 1 on 17 July 2024 from the offloading hose section during offtake. Approximately 4 litres were lost at sea, which is under the 100 litres reporting threshold. In Egypt, three incidents of oil leaks occurred during 2024. The first oil leak was in relation to the stuffing box in well Silah-10, and the second and third oil leaks were from the emulsion treating site of NSD-1 and Silah Base. All three leaks were estimated to be less than 1 litre lost to the environment. All spillage incidents during the year were investigated and lessons learned as appropriate. Actions to prevent recurrence were implemented.

Water is extracted along with hydrocarbon reservoir fluids as part of normal production operations; in Egypt, water is also withdrawn from deep saline aquifers and injected into hydrocarbon-bearing formations to enhance production. In 2024 we generated 5.8 million cubic metres of produced water. In Vietnam, the produced water is cleaned by separating the hydrocarbon phase before discharging to the sea in line with national standards.

In Egypt, our produced water is all disposed of in disposal wells. The company has three Produced Water Treatment Facilities (PWTF), two of them are in-service at the gathering stations in Silah and North Silah Deep (NSD) and the third is yet to be used at North East Tersa. The produced water is being collected in both PWTF (Silah & NSD) and then disposed of by injecting it into the Abu Roach “E” formation through disposal wells at each location (approximately 5,000 bbls/d of water disposed into Silah-15 & and 6,500 bbls/d of water into NSD-1-1).

In Vietnam, waste is generated from both our production operations as well as from our offshore drilling activities. Drilling waste includes cuttings, used oil and other materials. We work to recycle as much non-hazardous waste as possible. We have a third-party contract for the disposal of hazardous waste, with a reporting system into the specific Vietnamese authorities for checking, audit, and approval. In Egypt, waste generated is segregated into hazardous and non-hazardous waste and disposed of in a licensed facility.

Freshwater is used to support our operations. In 2024, freshwater consumption for both Vietnam and Egypt amounted to 67,913 cubic metres. Our use of freshwater has increased by 2 percent compared to 2023, due to additional drilling activity in TGT.

Tonnes (t) of CO_2 equivalent for 2024 Operations

			CO_2e (t)		CO_2e (t) per 1000 tonnes of hydrocarbon produced by equity share[3]	
Country	Reported operations	Operational phase	Overall[1]	Based on equity share[1,2]	Per field	Per country
UK	Rented flexible office space - not reported	Administration (office – electricity usage)	–	–	–	–
Egypt	Office	Administration support for exploration	307	70	–	–
	El Fayum and NBS concession	Production	89,247	20,402	536	536
		Field development	1,743	398		
Vietnam	Office	Administration (electricity usage)	5	5	–	–
	Blocks 125 & 126	Desktop activities	0	0		
	Block 9-2 – Ca Ngu Vang (CNV) field	Production	13,767	3,442	68	263
		Field development	0	0	-	
	Block 16-1 – Te Giac Trang (TGT) field	Production	195,038	57,926	317	
		Field development	7,271	2,159	–	
		Total	**307,377**	**84,403**	**302**	

1) Figures include rounding to the nearest whole number
2) Under equity share, Pharos reports a share of the emissions from the partnerships pro-rata its ownership interest
3) GHG emission intensity is calculated, per field, and at country level, based on equity share, and gross/net boepd produced in 2024 in the CNV and TGT fields as well as in El Fayum and North Beni Suef Concessions. Conversion from BOE to TOE is based on the following factor: 1 toe = 7.59 boe for El Fayum and NBS, 1 toe = 8.96 boe for CNV and 1 toe = 7.36 boe for TGT

Biodiversity

The Group’s Biodiversity and Conservation Policy commits us to meet the objectives of the Convention on Biological Diversity (1992). We identify whether a project is located in modified, natural or critical habitats, or a legally protected or internationally recognised area; and whether the project may potentially impact on, or be dependent on, ecosystems services over which Pharos has direct management control or significant influence. In Egypt, the El Fayum Concession borders the multiple-use management area and the natural protectorate area of Lake Qarun which includes important bird habitats. It is adjacent to the Wadi El Rayan protected area, which includes the Wadi Al-Hitan World Heritage Site. In Vietnam, Blocks 125 & 126 are approximately 50km offshore to the Nha Trang Bay Protected Area and the Thuy Trieu Marine Protected Area. Consistent with the Biodiversity and Conservation Policy, Pharos does not operate in any UNESCO designated World Heritage Site and ensures that activities in buffer zones around these sites do not jeopardise the Outstanding Universal Value (as defined by UNESCO) of these sites.

In Vietnam, safe practices were adhered to ensure the surrounding environment is protected at all times:

- The oil in water content of produced water were continuously monitored
- Hazardous wastes have been strictly managed, with hazardous wastes manifests completed and submitted to the relevant authorities
- All waste waters and sewage generated on the drilling rigs, supply vessels and FPSO have been treated before discharge
- All solid wastes were collected, segregated and transported to shore and sent to the appointed contractors who provided waste treatment system

In Egypt, similar safe practices were in place:

- For normal waste, handling and disposal was undertaken in compliance with applicable environmental law and regulatory requirements, involving contracting with local units
- Handling, transportation and disposal of hazardous waste was undertaken as follows:
  - solid hazardous waste to approved governmental landfill in El Nasrya in Alexandria
  - liquid and solid hydrocarbon waste to approved landfill by contractor Petrotrade
  - water-based mud cutting waste to the Fayum Governorate landfill

An annual environmental monitoring was conducted over Petrosilah work locations by IMS Company to assess compliance with applicable environmental law and regulation.

We are committed to developing site-specific biodiversity action plans in the event that operational sites are within sensitive areas, incorporating country-specific strategies and action plans and working in association with external advisers to ensure that best practice conservation priorities are achieved.

Non-Financial KPIs (HSES)

KPI	Target - 2024	2024	2023	2022
Spills to the environment*	0	**0**	2	1

* Number of spills reported (quantities greater than 100 litres).

KPI	Target	2024	2023	2022
Solid non-hazardous waste produced (tonnes)	Set per project	**130**	100	109
Percentage of non-hazardous waste reused or recycled	Set per project	**38**	14	15
Solid hazardous waste (tonnes)	Set per project	**175**	69	60
Percentage of hazardous waste reused or recycled	Set per project	**2**	5	11

The increase in the amount of waste produced in 2024 is linked to the additional drilling activities carried out in Block 16-1 in Vietnam.

Overall objective

To protect the environment and conserve biodiversity

2024 Objectives	2024 Outcomes	2025 Objectives
Obtain all necessary environmental permits for all drilling programmes / seismic studies.	All necessary permits for our 2024 field development operations were obtained successfully.	Obtain all necessary environmental permits for all drilling programmes / seismic studies.
Improve methane emissions management and reporting.	In progress. Pharos has been reporting methane emissions from venting following established industry procedures. In 2024 we reviewed our carbon accounting practices and performed more mobile gas measurements to improve the accuracy of our reporting.	Improve methane emissions management and reporting.
Carry out further feasibility studies on CO_2 reduction technologies and implement those options deemed suitable for our assets.	Several technologies for reducing the GHG emissions intensity of our assets have been identified. We have successfully implemented projects to replace the lighting systems in our wellhead platforms in Vietnam, which contribute to reduce fuel consumption and associated emissions. In Egypt, Petrosilah is exploring piloting the use of solar PV at one of the El Fayum wellsite locations.	Carry out further feasibility studies on CO_2 reduction technologies and implement those options deemed suitable for our assets.
Continue alignment with TCFD disclosure and reporting. **Annual review and update of Net Zero roadmap.**	Completed. Updated Net-zero Roadmap can be found on pages 96 to 99.	Continue alignment with TCFD disclosure & reporting. Annual review and update of Net Zero roadmap.

CORPORATE RESPONSIBILITY NON-FINANCIAL INDICATORS

	2024	2023	2022[3]
Hours worked (million)	**3.26**	3.59	3.35
Lost Time Injury Frequency Rate (number of lost time injuries per million man-hours)	**0**	0	0.3
Fatal Accident Frequency Rate (number of fatal accidents per hundred million man-hours)	**0**	0	0
Fatal Accidents	**0**	0	0
Total Recordable Injury Rate (number of recordable injuries per million hours worked)	**0**	0	0.6
Total Scope 1 & 2 GHG emissions (tCO_2e) by equity[2]	**84,403**	86,151	104,929
Scope 1 total GHG emissions (tCO_2e) by equity	**84,361**	86,109	104,889
Scope 2 total GHG emissions (tCO_2e) by equity	**42**	42	40
Total Scope 3 GHG emissions (tCO_2e) by equity[2]	**718,693**	853,474	-
Scope 3 GHG emissions (tCO_2e) by equity – Business Travel	**256**	270	-
Scope 3 GHG emissions (tCO_2e) by equity – Upstream Transportation	**1,081**	1278	-
Scope 3 GHG emissions (tCO_2e) by equity – Use of Sold Product	**717,357**	851,926	-
GHG intensity by production (tonnes of CO_2e per 1,000 tonnes of hydrocarbon produced by equity share)	**302**	273	326
Total hydrocarbons flared (Tonnes of hydrocarbons flared for every 1,000 tonnes of production on a gross basis)	**20**	17	34
Energy use (grid electricity kWh)	**328,060**	330,552	323,492
Total energy consumption (from fuel combustion, other operations and purchased electricity) in MWh[1]	**255,243**	237,729	275,115
Non-hazardous waste produced (tonnes)	**130**	100	109
Hazardous waste produced (tonnes)	**175**	69	60
Percentage non-hazardous waste recycled	**38**	14	15
Percentage hazardous waste recycled	**2**	5	11
Spills to the environment (>100 litres)	**0**	2	1
Oil in produced water content (Vietnam Blocks 16-1/9-2)	**27**	28	28
Freshwater use (cubic metres)	**67,913**	66,588	70,582
HSES regulatory non-compliance	**0**	0	0
Community investment spend ($)	**259,889**	247,373	198,600

1) In line with the UK government's Streamlined Energy and Carbon Reporting (SECR) policy, energy consumption from fuel combustion
2) Under Section 385(2) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations, 2013 and in line with the requirements of the Climate Change Act (2008), carbon reporting for UK-listed companies in directors' annual reports is mandatory for reports published after 30th September 2013. The regulations cover the six Kyoto Protocol GHG cited in Section 92 of the Climate Change Act: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulphur hexafluoride (SF_6). The Companies Act 2006 regulation does not state which methodology a company has to use but requires that this methodology is clearly disclosed.
3) On 21 March 2022 Pharos revenue entitlement in Egypt decreased from 42.6 to 22.86 percent. According to section 5 of the GHG protocol on base year recalculation following an acquisition, GHG emissions for the year 2022 has been recalculated using this entitlement figure.

TCFD Report

TCFD INDEX TABLE

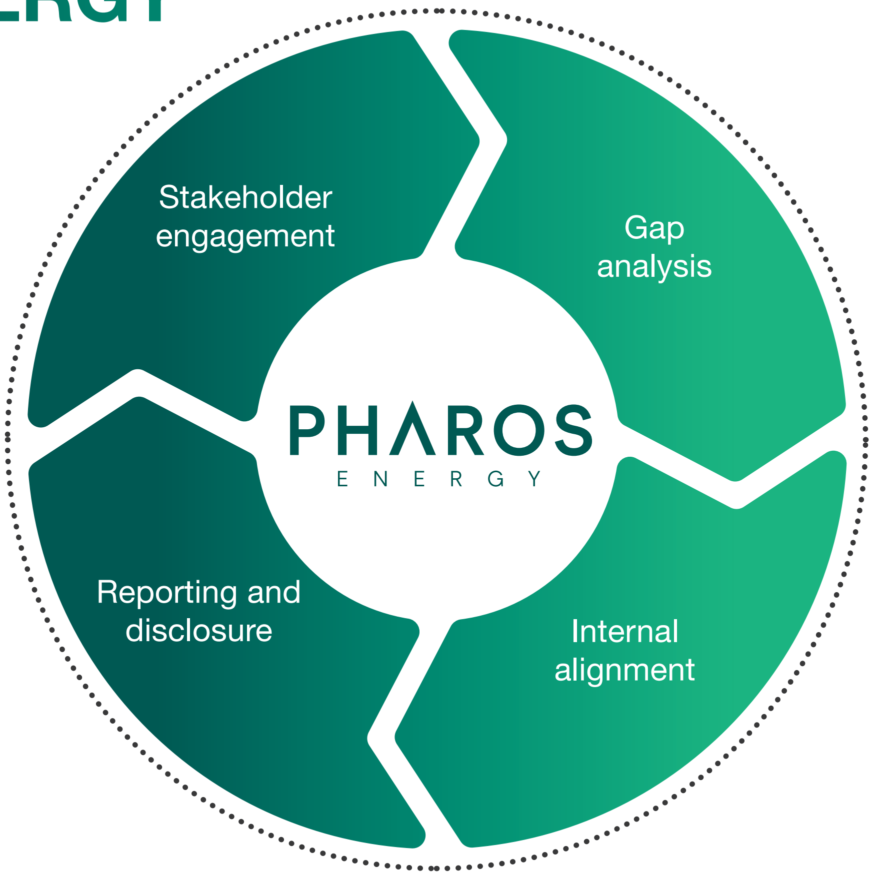
	Recommended disclosures	Status	Disclosure location
Governance	a) Describe the board's oversight of climate-related risks and opportunities		• Corporate Responsibility report, page 61 • Chair's Statement, page 17 • ESG Committee report, pages 117 to 119 • Audit and Risk Committee report, pages 128 to 134 • Remuneration Committee report, pages 135 to 152 • TCFD report, under 1. Governance, page 82
	b) Describe the management's role in assessing and managing climate-related risks and opportunities		• Risk Management report, pages 45 to 56 • Corporate Responsibility report, page 61 • Section 172 (1) statement, pages 34 to 35 • TCFD report, under 1. Governance, page 82
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term		• Viability Statement, pages 57 to 58 • Risk Management report, pages 48 and 52 • TCFD report, under 2. Strategy, pages 83 to 93
	b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning		• TCFD report, under 2. Strategy, pages 83 to 93
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario		• Viability Statement, pages 57 to 58 • TCFD report, under 2. Strategy, pages 83 to 93
Risk Management	a) Describe the organisation's processes for identifying and assessing climate-related risks		• Risk Management report, pages 48 and 52 • TCFD report, under 3. Risk Management, page 94
	b) Describe the organisation's processes for managing climate related risks		• Risk Management report, pages 48 and 52 • TCFD report, under 3. Risk Management, page 94
	c) Describe how processes for identifying, assessing, and managing climate-related risks integrated into the organisation's overall risk management		• Viability Statement, pages 57 to 58 • Risk Management report, pages 48 and 52 • TCFD report, under 3. Risk Management, page 94
Metrics & Targets	a) Disclose the metrics used by the organisations to assess climate-related risks and opportunities in line with its strategy and risk management process		• TCFD report, under 4. Metrics & Targets, pages 94 to 95
	b) Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks		• Corporate Responsibility Non-Financial Indicators, page 79 • TCFD report, under 4. Metrics & Targets, pages 94 to 95
	c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets		• TCFD report, under 4. Metrics & Targets, pages 94 to 95 • Remuneration Committee report, pages 139 and 147

TCFD Report

CLIMATE ACTION AT PHAROS ENERGY

As an oil and gas company, we support the need for more consistent and comparable disclosure around climate-related risks and opportunities. The following pages align with 10 out of 11 recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) and provide greater insight into our approach to assessing and managing the financial risks associated with climate change. We have included a TCFD index on page 80 as a quick overview of our TCFD disclosure.

As at year end 2024, Pharos consider ourselves to not be fully aligned with one TCFD recommendation: Metrics & Targets b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks. For 2024, the Group discloses its Scope 1 and Scope 2 greenhouse gas emissions and three Scope 3 categories, two of which have high materiality for Pharos. While the Group conducted materiality assessment against all 15 Scope 3 categories during the year as recommended by the TCFD guidelines, we are not able to report all Scope 3 categories either due to limitations of data collection and methodology, or some categories' immateriality to Pharos' operating model. As Pharos is in early stages of our Scope 3 reporting journey, we expect our reporting methodology as well as the availability and reliability of required data to improve over time, and we intend to integrate applicable improved data into our GHG reporting as it becomes available. We expect to be fully compliant with Metrics & Targets b) in the next three to five years.



Approach:

Adopt an integrated approach

Approach as cyclical process

Benefits:

Demonstrates awareness of growing importance of climate-related issues to key stakeholders

Staying ahead of mandatory disclosure requirements, focusing on efficiencies

1. GOVERNANCE

Pharos has a multi-layered governance structure that aligns our operating model with our climate and corporate responsibility ambition.

The Board takes overall responsibility for our Net Zero ambition, climate strategy and climate-related risk and opportunities. The Board ensures Pharos maintains a robust climate risk management and internal control systems, including high-level responsibility for setting and monitoring the company's GHG emissions reduction targets and climate ambitions. The Board has oversight of climate-related risks and opportunities and ensures climate-related considerations are embedded in our decision-making, including the application of strict financial discipline, such as our internal carbon price curves used in going concern and viability stress test scenarios, across all business decisions. At the project level, the assessment of climate-related risks and opportunities is an integral part of each exploration and development project. For example, in developing and updating the Group's Net Zero Roadmap, the Board has taken into consideration how investment in the development of future business assets may affect our Net Zero by 2050 ambition and how the Emission Management Fund can be utilised in decarbonisation opportunities. Through the Remuneration Committee, the Board ensures climate performance, including GHG emissions performance against our net zero target of 5% reduction by 2026 as part of our Net Zero Roadmap, is embedded in the corporate KPI.

Pharos has integrated management responsibilities into various business and functional areas, to which the Board delegates the corporate responsibility monitoring to the following Committees:

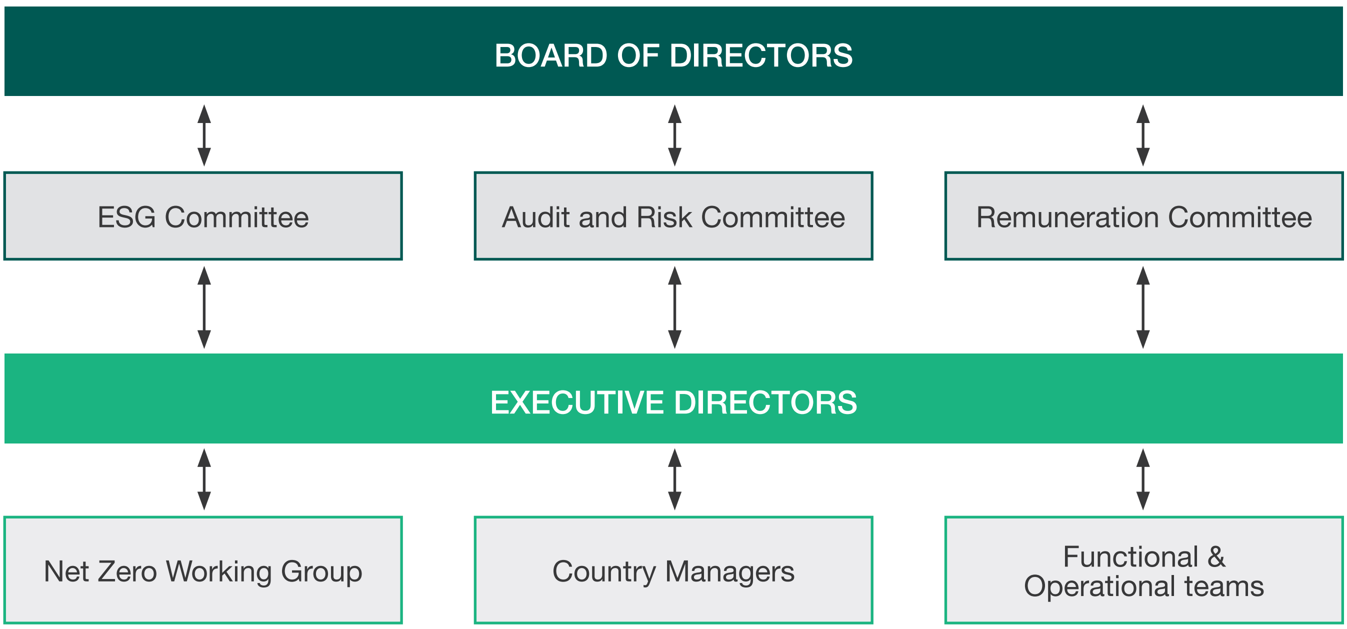
- **The ESG Committee** oversees the Group's management and compliance with climate-related reporting and disclosure requirements, as well as assists the Board in defining and implementing the Group's corporate responsibility strategy.
- **The Audit and Risk Committee** (ARC) oversees all principal and emerging risks in our risk management process, in which climate risk is considered a principal risk. The ARC monitors the methodologies used to test the going concern and viability resilience of our business and determine potential financial impacts of the Group's principal risks, including climate risk. It also oversees the adequacy and effectiveness of our policies, standards and management system for HSES.
- **The Remuneration Committee** oversees the level of management incentives attached to improvements in climate-related performance in order to further encourage action on the ESG agenda.

For the current version of each Committee's terms of reference, please visit www.pharos.energy/about-us/governance/committees/.

Climate-related matters, as well as progress against our corporate responsibility performance and Net Zero ambitions, are reviewed and discussed at each committees meeting. Information is then communicated back to the Board for consideration when they review the Group's strategy at each scheduled Board meeting. In 2024, each Committee met four times, as scheduled.

Below Board and Committee level, our Chief Executive Officer and Chief Financial Officer manage our climate progress and are responsible for the delivery of our Net Zero strategy. To support the Executives in their delivery, a Net Zero Working Group was formed in May 2022, with support from functional and operational representatives such as Reservoir Engineer, HSE Manager, Risk Manager, Investor Relations, and Exploration Manager to drive progress on our strategy. The Net Zero Working Group reports to the relevant Committees and the Board every quarter.

The Board takes an active approach to ensure its members are aware of key climate matters relevant to Pharos and the broader energy sector. In 2024, at every ESG Committee meeting, the Board spends a section of the agenda to understand and learn about new developments in the ESG landscape in the energy sector, such as Net Zero commitment across peers and emerging disclosure requirements such as the IFRS Sustainability Disclosure Standards (IFRS SDS). Climate intelligence reports and COP briefing notes prepared by the Company's sustainability advisor were also circulated to the Board as supplementary reading materials. These efforts play an important role in informing the Executive and Non-Executive Directors' consideration of climate-related matters and Pharos' Net Zero ambition in strategic planning and risk management activities.



2. STRATEGY

Our climate strategy

In order to realise our climate commitment to achieve Net Zero GHG emissions from all our future and existing assets by no later than 2050, Pharos prioritises reducing emissions by achieving operational efficiencies, reducing flaring and venting, replacing the power consumption of our facilities with less impactful energy sources and eventually procuring nature-based carbon offset projects for hard-to-abate, residual emissions.

More details of our climate strategy, including interim targets and the decarbonisation levers at asset-levels, can be found in our Net Zero Roadmap published in December 2023 on our website (https://www.pharos.energy/media/b55c4sqz/pharos-energy-net-zero-roadmap-2023_official.pdf). This Roadmap was researched and developed by the Company in close consultation with climate specialist advisors and ESG consultants. An updated version of the Roadmap can be found on pages 96 to 99.

We are committed to transparency in our climate-related disclosure and reporting. We strive to achieve a balance of delivering value to all stakeholders via cash returns and organic growth while minimising climate-related impacts on our long-term business model. Our purpose is to provide energy security for host countries in which we operate and help local government achieve their economic development goals and prosperity using oil and gas revenues from our operations.

Identifying climate-related risks and opportunities

Our business strategy is focused on generating sustainable value from our producing and development assets, including an infrastructure-led exploration approach to identify new resources near existing infrastructure. The Board hold an annual review of our corporate strategy, which incorporates an assessment of our current portfolio to inform forward looking plans to ensure the business maintains its resilience and is positioned for growth. In 4Q 2023, Pharos with the support of a TCFD consultant undertook a scenario analysis exercise to assess the impact of these physical and transitional risks and opportunities on our portfolio. Based on these scenario analyses, in 1Q 2025, Pharos conducted further internal discussions with our finance and commercial team and risk manager to update and assess the materiality of these climate-related risks based on timeframe, severity and likelihood rating, details of which can be found in this report. For example, risks that have a low likelihood rating are still deemed to be material if its severity is considered to be moderate or above in the short or medium term, and vice versa. The scenarios helped the Company to better understand and assess the impact of possible shifts in the macroeconomic outlook, technology developments, policy and legal implications, and the projected future demand for our products.

Internally, our approach to identifying risk is consistent for all other principal and emerging risk, which is through a well-established Risk Management Framework and is guided by a wide range of information sources and regularly reviewed by relevant risk owners. More information on the Risk Management Framework can be found in our Risk Management Report on pages 45 to 58. In addition to the above framework, for climate-related risks, the Company also use scenario analyses to help us identify and assess the size, scope and significance of climate-related risks and opportunities relative to other risks in the matrix. Our approach to identifying climate-related risks and opportunities will continue to evolve as the depth of understanding grows across our organisation. We continue to embed consideration of transition and physical risk exposure in our business planning and decision making.

The risk rating for each scenario is based on Likelihood (L) multiplied by Severity (S), aggregated across all three time periods with the following weightings: for likelihood, short-term (0-3 years) 40%; medium-term (3-5 years) 30%; long-term (5-10 years) 20%. The weightings reflect the diminishing level confidence associated with longer term projections. The results of these risk rating and weighting assessments helped Pharos identified the impact of these risks and which area of operations may be affected, details of which can be found in this report.

We have aligned our climate-related risks and opportunities to cross-industry metrics and targets in section 4. Metrics and Targets on page 94. For example, the Emissions Management Fund reflects the capital available to be invested in emission reduction projects to mitigate the impact of transition risks, such as carbon pricing, and utilise low-carbon transition enabling technology opportunities. Risk of restrictions of use of carbon intensive assets is considered when we conduct sensitivity analysis and calculate the anticipated impact to the business. Additionally, our CO_2 emissions performance metrics are directly linked to the targets in our Net Zero Roadmap. Emissions reduction incentives are part of all employee and directors' remuneration and annual bonus schemes, further incentivising our emission reduction efforts.

Assessing the impact of transition and physical risks on our business

1) Transition risks & opportunities

The most material transition risks and opportunities facing Pharos have been identified through literature review and discussions with our TCFD consultant as well as Pharos colleagues from commercial, risk and operations teams. The potential impacts of these transition risks and opportunities are assessed under two different emissions scenarios, in the short-, medium- and long-term (0-3 years, 3-5 years and 5-10 years respectively) and based on timeframe, severity and likelihood rating. We consider medium terms to be 3-5 years and long-term to be 5-10 years, as our producing licences in Vietnam are currently due to expire within the next 10 years. This assessment, conducted in 4Q 2023 and updated in 1Q 2025, has enhanced the Group's overall critical strategic decision-making and tests the resilience of its business strategy against different possible futures.

The two scenarios considered in this assessment were:

- Net Zero Pathway: based on the IEA's Net Zero Emissions by 2050 Scenario (NZE), this scenario assumes that there is rapid implementation of policies that reduce global carbon emissions. We have chosen this scenario for this assessment as it aligned with the objectives of the Paris Climate Agreement and limit warming to 1.5°C.
- Stated Policies Scenario (STEPS): we have chosen this scenario as it provides a more conservative view of the future compared to NZE, in which only current and planned policies are enacted, and fossil fuels play a greater role in the energy system, and society more widely, for longer. According to the IEA, under STEPS, warming is projected to reach almost 2.5°C by the end of the century.

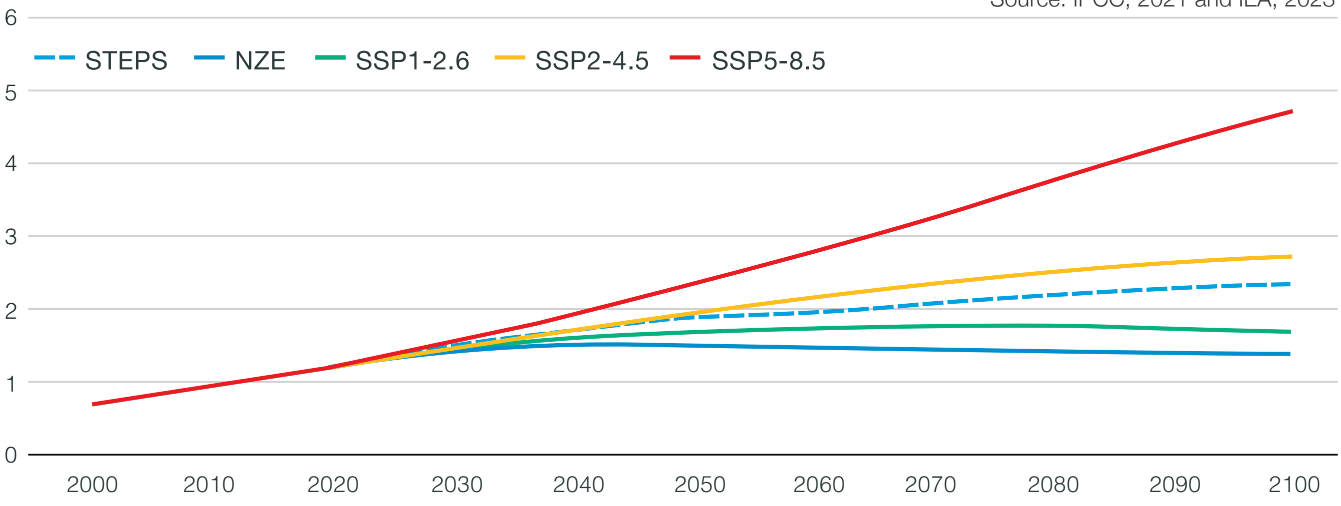
For the purposes of these assessments, the Net Zero Emissions transition pathway (NZE) assumes a surge in clean energy policies and investment and that all current net zero pledges are achieved, following significant efforts to realise near-term reductions. At the same time carbon prices are introduced in all regions, albeit at different levels for countries and sectors. As part of efforts to decarbonise, the energy sector, government policy and industry initiatives focus on CO_2 emissions from production, as well as incentivising alternative low-carbon solutions. By 2030 NZE assumes the share of fossil fuels in primary energy demand declines from 80% over the last two decades to 62%. Under NZE, oil and gas prices decline rapidly to the costs of the marginal project required to meet falling demand: c.$40/barrel for IEA crude oil in 2030, before declining further to c.$20/barrel in 2050. For STEPS, this scenario assumes that Electric Vehicles (EVs) account for around 40% of car sales by 2030 (compared with 15% in 2023) and that deployment of solar photovoltaics (PV) doubles by 2030. In the same timeframe, STEPS assumes the share of fossil fuels in primary energy demand declines from 80% over the last two decades to 73%. Related to this, there is a slight but steady decline oil demand from the late 2020s, with falling supply from existing fields keeping pricing relatively steady – by 2030 IEA crude reaches $85/barrel under STEPS.

We consider our business to be resilient when stress-tested using the IEA's Net Zero Emissions by 2050 scenario. Key drivers of the Group's resilience include operational stability and the ability to meet production guidance, as well as mitigations against the transition and physical risks outlined in this report. Of the scenarios considered in our Transition Risk Assessment, only the Net Zero Emissions scenario matched the Paris Climate Agreement objectives of limiting warming to "well below 2°C". Therefore, we continue to stress test the going concern and viability resilience of our business using the NZE. These sensitivity analyses are conducted bi-annually and form a crucial part of our financial planning process. We believe that the NZE price curve has already incorporated carbon tax considerations into its price deck. Although there are no carbon tax policies in Egypt and Vietnam apart from the environment fees in Vietnam in the license extension period, our sensitivity test assumed a carbon tax is effective from 2026 at $10/tonne CO_2 gradually increasing to $40/tonne CO_2e at 2030. More information on our going concern and viability statement can be found on pages 57 to 58.

> We aim to regularly review and enhance our processes and standards to help these reflect the potential impacts of climate change. We continue to maintain a watching brief as both compliance-based and voluntary carbon pricing mechanisms continue to evolve.

Global temperature increase (relative to 1850-1900) in °C

Source: IPCC, 2021 and IEA, 2023



The risks and opportunities are assessed using a system that assigns a rating of the perceived severity and likelihood of occurrence under the Net Zero Emissions Pathway and STEPS, with input from Pharos's internal risk register and Risk Management Framework. These ratings are re-assessed and updated annually to reflect key developments in the wider ESG landscape as well as any changes in our internal risk register. Analysis of the current political context in key regions and key global trends is also used in the assessment. With respect to the energy transition, and the risk assessment undertaken by Pharos, four global trends have been identified that are pertinent to our areas of operation, Egypt and Vietnam, that help inform the analysis and the risk and opportunity ratings in this report:

- Affordability and security will determine approaches to energy transition
- Carbon capture, utilisation and storage (CCUS) and carbon markets increasingly moving to the fore
- Greater grid investment is required to serve effective renewables power markets
- Developing countries collectively demand greater financial assistance to achieve climate goals

Severity	Likelihood	Timeframe
Severe - **E**	Very unlikely (<15%) -**1**	Short-term (**0-3 years**)
Major - **D**	Unlikely (15-40%) - **2**	Medium-term (**3-5 years**)
Moderate - **C**	Medium likelihood (40-60%) - **3**	Long-term (**5-10 years**)
Minor - **B**	Likely (60-85%) - **4**	
Low - **A**	Very likely (>85%) - **5**	

Transition risks

Risk	**1. Commodity prices:** Oil and gas price volatility		
Description	• Increased costs due to shifts in supply and demand for resources • Potential impact on both assets, Egypt and Vietnam		
Potential impact	Short term: **0**	Medium term: **0**	Long-term: **$55.9m**[(1)]
Timeframe, Severity & Likelihood	Short term: **D3**	Medium term: **D4**	Long term: **D4**
Business area impacted	OPERATIONS, SUPPLY CHAIN, MANUFACTURING		
Methodology	• Analyse historical trends in oil and gas prices • Evaluate geopolitical factors impacting supply • Assess supply chain vulnerabilities in sourcing raw materials • Conduct stress testing on cost structures under various price scenarios		
Mitigations	• Oil commodity hedging • Close monitoring of business activities, and financial position cash flows • Control over procurement costs and effective management of supply chains • Stress test scenarios and sensitivities via principal compound risk analysis, please refer to Note 16 - Property, plant and equipment and right-of-use assets, where the sensitivities of $55.9m related to Net Zero have been broken down by field • Capital discipline with focus on controlling and managing costs • Discretionary spend actively managed • Maintain and cultivate good relationships with lenders		

Risk	**2. Restriction of use of carbon intensive assets:** Countries may place caps on imports / use of carbon intensive fuels and energy / carbon intensive products (e.g. through EU's Carbon Border Adjustment Mechanism (CBAM))		
Description	• Depreciation of carbon-intensive assets and stranded investments • Egypt and Vietnam both have plans to increase oil and gas production. Therefore, this risk will have an impact on all of Pharos' assets • However, Pharos believes this risk remains moderately unlikely in the 5 to 10-year timeframe, as it would take time for Vietnam and Egypt to completely phase out oil and gas. According to S&P, although Vietnam is one of East Asia's rare crude suppliers capable of producing more than 300,000 b/d, the country with a population of close to 100 million has a total refining capacity of around 350,000 b/d, which is only enough to cover just about half the country's oil products and chemicals demand • Additionally, 100% of our products are sold and consumed locally, which reduces the impact and likelihood of this risk in the short and medium term		
Potential impact	Short term: **0**	Medium term: **$2.2m**	Long-term: **$10.8m**(2)
Timeframe, Severity & Likelihood	Short term: **B2**	Medium term: **C2**	Long term: **C3**
Business area impacted	UPSTREAM OPERATIONS, ASSET MANAGEMENT, FINANCE		
Methodology	• Conduct a thorough risk assessment on regulatory changes affecting carbon-intensive assets • Estimate asset depreciation under different regulatory scenarios • Evaluate potential stranded assets through scenario analysis • Stress test asset valuations based on evolving environmental regulations		
Mitigations	• Managing our carbon footprints through flaring and venting reduction; exploring decarbonisation technologies to achieve our emission reduction interim targets as detailed in our Net Zero Roadmap; utilising the Emissions Management Fund; and engaging in regular conversations with lenders to understand their ESG concerns and requirements		

Risk	**3. Lack of portfolio diversification:** Transition towards low-carbon economy will see a reduced demand for oil		
Description	• Increased vulnerability due to concentrated investments • While this risk may have an impact on both our assets, the likelihood of completely phasing out of oil and gas usage in Vietnam and Egypt will have a longer time horizon than 5 to 10 years • Additionally, 100% of our products are sold and consumed locally, which reduces the impact and likelihood of this risk in the short and medium term		
Potential impact	Short term: **0**	Medium term: **0**	Long-term: **$55.9m**(1)
Timeframe, Severity & Likelihood	Short term: **C3**	Medium term: **C3**	Long term: **D4**
Business area impacted	FINANCE, INVESTMENT STRATEGY		
Methodology	• Conduct stress testing on portfolio performance under different market conditions • Consider calculating the cost of diversification under opportunities		
Mitigations	• Explore options towards investment in low-carbon technology, as part of our Net Zero Roadmap • Stress test scenarios and sensitivities via principal compound risk analysis, please refer to Note 16 - Property, plant and equipment and right-of-use assets, where the sensitivities of $55.9m related to Net Zero have been broken down by field		

Risk	**4. Accelerating electrification:** Accelerating electrification of the transport and heating sectors, and advances in plastic recycling could result in lower demand for hydrocarbons in the long term
Description	• Increased demand for electrification solutions and grid upgrades • Potential impact on both assets, Egypt and Vietnam. However, similar to our previous analysis, Pharos believes this risk remains moderately unlikely in the 5 to 10-year timeframe

Potential impact	Short term: **0**	Medium term: **0**	Long-term: **$55.9m**[(1)]
Timeframe, Severity & Likelihood	Short term: **C3**	Medium term: **C3**	Long term: **D4**

Business area impacted	TECHNOLOGY, ENERGY, INFRASTRUCTURE
Methodology	• Analyse market trends in renewable energy and electrification • Model the costs associated with potential infrastructure upgrades (rig electrification) • Conduct scenario analysis on electrification adoption rates and technology advancements
Mitigations	• Managing our carbon footprints through flaring and venting reduction • Exploring decarbonisation technologies to achieve our emission reduction interim targets as detailed in our Net Zero Roadmap • Utilising the Emissions Management Fund • Engaging in regular conversations with lenders to understand their ESG concerns and requirements • Stress test scenarios and sensitivities via principal compound risk analysis, please refer to Note 16 - Property, plant and equipment and right-of-use assets, where the sensitivities of $55.9m related to Net Zero have been broken down by field

Risk	**5. Carbon pricing:** Increased price of carbon through national and international schemes
Description	• Financial impact due to costs associated with carbon emissions pricing • By 2030, the Sustainable Development Scenario (SDS) assumes that developing countries and emerging economies with Net Zero pledges will have implemented an effective carbon price of $40 per tonne CO_2. Therefore, this risk has potential impacts on both assets, Egypt and Vietnam • However, under STEPS, it is assumed that operations Egypt and Vietnam will not be subject to a carbon price within five years. Therefore, we believe this reduces the impact and likelihood of this risk in the short and medium term
Potential impact	Short term: **0** | Medium term: **$2.2m** | Long-term: **$10.8m** (2)
Timeframe, Severity & Likelihood	Short term: **C1** | Medium term: **C2** | Long term: **D3**
Business area impacted	OPERATIONS, REGULATORY COMPLIANCE, FINANCE
Methodology	• Assess current and potential future carbon pricing mechanisms in relevant jurisdictions • Utilise commercial models to access potential cost burden of operational emissions, using carbon prices from different scenarios and timeframes • Undertake stress testing on financial resilience using different carbon price points • Assess potential financial benefits of emission reduction initiatives and participation in carbon credit markets
Mitigations	• Pharos currently uses the NZE prices to stress test, which we believe is the most conservative price curve compared to SDS and STEPS, at a targeted price of $48.2 per barrel (nominal) by 2030. We believe that the NZE price curve has already incorporated carbon tax considerations into their price deck. Results of this can be found in Note 2 (a) and Note 16 on page 172 and page 183 • Although there is currently no carbon tax in Egypt and Vietnam, we still conduct a sensitivity test where carbon tax is effective from 2026 at $10/tonne CO_2 gradually incrementing to $40/tonne at 2030 • To mitigate the impact of this risk in the medium to long term, Pharos is exploring options towards investment in low-carbon technology, as part of our Net Zero Roadmap

* Note:

1) The long-term impact of this risk has been considered as part of our cash flow consideration and is incorporated into our disclosure in the Financial Statements.
2) The long-term impact of this risk is calculated based on Pharos production profile and associated increase in carbon tax in the 10-year time frame.

2) Physical risks & opportunities

This assessment adopts a data-driven approach to identify and analyse the most material physical climate risks facing Pharos Energy's activities in Egypt and Vietnam and how those risks may manifest differently under three emissions scenarios. It assesses current climate extreme, such as flooding, heat stress and storms, as well as how long-term shifts in climate will affect these events. For physical climate risk, this scenario analysis helps Pharos understand how climate impacts may vary by geography, severity and timing under different emissions scenarios, and assess the subsequent implications for its operations, assets and supply chains. The Company is able to identify weaknesses, vulnerabilities and opportunities to help prioritise capital and resource allocation.

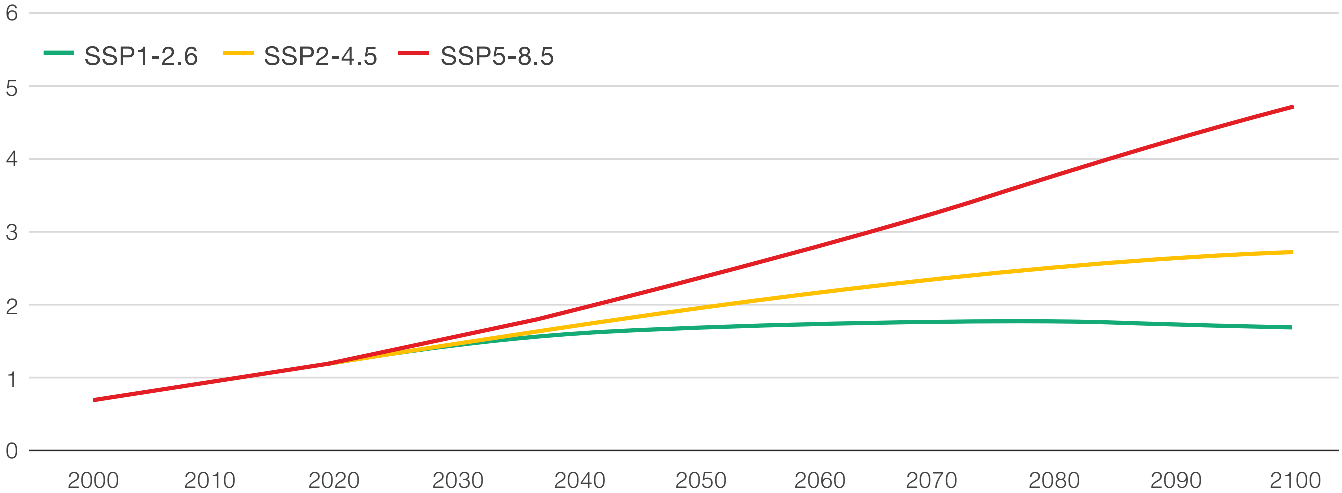
This assessment considers the impacts of climate change under three Shared Socio-economic Pathways (SSPs). We have chosen the below SSPs as they provide a broad range of temperature projections, thus allowing us to fully assess the impact of extreme physical risks such as heat stress on our business.

- **SSP1-2.6**
  Sustainable future. A scenario with low greenhouse gas emissions and less than 2°C temperature rise by 2100. This scenario represents the lower end of the future concentration pathways. Under this scenario CO_2 emissions begin to decline after 2020 and reach net zero by 2100.
- **SSP2-4.5**
  Middle of the road. A scenario with intermediate greenhouse gas emissions with a best estimate temperature rise of 2.7°C by 2100. This scenario represents the middle of the range of future concentration pathways. Under this scenario, CO_2 emissions start to decline around 2045 but do not reach net zero by 2100.
- **SSP5-8.5**
  Fossil fuelled development. A scenario with very high greenhouse gas emissions and a best estimate temperature rise of 4.7°C by 2100. This scenario represents the high end of the future concentration pathways. Under this scenario, emissions continue to increase towards the end of the century, peaking around 2080.

Of the scenarios considered in our Physical Risk Assessment, the SSP1-2.6 scenario matched the objectives the Paris Climate Agreement of limiting warming to "well below 2°C", but does not limit it to 1.5°C.

Global temperature increase (relative to 1850-1900) in °C

Source: IPCC, 2021 and IEA, 2023

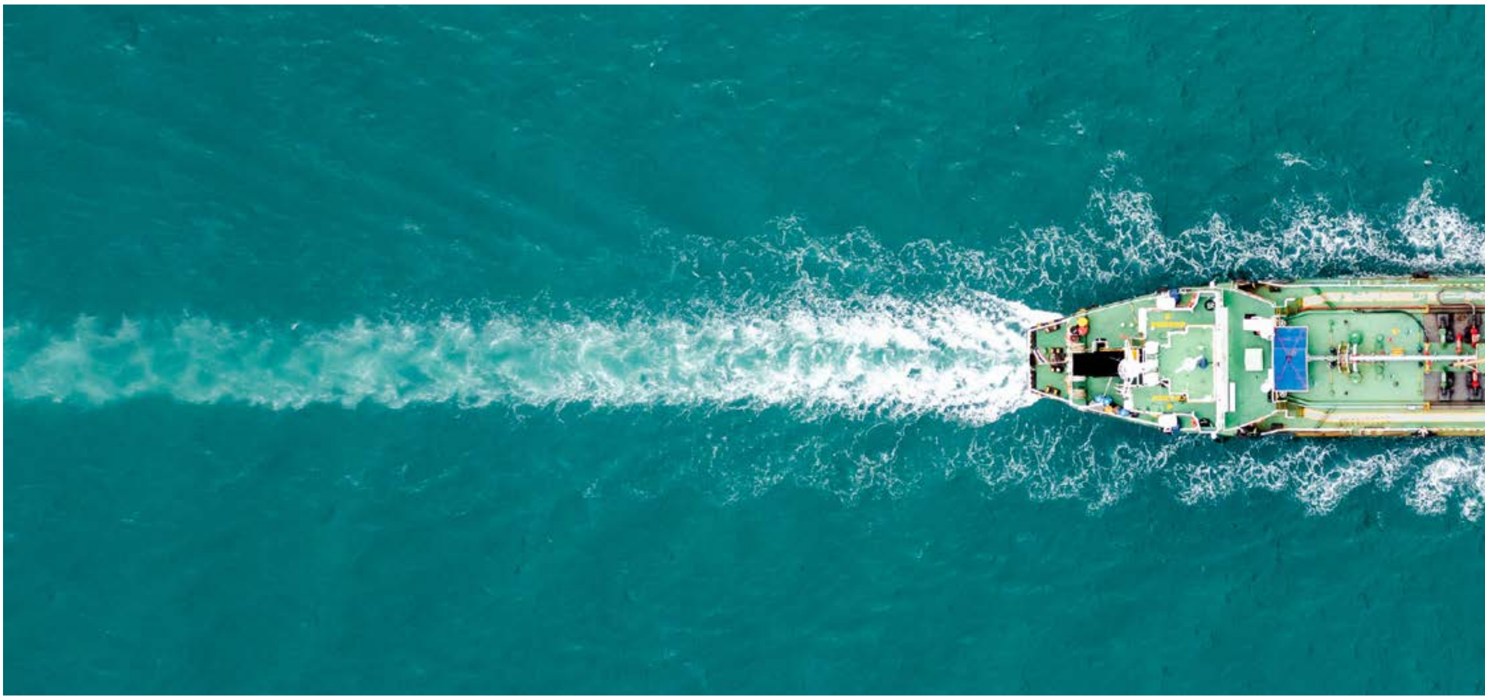


For Pharos' Physical Risk assessment, the Company used its TCFD consultant's climate risk indices as guidance to evaluate and identify the most material physical climate risks facing our operations in Egypt (El Fayum Concession and North Beni Suef Concession) and offshore Vietnam (Offshore Vietnam Blocks 125 & 126 and Blocks 9-2 (CNV) and 16-1 (TGT)). For the purposes of these assessments, assumptions are made based on the degree to which each country is exposed to a range of chronic and acute climate hazards by 2050, forming a climate hazard index. It is constructed at a resolution of 50km2 and is comprised of two pillars: Acute Climate Hazards and Chronic Climate Hazards. The Acute Climate Hazards index, is comprised of Extreme High Temperatures, Extreme Precipitation and Heatwave Hazard. The Chronic Climate Hazards Index is comprised of Chronic Change in Temperature, Chronic Change in Precipitation, Chronic Change in Wind Speed, Temperature Variability and Precipitation Variability. These assessments are updated annually to reflect key changes in our internal risk register and take into account operational measures implemented to mitigate these physical risks. Under these Physical Risk assessments and their associated ratings, Pharos consider our business resilient, as the key drivers of the Group's resilience include operational stability and the ability to meet production guidance, as well as mitigations against the physical risks, details of which are outlined in the table below.

The assessment can also help Pharos on when and where to invest in new ventures, how to allocate resources for resilience building, or to risk-adjust strategic decision making. The results of assessments helped Pharos identify the significance and impact of each physical risks and which area of operations might be impacted, which are detailed in the table below.

Physical risks

Risk	**6. Reduced water availability:** May affect operations where water is crucial for drilling and extraction		
Description	• Financial impact due to interruptions or slowdown in oil and gas operations due to reduced water availability • Higher expenses for securing water from alternative sources • This risk may have a potential impact both of our assets; however, its impact is unlikely to be significant as the majority of our production comes from offshore operations in Vietnam, where water availability is not a concern. In Egypt, Pharos uses high-salinity water for our operations, which is recycled and reused. Therefore, we do not consider this a material risk for Pharos in all time frames		
Potential impact	Negligible		
Timeframe, Severity & Likelihood	Short term: **B1**	Medium term: **B2**	Long term: **B3**
Business area impacted	OPERATIONS		
Methodology	• Use historical data on operational disruptions during water scarcity events • Estimate production losses and increased downtime based on projections and their financial consequences • Assess the financial impact of delayed or halted operations • Assess the cost of securing water from alternative sources • Estimate transportation costs for bringing water from distant sources • Compare these costs with baseline water procurement costs		
Mitigations	• Monitoring water usage in our operations		



Risk	**7. Increased temperatures and heat stress** Affecting both equipment and personnel, potentially affecting safety and operational efficiency		
Description	• Costs associated with implementing measures to mitigate the impact of heat stress on personnel and equipment • Financial losses due to potential slowdown or interruptions in operations • While this risk has the potential to impact both of our operations, its impact is considered to be minimal thanks to our operational adaptations, which is already in place		
Potential impact	Negligible		
Timeframe, Severity & Likelihood	Short term: **A4**	Medium term: **B5**	Long term: **B5**
Business area impacted	OPERATIONS, HEALTH AND SAFETY, FINANCE		
Methodology	• Use risk exposure assessments and health and safety records • Identify and assess potential adaptation measures (e.g., cooling systems, personal protective equipment) based on physical risk data and projections • Estimate the costs of implementing these measures, including installation, maintenance, and training • Leverage existing data on operational disruptions during periods of increased temperatures • Estimate production losses and increased downtime based on historical patterns and their financial consequences • Assess the long-term effects on overall operational efficiency and competitiveness based on historical data and projections		
Mitigations	• Health and safety training for the operational team in cases of heat stress		

Risk	**8. Storm frequency** Operations may be impacted from high winds (and waves if offshore)		
Description	• Financial losses due to repair and restoration expenses for damaged infrastructure • Increased costs from production losses and downtime, impacting overall operational efficiency • This risk can have an impact our operations in Vietnam, particularly during monsoon season. However, historically, our operational teams plan drilling programmes ahead of time and are mindful to avoid monsoon seasons. We also take every precautions to protect all operational equipment and our workforce from any effects of monsoon storms. Therefore, this risk is unlikely to have a major impact on our Vietnam assets • This risk is unlikely to impact our Egypt operations as our operations are onshore and not near any shores where large waves or storms may have an impact		
Potential impact	Short term: **$0.8m**	Medium term: **$1.5m**	Long term: **$1.5m**
Timeframe, Severity & Likelihood	Short term: **B3**	Medium term: **B3**	Long term: **B3**
Business area impacted	INFRASTRUCTURE, OPERATIONS		
Methodology	• Estimate the cost of repairs for different types of infrastructure based on historical data or engineering assessments • Assess vulnerability and exposure of infrastructure to high winds • Analyse historical data on operational disruptions during storm events, including downtime and production losses and shut-down and start-up costs • Estimate the financial impact of delayed or halted operations • Consider the long-term effects on overall operational efficiency and competitiveness		
Mitigations	• To mitigate this risk and reduce downtime, our operational teams plan drilling programmes ahead of time and are mindful of monsoon seasons • Operational adaptations are in place to provide flexibility in number of wells drilled and time of drilling to accommodate storm frequencies		

Climate-related opportunities

Opportunity	**Technology** Reduce carbon intensity of products through production efficiencies		
Description	• Improve the environmental performance of products by enhancing production processes to reduce carbon intensity • Reduce the potential impact of carbon tax due to reductions in carbon emissions via production efficiencies • Potential impact on both assets, Egypt and Vietnam		
Potential benefit	Short term: **$0.5m**	Medium term: **$1.1m**	Long term: **$2.5m**
Business area impacted	RESEARCH AND DEVELOPMENT, OPERATIONS		
Methodology	• Conduct a comprehensive analysis of the current production processes • Identify areas for efficiency improvements and emissions reduction • Implement breakthrough technologies and innovative practices to enhance production efficiency • Monitor and assess the impact on carbon intensity through continuous performance measurement • Engage in life cycle assessments to quantify improvements		
Mitigations	• As part of our Net Zero Roadmap, Pharos is exploring several decarbonisation levers to achieve our Net Zero target by 2050. This includes: reducing and eliminating gas venting, reducing gas flaring via flare stacks installation, process optimisation, gas utilisation, and carbon capture and removal • Pharos have implemented some of these technologies to reduce fuel consumption in recent years. For example, in 2024, we continue to manage gas flaring by carefully monitoring and optimising the processing facilities in the TGT FPSO, including adjusting the gas turbine compressors (GTC) set-points to reduce flaring		

Opportunity	**Technology** Low-carbon transition enabling technology		
Description	• Strategically invest in fuels and technologies with lower carbon intensity to align with broader company corporate responsibility goals • Potential impact on both assets, Egypt and Vietnam		
Potential benefit	Short term: **c.$0.8m**	Medium term: **$2.2m**	Long term: **$4.0m**
Business area impacted	STRATEGY		
Methodology	• Assess the current portfolio of fuels and technologies • Identify investment opportunities in less carbon-intensive fuels and technologies • Develop a comprehensive investment strategy aligned with corporate responsibility goals • Implement investments and monitor their impact on the overall carbon intensity • Conduct scenario analysis to evaluate the resilience and potential returns on the investments		
Mitigations	• While many climate-related opportunities and decarbonisation levers are being explored by the Group as part of our pathways towards Net Zero, as mentioned above, one emission-reduction opportunity already identified is the associated gas-powered electricity generators in Egypt. This is part of a broader plan to utilise produced associated gas instead of diesel for power generation, along with flare reductions. The generators reduce CO_2e emission by using the associated gas that otherwise would have been flared, and generate electricity to be used for field operations in Egypt		

3. RISK MANAGEMENT

Climate risk is a principal risk for Pharos, and it is assessed and managed in line with Pharos' overall Risk Management Framework. The framework comprises:

- A risk management process through which we carry out regular and robust risk assessment to identify and manage principal and emerging risks. The process considers relevant interconnections within the assets and across all business functions and entities.
- Continued monitoring of macroeconomic environment, commodity price uncertainties and production volatilities.
- Management deep-dive exercises to gauge its risk appetite on the risk matrix and recalibrate its risk tolerance to ensure the appropriate mitigating actions were implemented. Staff from all functions, entities and asset locations are invited to participate in these exercises to contribute to the risk matrix.
- An internal control system, including Code of Business Conduct and Ethics and corporate policies which form part of the Group's Business Management System, to enable risks to be managed in line with our defined risk appetite.
- The Board of Directors supported by the Audit and Risk Committee (ARC) to ensure that the internal control functions in place are appropriate, effective and on target. As the Board believes the Group's risk matrix is a living dynamic document, it is agreed that additional risk-assessment meetings, aside from the quarterly scheduled ARC meetings, can be called if a new emerging risk is deemed significant. Quarterly risk reports, conducted by the Group's Risk Manager, are submitted to the Board ahead of every Board meeting.

*** Read More**
For more information, please see our Risk Management Report on pages 45 to 56.

In addition to the above framework, for climate-related risks, the Company also use scenario analyses, conducted by our TCFD consultant and outlined earlier in this report, to help us identify and assess the size, scope and significance of climate-related risks and opportunities relative to other risks in the matrix. The Group also consider regulatory requirements and emerging trends related to climate change of each host government, such as assessing Vietnam and Egypt's national energy plans as well as STEPS and SDS. Our Climate Change Policy is available on our website and reviewed annually by the Board, together with other corporate policies.

We carefully consider the environmental performance of assets and opportunities as part of our decision-making process, underpinned by our Net Zero commitment. Our approach to climate risk management is continually developing. How we identify, manage, assess, mitigate and determine the impacts of each climate-related risk and opportunities will vary by type, as detailed in the transition and physical risks tables above. We will continue to review our risk management framework when determining the materiality of its exposure to climate-related risks.

4. METRICS & TARGETS

2024 CLIMATE CHANGE RISK-RELATED METRICS & TARGETS

302
Scope 1 & 2 GHG intensity by production
(2023: 273 tonnes CO_2e per 1,000 tonnes of hydrocarbon produced)

84,403
Total Scope 1 & 2 GHG emissions (tCO_2e) by equity
(2023: 86,151 tonnes CO_2e)

$55.9m
Maximum anticipated impact to the business due to a transition risk

$1.5m
Maximum anticipated impact to the business due to a physical risk

$4.0m
Maximum anticipated benefit to the business due to adoption of a climate opportunity

$0.25
Of revenue set aside into the Emission Management Fund for every barrel net to Pharos sold at an oil price above $75

c.$830,000
Total capital accumulated in the Emissions Management Fund as at year end 2024 to provide support for emissions management projects

$10-$40
Carbon price range per tonne CO_2e from 2026 to 2030 used in Going Concern and Viability stress testing, in alignment with NZE pathway

Zero
Proportion of GHG emissions subject to carbon pricing regulations

20%
Total remuneration weighting linked to corporate ESG target, including GHG emissions improvements in 2024 KPI

718,693
Scope 3 total GHG emissions (tCO_2e) by equity
(2023: 853,474 tonnes CO_2e)

Scope 1 & 2

Our GHG emissions in 2024 are recorded on Scope 1 & 2 CO_2e absolute and intensity, and we report on jointly operated companies in Egypt and Vietnam. We also measure total hydrocarbon flared as one of our Corporate Responsibility Non-Financial Indicators. Both of these metrics are directly related to our commitment to achieve Net Zero emissions across all assets by 2050. For our year-on-year progress on GHG emissions, please see our Corporate Responsibility Non-Financial Indicators on page 79.

In addition to GHG emissions, we also measure other industry metrics such as energy consumption, process emissions, combustion, venting, waste usage and recycled, freshwater use, and oil spills, which we track as part of our HSE performance and can be found in the Corporate Responsibility report on pages 73 to 78 and our Corporate Responsibility Non-Financial Indicators on page 79.

In December 2023, Pharos published its Net Zero Roadmap, which was researched and developed by the Company in close consultation with specialist advisors and consultants, models emission reduction pathways to achieve net zero Scope 1 (direct) and Scope 2 (indirect) GHG emissions from all existing and proposed future assets by 2050 or before. Based on this modelling, the roadmap contains interim targets set against the Company's 2021 baseline year, which have been approved by the Board and sets out a 5% reduction goal in the short-term and 15% in the medium-term. We use GHG % reduction against the 2021 baseline as the main metrics to identify projects and opportunities with the most potential to reduce our environmental impact. We also monitor the reduction of our year-on-year emission to make sure we are on track to achieve Net Zero by 2050 ambition and meet the Remuneration Committee's corporate responsibility targets as part of our annual corporate KPIs.

Pharos made a commitment to renew and update our Net Zero Roadmap every year, and the updated version of the Roadmap can be found on pages 96 to 99 of this report.

The Company also use a number of other corporate responsibility metrics for our KPI (applicable for all staff and Board members) and LTIP (applicable only to Board members), such as Lost Time Injury, environmental spills, diversity and inclusion, which can be found in the Directors' Remuneration Committee Report on pages 139 and 147.

Scope 3

We recognise that Scope 3 value chain emissions can help companies have a better and more comprehensive understanding of their overall emissions footprints. Therefore, during 4Q 2023, Pharos together with our climate specialist carried out a high-level materiality assessment across our portfolio against 15 categories listed in the GHG Protocol to understand which categories are relevant, material and reportable for Pharos. This assessment was then reviewed internally in 1Q 2025 to ensure Pharos is reporting in line with peers and meeting all required disclosure requirements.

In the initial assessment, a review of peer companies was carried out by our climate specialist to observe and understand trends in reporting of the 15 Scope 3 categories. The group of peer companies were selected with due consideration to their diverse industry representation, comparable Scope 3 emissions reporting, industry similarity, data availability, and relevance to the Group's operational context. Following this, an evaluation of Pharos' sustainability reports and our upstream and downstream value chain activities was conducted to identify all indirect emissions associated with the company's operations. The 15 Scope 3 emission categories were then reviewed with consideration given to factors such as relevance to Pharos' operations, materiality thresholds, and the availability of data within our HSE reports. The overarching objective of this review was to identify the key categories that hold material significance for Pharos, thereby ensuring alignment with the IPIECA/API and Greenhouse Gas Protocol (Greenhouse Gas Protocol, 2013; IPIECA, 2016).

Following this review, the 15 Scope 3 categories were organised by materiality into four groups:

1	High materiality
2	Moderate materiality
3	Potentially moderate materiality
4	Not material to Pharos

In light of this materiality assessment, we have calculated emissions from Category 6 – Business travel, which has moderate materiality to Pharos and is relatively reliable to measure, and Category 4 – Upstream transportation and distribution and Category 11 – Use of Sold Product, two categories with high materiality for Pharos. More information on our Scope 3 emissions can be found in the Corporate Responsibility Report on pages 74 and 75 and in the Non-Financial Indicators table on page 79.

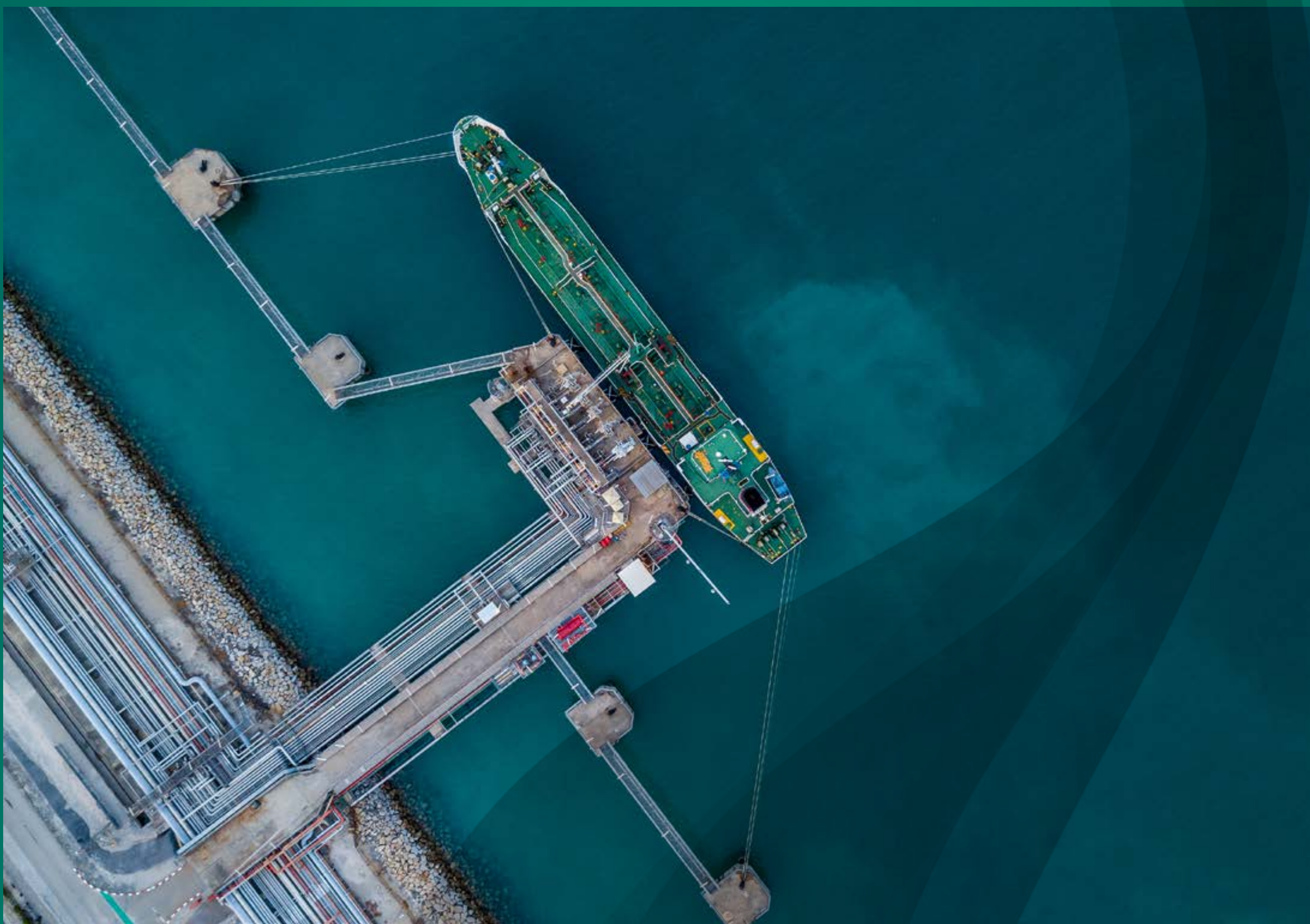
Activity data pertaining to GHG emissions in Vietnam and Egypt is reported to Pharos. Telos NRG assisted with data collation and GHG emissions calculations. Verification of the 2024 GHG Emissions Report has been undertaken by RPS Consulting UK & Ireland using the principles in BS EN ISO 12064-3:2019 (the Standard). The RPS' 2024 GHG verification report is unqualified and covers all of our GHG metrics, including Scope 3 emissions.

Like other oil and gas companies, our emissions targets are not approved by the Science Based Targets Initiative (SBTi) because the organisation is still developing the tools needed to validate them for our sector. Nevertheless, we respect the science and base our decisions on guidance from widely-used frameworks such as the Taskforce for Climate-related Financial Disclosures (TCFD) and CDP (formerly known as the Carbon Disclosure Project). We consider our targets to be robust, having been underpinned by independent analysis and technical evaluation of our emissions profile, which we used to identify decarbonisation initiatives on our operated assets. We will not engage in any memberships that run counter to our net zero commitments. We will be transparent about our memberships in the sector and beyond. We plan to address our residual, hard to abate emissions (which is estimated to be around 20-40% of our total emissions) through carbon capture and removal.

Net Zero Roadmap

OUR ONGOING COMMITMENT TO NET ZERO

Our updated Net Zero Roadmap



OUR ROLE IN THE ENERGY TRANSITION

Energy is a vital resource for economic, social and human development

Letter from our CEO

In 2024, the energy sector continued to face interconnected challenges of energy access, availability, security, and affordability to meet the needs of an ever-growing global population, while at the same time reducing its environmental impact.

As the world navigates a period of energy transition, the oil and gas industry continues to play a crucial role in meeting the global energy needs. In emerging economies such as Vietnam and Egypt, oil and gas can provide the low-cost, reliable energy needed to drive GDP growth as a foundation for long-term socio-economic prosperity. This serves as a constant reminder of Pharos' purpose - to provide energy to support the development and prosperity of the countries, communities, and families wherever we work and we are proud of our contribution. Our environmental journey will be guided by this purpose, and we strive to continue to power growing economies while operating in a responsible and sustainable manner.

We understand that we cannot achieve our ambition alone. We not only need support from our partners, suppliers and host governments to push our strategy forward, but we also stand ready to help them achieve their socio-economic and environmental goals, with the goal of mutual benefits. The government approval of the TGT and CNV licence extensions in Vietnam in December 2024 and the signing of the Memorandum of Understanding (MOU) relating to the proposed consolidation of our concessions in Egypt with EGPC in February 2025 were key milestones for Pharos, allowing us to prioritise further in-country investments to unlock potential across the portfolio, strengthening our position and ongoing contributions to Vietnam's and Egypt's energy needs while creating long-term value for all stakeholders.

In 2024, we continue to demonstrate a high standard of sustainability reporting, having continued our alignment with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD). I am also pleased to report that we were awarded scores of B for both our Climate Change and Water Security disclosures in the CDP (former Carbon Disclosure Project), an improvement from last year's score of C which was originally achieved in 2019. As we navigate our net zero journey, Pharos will continue to engage with relevant regulatory and voluntary reporting standards in an honest and pragmatic manner.

In my first year as Chief Executive Officer of Pharos Energy, I am excited to continue building on the important work done by our team since we announced our net zero by 2050 ambition in 2022. I am pleased to share today an updated version of our roadmap, which aims to provide stakeholders with a view of our progress towards our first interim target – a 5% total emission reduction by 2026.

We know that attaining net zero will neither be easy nor straightforward. There are many pathways to achieving net zero, and we are working towards the most effective and credible steps for Pharos to take. We remain committed to maintaining transparency in our reporting and to keeping stakeholders informed on our progress. The roadmap is a testament to our commitment. It will be updated annually to ensure that we remain accountable, transparent, and responsive to the evolving needs of our industry and the communities in which we operate.

KATHERINE ROE
Chief Executive Officer

March 2025

REDUCING OUR CLIMATE IMPACTS

Our net zero fundamentals

Scope 1&2
Our target covers our Scope 1 and 2 emissions

All assets
All our current assets are included in the target

All GHGs
All greenhouse gases are included in the target

Future assets
All future assets are also covered by the target

Carbon removal
For 20-40% that is hard-to-abate we remove carbon

In September 2022, we announced a commitment to achieve net zero on our Scope 1 (direct) and Scope 2 (indirect) GHG emissions from all our current and future assets by no later than 2050. In December 2023, we published our first ever Net Zero Roadmap - a living document that we will provide an update on every year.

As we evaluate any potential development of our business, such as license extensions, acquisitions and further exploration, we will take this commitment into account in our decision-making and it will fall under our net zero target.

Implementing our strategy

Pharos is not currently an operator on any of our producing assets and therefore has no direct control over our oil and gas production. This is in the hands of the JOCs, each of which is staffed by experienced oil and gas professionals with strong track records of delivering responsible production. Certain Pharos personnel are seconded to senior positions in the JOCs in Vietnam, providing a degree of influence in operational planning and execution.

We also recognise that the support of host governments, state oil companies and regulators is key to pushing our strategy forward.

On track to achieve our interim targets

We worked with a specialist consultancy to model our emissions reduction options in order to identify interim targets. We set the following short- and medium- term goals on the way to net zero:

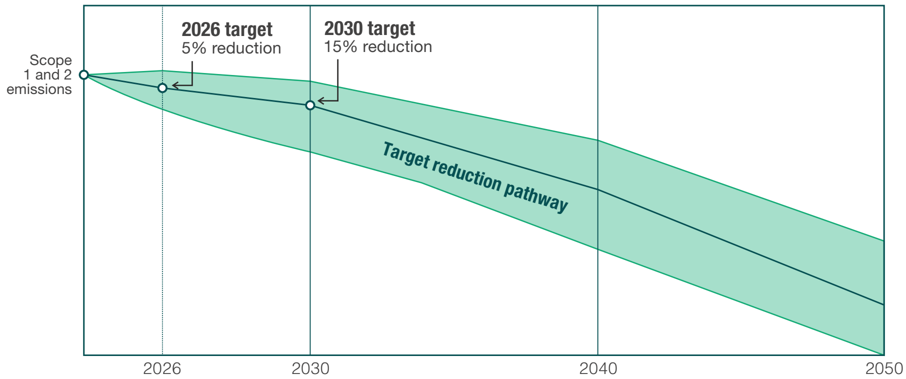
- 2026: 5% reduction
- 2030: 15% reduction

The below pathway, published in our first Net Zero Roadmap in 2023, shows a simplified model of our road towards net zero by 2050, with short- and medium-term interim targets by 2026 and 2030 respectively. The model pathway will be updated with further details as we progress towards our first target in 2026.

Alongside our absolute carbon emissions reduction target, we also target carbon intensity reductions from our baseline of 48 kg CO_2e (2021 net entitlement). As we develop our emissions reduction plans, we will look to accelerate this 2050 target whenever we can. We will look to embed low carbon technology from the beginning on new development assets.

Pharos does not currently foresee exploring the use of carbon credits and/or offsets to help reduce its climate impacts.

Our emissions reduction pathway with short and medium term interim targets until 2050



HOW WE ARE REACHING OUR TARGET

Our roadmap to net zero

Approaches to reducing emissions

Starting with our biggest impact, our first priority is to eliminate routine venting in Egypt and try to reduce routine flaring across both our assets. After that, we aim to invest in replacing the power consumption of our facilities with less impactful energy sources.

In Vietnam, we continue to manage gas flaring by carefully monitoring and optimising the processing facilities in the TGT FPSO, including adjusting the gas turbine compressors (GTC) set-points to reduce flaring. We also reduce fuel consumptions in field operations by using LED lightings on the FPSO and wellhead platforms. In Egypt, we continue the usage of associated gas-powered electricity generators for field operations. This is part of a broader plan to utilise produced associated gas instead of diesel for power generation, along with flare reductions. The generators reduce CO_2e emissions by using the associated gas that otherwise would have been flared, and generate electricity to be used for field operations in Egypt. The focus continues to be on exploring more opportunities and technologies to reduce gas venting in Egypt, which can potentially reduce our Scope 1 emissions while also resulting in economic gains, such as increased used of gas generators, piloting the use of Solar PV to reduce diesel consumption and further deployment of flare stacks, among other gas utilisation opportunities.

Tackling hard-to-abate emissions

We anticipate that there will be between 20-40% of our emissions inventory that is hard-to-abate and for which technological innovation may not arrive swiftly enough. For these GHG emissions we will consider nature-based solutions that will remove carbon from the atmosphere in an effort to move closer towards net zero.

Using capex to unlock change

As non-operators currently, we have no direct control over the production facilities associated with our assets. That is why we established an Emissions Management Fund at the end of 2022. For every barrel net to Pharos sold at an oil price above $75, we will set aside $0.25 into this Fund. As of December 2024, the Fund has reached a value of c.$830,000. The intended purpose of the fund is to provide support for emissions management projects for Pharos and our operational partners that are not economically feasible for individual parties.

Our decarbonisation levers as part of our net zero pathway

	EGYPT		
Gas venting	Reducing gas venting		Eliminate gas venting
Reducing gas flaring	Install flare stacks	Process optimisation	Gas utilisation (Vapor Recovery Units (VRUs), microturbines)
Reducing fuel consumption	Install renewable energy		
Hard-to-abate emissions			Carbon capture and removal

	VIETNAM		
Gas venting			
Reducing gas flaring	Improve flare efficiency	Process optimisation	Gas utilisation (VRUs, microturbines)
Reducing fuel consumption	Switch to alternative marine fuels		
Hard-to-abate emissions			Carbon capture and removal

Approval of the Strategic Report

This report was approved by the Board of Directors on 25 March 2025 and is signed on its behalf by

KATHERINE ROE
Chief Executive Officer

GOVERNANCE REPORT

Imaginative, pragmatic and disciplined

Chair's Introduction to Governance

A STRONG CULTURE OF GOVERNANCE

JOHN MARTIN
Non-Executive Chair

Dear Shareholders,

On behalf of the Board, I am pleased to present our Governance Report for the financial year ended 31 December 2024. Throughout the year, the Company has maintained full compliance with the UK Corporate Governance Code whilst delivering solid operational performance and advancing our strategic objectives.

The Board has also noted a number of changes to be introduced by the UK Governance Code 2024, the majority of which will come into effect for financial years commencing 1 January 2025. Perhaps the most notable of these changes, and one that will only take effect for financial years commencing 1 January 2026, is the provision requiring boards to make a specific declaration in the annual report that all material controls are operating effectively as of the balance sheet date, together with a description of how they have monitored and reviewed the organisation's risk management and internal control framework. This provision will also require boards to describe any material controls that are not operating effectively as of the balance sheet date. We expect to be in a position to comply in full with the provisions of the new UK Corporate Governance Code, including these changes, as and when they take effect.

The Board remains focused on its fundamental responsibilities: determining Group strategy and objectives, approving the overall financial budget and financing agreements, monitoring the performance against these, overseeing the key corporate relationships with operators and other joint venture partners, and keeping corporate governance more generally.

The Board provides leadership to the Group by monitoring culture across the organisation, ensuring its alignment with Group strategy, objectives and values, and overseeing its implementation by management. The Directors are expected to always act with integrity and honesty, to lead by example and to promote the Pharos principles of Safety & Care, Energy & Challenge, Openness & Integrity, Empowerment & Accountability, and Pragmatism & Focus. The Board also ensures there are appropriate processes in place to assess and manage risk, including the overall appetite for risk across the Group, and monitors the Group financial and operational performance against corporate objectives and KPIs. The Board is committed to ensuring the Group complies with applicable laws, regulations, rules and requirements in all host countries and other relevant jurisdictions.

The authority for implementing Group strategy, including the taking of decisions and the making of financial and other commitments, is delegated by the Board to the executive Directors and the senior management team subject to defined authority limits. This delegation by the Board includes the authority to approve expenditure in relation to any budgeted item. However, certain matters are not delegated and require approval by the Board itself, and these are set out in the Group Delegation of Authority, a key corporate policy document issued and maintained by the Board that sets out in detail the financial and non-financial authorities held by individuals within the Group.

Overview of 2024

2024 has been a year of operational achievement, characterised by stable production, robust cash generation, and successful drilling campaigns across our portfolio. A significant milestone was reached in December 2024 when licence extensions were secured for CNV and TGT in Vietnam, providing us with the necessary tenure to fully develop these assets' growth potential while supporting Vietnam's energy security objectives. This achievement reflects our long-term relationship with the Vietnamese Government and our commitment to responsible resource development.

Our strengthened financial position, notably our debt-free balance sheet, provides a solid foundation for our 2025 work programme. This robust financial footing enables us to direct capital toward high-return growth opportunities, while maintaining our commitment to sustainable shareholder returns through our dividend policy. The Company has demonstrated resilience in challenging market conditions, achieving good operational and financial performance across our portfolio.

We are particularly proud of our continued excellent safety performance, with no Lost Time Injuries (LTIs) recorded across our operations. This achievement reflects our unwavering commitment to maintaining the highest standards of safety and operational excellence.

Geopolitical tensions continue to create challenges to the business notably high inflation and currency volatility in Egypt. The Board and executive team maintain a keen focus on mitigating these challenges through proactive risk management and strategic adaptation.

The Board has devoted considerable time to supporting and constructively challenging the executive team throughout the year. Our Non-Executive Directors have brought valuable external perspectives to strategic discussions, particularly regarding portfolio management, capital allocation, and operational performance. Regular meetings between Non-Executive Directors without executive management present have ensured independent oversight and robust governance.

Our committee structure continues to enhance our governance framework. The Audit and Risk Committee has strengthened our risk management processes and financial controls.

The ESG Committee has overseen significant progress in our sustainability agenda, and we are on track to achieve our Net Zero interim three-year target (2024-2026) of 5% reduction in emissions.

The newly established Reserves Committee has enhanced our oversight of reserves management and reporting, ensuring continued alignment with industry best practice.

During 2024, the Nominations Committee focused on reviewing Board composition, succession planning for key roles throughout the company, a review of annual Board evaluation, and annual Director re-appointments. This included the changes to the Board which saw Katherine Roe's appointment as CEO in July 2024 following Jann Brown's retirement. Dr Bill Higgs was appointed as a new NED in January 2024 following a full process involving an external search firm and, at the conclusion of the 2024 AGM in May, Marianne Daryabegui stepped down from the Board, having served more than 8 years in total as a NED. As a result of these changes, the Board currently comprises six Directors (the Chair, two Executives and three independent NEDs).

The Remuneration Committee's activities in 2024 centred on the updated remuneration structure. The Remuneration Committee approved a 6% increase in salaries of Executive Directors and the Board. The salaries for non-Director UK staff were also increased by 6% to counteract continued inflationary factors and cost of living challenges. Further details are set out in the Directors' Remuneration Committee Report from pages 135 to 152.

Looking ahead to 2025, we will continue to build upon our track record of meeting expectations and delivering on strategy. Our focus remains on sustainable value creation through potential organic and inorganic growth opportunities and disciplined capital management. In Vietnam, preparations are progressing for the TGT appraisal commitment well scheduled for Q4, with ongoing partner discussions regarding additional drilling opportunities at both TGT and CNV sites. In Egypt, we are set to launch a two-well drilling program at El Fayum in the second half of the year. We remain committed to improving our payment mechanisms in Egypt, upholding our zero-incident safety and environmental standards across all regions, and strengthening relationships with our strategic partners.

I would like to extend my sincere gratitude to our employees, shareholders, partners, and all stakeholders for their continued support and commitment during 2024. The Board remains dedicated to maintaining the highest standards of corporate governance whilst creating sustainable value for all stakeholders. We look forward to building on the progress made this year, supported by our robust governance framework and clear strategic direction as we pursue what promises to be a prosperous and successful year ahead.

JOHN MARTIN
Non-Executive Chair

LEADERSHIP AND GOVERNANCE

BOARD MEMBERS

JOHN MARTIN*
Non-Executive Chair and Chair of Nominations Committee and ESG Committee

KATHERINE ROE
(joined 1 July 2024)

Chief Executive Officer, ESG Committee member

SUE RIVETT
Chief Financial Officer, ESG Committee member and Reserves Committee member

GEOFFREY GREEN*
Non-Executive Director and Senior Independent Director, Chair of Remuneration Committee, Nominations Committee member, Audit and Risk Committee member and ESG Committee member

LISA MITCHELL*
Non-Executive Director, Chair of Audit and Risk Committee, Remuneration Committee member, Nominations Committee member and ESG Committee member

DR BILL HIGGS*
Non-Executive Director, Chair of Reserves Committee and ESG Committee member

MARIANNE DARYABEGUI*
(retired from the Board at the conclusion of the AGM on 23 May 2024)

Non-Executive Director, Audit and Risk Committee member, Remuneration Committee member, Nominations Committee member and ESG Committee member

JANN BROWN
(stepped down from the Board on 30 April 2024)

Chief Executive Officer, ESG Committee member and Nominations Committee member

* Independent Non-Executive Directors or, in the case of John Martin, independent on appointment as Chair.

DIVERSITY OF SKILLS, BACKGROUNDS AND EXPERIENCE

The Board places importance on the diversity of gender, experience, knowledge, skills, and professional, educational and cultural backgrounds. This diversity has brought an international outlook which has been particularly beneficial to the Board's discussions about the strategic positioning of its current and new business ventures. As at 31 December 2024, the Board comprised six Directors.

Meeting attendance

During each Director's respective term of office during 2024.

Director	Board meeting scheduled quarterly x4	Board meeting additional x4	Audit and Risk Committee x4	Remuneration Committee[5] x5	Nominations Committee x3	ESG Committee x4	Reserves Committee[6] x2
John Martin (Chair)	Member: 4	Member: 4	Invitee: 4	Invitee: 4	Member: 3	Member: 4	
Katherine Roe (CEO)[4]	Member: 2	Member: 1	Invitee: 2	Invitee: 2		Member: 2	
Sue Rivett (CFO)	Member: 4	Member: 4	Invitee: 4	Invitee: 3	Invitee: 2	Member: 4	Member: 2
Geoffrey Green^	Member: 4	Member: 3	Member: 4	Member: 5	Member: 3	Member: 4	
Dr Bill Higgs^[3]	Member: 4	Member: 2	Invitee: 4	Invitee: 1	Invitee: 1	Member: 4	Member: 2
Lisa Mitchell^	Member: 4	Member: 3	Member: 4	Member: 5	Member: 3	Member: 4	
Jann Brown[1]	Member: 1	Member: 1	Invitee: 1	Invitee: 1	Member: 1	Member: 1	
Marianne Daryabegui^[2]	Member: 2	Member: 1	Member: 2	Member: 1	Member: 3	Member: 2	

KEY ^ Independent Directors | Attended as member | Attended as invitee | Not attended

In addition to the four scheduled quarterly meetings, the Board met in 2024 on an additional four occasions to deal with specific business matters which required Board approval. Furthermore, the Board attended a corporate strategy meeting in November 2024. All Directors on the Board at that time attended the AGM.

Notes:
1) Jann Brown stepped down from the Board on 30 April 2024.
2) Marianne Daryabegui retired from the Board at the conclusion of the AGM on 23 May 2024.
3) Dr Bill Higgs appointed 16 January 2024.
4) Katherine Roe appointed 1 July 2024.
5) Directors do not participate in decisions in relation to their own remuneration.
6) The Reserves Committee was established with effect from 23 May 2024.

Board of Directors

Management Committees

Further support the Board and comprise the following key committees:

- Disclosure
- Treasury
- Defence

Executive leadership team

Responsible for day-to-day management of our business and operations and for monitoring detailed performance of all aspects of our business

Principal Committees of the Board

Audit and Risk Committee	Remuneration Committee	Nominations Committee	Environmental, Social and Governance (ESG) Committee	Reserves Committee (established 23 May 2024)
L Mitchell (Chair) G Green	**G Green (Chair)** L Mitchell	**J Martin (Chair)** L Mitchell G Green	**J Martin (Chair)** L Mitchell G Green S Rivett B Higgs* K Roe**	**B Higgs (Chair)** S Rivett M Sayed Ahmed (PDMR)
Responsible for oversight of the integrity of the Financial Statements and narrative reporting, including annual and half year reports.	Responsible for the design, development and implementation of the Company's remuneration policy.	Responsible for ensuring the leadership needs of the Company are sufficiently appropriate to ensure continued ability to compete effectively in the marketplace.	Responsible for defining the Group's corporate responsibility strategy, review of the Group's corporate responsibility policies, programmes and initiatives and, more generally, oversight of the Group's management of corporate responsibility matters and Net Zero ambition.	Responsible for the evaluation of the effectiveness of the Company's reserves processes, ensuring legal and regulatory compliance, reviewing asset development and reserves accounting annually, approving reserves data statements and changes, providing input to work programmes and budgets and meeting before key financial results and ensuring the Audit and Risk Committee and Board are informed of significant changes to reserves and resources.

* Dr Bill Higgs was appointed to the Board and ESG Committee on 16 January 2024.

** Katherine Roe was appointed to the Board and the ESG Committee on 1 July 2024.

Board of Directors

EXPERIENCED LEADERS GUIDING OUR FUTURE

JOHN MARTIN

Non-Executive Chair

Appointed: June 2018 (Non-Executive Director from June 2018 – March 2020; Non-Executive Chair from March 2020)

John has more than 30 years' experience in international banking in the oil and gas industry and was a Senior Managing Director in the Oil and Gas team at Standard Chartered Bank. Prior to joining Standard Chartered in 2007, John worked for ABN Amro for 26 years, specialising in the energy sector. John has served as the Senior Vice President of the World Petroleum Council, and as an Independent Non-Executive Director of Rockhopper Exploration plc. He was previously Chairman of Falkland Oil and Gas Limited, an Independent Non-Executive Director on the board of Bowleven plc and, an Independent Non-Executive Director and Chair of the Audit Committee of Total E&P UK Limited.

KATHERINE ROE

Chief Executive Officer

Appointed: July 2024

Katherine has 25 years of senior corporate, industry and capital markets experience and most recently served as the CEO of Wentworth Resources plc (Wentworth), having been appointed to that role in 2019 after initially serving as Wentworth's Chief Financial Officer. During her time at Wentworth, Katherine successfully worked with the company's partners and government stakeholders to optimise the asset, materially increase production and secure future re-investment. As a key strategic partner for host government, Wentworth balanced positive social, economic and environmental impact alongside tangible shareholder returns by way of both dividend and capital. These tangible returns were ultimately realised when, as CEO, Katherine negotiated and oversaw the successful sale of Wentworth by way of recommended cash offer to Maurel et Prom, which completed in December 2023. Prior to joining Wentworth, Katherine spent 11 years at Panmure Gordon & Co, where she headed up the Natural Resources team, with a principal focus on the oil and gas sector. Katherine has experience across a number of international jurisdictions with exposure to emerging and development markets.

SUE RIVETT

Chief Financial Officer

Appointed: July 2021

Sue, previously Group Head of Finance and UK General Manager, has been with the Company for over nine years. Prior to joining Pharos, Sue held senior finance roles with Conoco, ARCO British (subsidiary of Atlantic Richfield Company), JKX Oil & Gas plc and Seven Energy. Sue's various roles have included heading up full FTSE finance functions including finance, taxation, treasury, IT, corporate planning and Company Secretary. She was Head of ARCO British trading arm's back office and mid office and has considerable joint venture experience and numerous years' merger and acquisition experience. Sue is a Fellow of the Chartered Institute of Management Accountants ("FCMA") with international experience and over 40 years in the energy business.

GEOFFREY GREEN

Non-Executive Director and Senior Independent Director

Appointed: May 2020

Geoffrey has many years of legal and commercial experience in advising major UK listed companies on corporate and governance issues, mergers and acquisitions and corporate finance. Geoffrey retired as a partner of Ashurst LLP in 2013, a leading international law firm, after 30 years as a partner and 10 years of service as the senior partner and chair of its management board. He served as head of Ashurst's Asia practice from 2009 to 2013, based in Hong Kong, and was responsible for leading the firm's strategy and business development for the region. He served on the Board of Vedanta Resources Limited, (formerly Vedanta Resources plc, a London Stock Exchange listed company) from 2012 to 2021 and was Chair of the Remuneration Committee. Geoffrey was the Non-Executive Chair of the Financial Reporting Review Panel, one of the main subsidiary bodies of the Financial Reporting Council, from 2015 to 2022, and is also a non-executive director of a Hong Kong based investment fund. He has a degree in law from Cambridge University and qualified as a solicitor at Ashurst LLP.

DR BILL HIGGS

Non-Executive Director

Appointed: January 2024

Bill has over 30 years of global exploration, development and operations experience, including more than 10 years in executive roles for listed independent exploration and production companies. He is a qualified geologist with extensive expertise in all engineering and other technical and commercial aspects of hydrocarbon exploration, development and production. Most recently, Bill was Chief Executive Officer of Genel Energy between 2019 and 2022, having served as Chief Operating Officer from 2017. Preceding his roles at Genel, Bill was Chief Operating Officer for Ophir Energy plc, responsible for managing the global asset portfolio. Before that, he served as Chief Executive Officer of Mediterranean Oil and Gas, overseeing the successful sale of the company in 2014. Bill began his industry career at Chevron, spending 23 years across a number of global roles. Bill is currently serving as Chairman of Chappal Energies Mauritius Limited, a West Africa-focussed energy company that has recently embarked on building a portfolio of upstream assets.

LISA MITCHELL

Non-Executive Director

Appointed: April 2020

Lisa is currently the Chief Financial Officer of Orca Energy Group Inc. a TSX-V listed company. Lisa is an experienced CFO with over 25 years' international experience, across the oil and gas, mining and the pharmaceutical industries. She was most recently CFO and Executive Director of San Leon Energy plc and was previously CFO and Executive Director of Lekoil Limited, the African-focused oil and gas exploration and production company with interests in Nigeria. Prior to this, Lisa was CFO and Executive Director at Ophir Energy plc, formerly a FTSE 250 company where she was responsible for contributing to the overall business strategy of Ophir; leading the finance function including all financial, taxation, treasury and funding requirements and investor relations. Lisa's previous roles include CSL Limited, and Mobil Oil Australia. Lisa is a Certified Practicing Accountant (FCPA Australia) and holds a Bachelor of Economics (major in Accounting) from La Trobe University, Melbourne and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.

2018 UK CORPORATE GOVERNANCE CODE (THE '2018 CODE')

2024 statement of compliance with the 2018 Code

We are committed to the highest standards of corporate governance and to compliance with the UK Corporate Governance Code 2018, which sets out the principles that emphasise the value of good corporate governance to long-term sustainable success. The Company was in full compliance with the provisions of the 2018 Code throughout the year.

This will be the final annual report in which the Company reports against compliance with the 2018 Code. As noted in last year's report, the Company has no material concerns over compliance with the provisions of the 2024 UK Corporate Governance Code, under which the majority of provisions will apply from the Company's next financial year, commencing 1 January 2025.

The remainder of this section of the Governance Report sets out in more detail the Company's practical application of the Principles of the 2018 Code as set out in the five sections of the 2018 Code:

- Board Leadership and Company Purpose;
- Division of Responsibilities;
- Composition, Succession and Evaluation;
- Remuneration; and
- Audit, Risk and Internal Control

Board Leadership and Company Purpose

Purpose and Culture

At Pharos, our purpose is to provide energy to support the development and prosperity of the countries, communities and families wherever we work, in line with recognised social and environmental practices. We have a focused strategy of delivering long-term, sustainable value for all our stakeholders though regular returns and organic growth that, together with a strong corporate culture, help us fulfil our purpose.

It remains important to the Board to preserve and enhance the strong and resilient culture of our workforce. The Board monitors adherence to these principles through a number of different engagements, both formal and informal, ensuring that they are evidenced in behaviours and not simply as words on a page.

Stakeholder engagement

Colleague engagement

The Board understand that the strategy and long-term success of the Group is dependent on a strong culture and set of values that is clear and guide everything we do. Our approach is driven by the strength, skills and imagination of our people, and our shared purpose to make a positive impact. The way we work and do business is based on five guiding principles (the Pharos Guiding Principles): Safety & Care, Energy & Challenge, Openness & Integrity, Empowerment & Accountability, and Pragmatism & Focus. The Pharos Guiding Principles are reinforced by our Code of Conduct and Business Ethics and other corporate-level policies, procedures and guidance. The Board has responsibility for assessing and monitoring the culture of the Group and ensuring that the Group's policies and practices are aligned with this. There are a number of ways in which the Board monitor and assess the culture through engagement with colleagues in various forms, as detailed in this report.

The Board places great importance on the level of engagement with senior management and other colleagues. The Board remains passionate about workforce engagement and fostering a genuine dialogue between the Company and staff. All staff are kept informed about important business developments in the Company and have channels through which they can ask questions and provide input. The now well-practised route of using video calls facilitates more frequent engagement across our offices worldwide. There are biweekly calls between the UK management and staff and the teams in the Group's Cairo and Ho Chi Minh City offices, in addition to a number of other regularly scheduled cross-functional calls. "Lunch and Learn" training sessions covering particular areas of interest, importance or topicality are arranged on an ad hoc basis throughout the year. In addition, the Group's relatively flat organisational structure means shorter lines of management and more direct, accessible channels of communication with leadership.

The Executive Directors receive regular updates on colleague engagement to understand any challenges or difficulties arising in a work context, including from the hybrid work environment. At the beginning and end of each calendar year, every employee is encouraged to set their own personal and professional development objectives for the upcoming year and assess their own performance against those objectives in conjunction with their line manager. Each employee has at least three meetings with their line manager during the year, to discuss and agree the objectives and to review progress mid year and year end. Line managers also provide additional support where needed and assist the employee in overcoming any difficulties they might be facing.

Following feedback received in previous years, in which events such as off-site away days, in-person monthly meetings and quarterly Group-wide staff calls were proposed to avoid staff isolation and promote team culture and the success of the inaugural off-site event in 2023, the Company organised a further Group-wide off-site event in October 2024. In the course of the event, colleagues from Egypt, Vietnam and UK all met in Bournemouth to exchange ideas, provide feedback and engage in structured team-building activities. The event proved very successful, with the sharing of knowledge and practical experience having an immediate impact. It also allowed the new CEO, Katherine Roe, a valuable opportunity to introduce herself face-to-face to Group staff based outside the UK and hear their perspective on the business directly. The Board believes these Group-wide events are important not only for the effective and efficient functioning of the Company and the business, but to also for the development, advancement and well-being of the Group's global workforce.

Throughout the year, during all employee events, John Martin, as Chair of the Board and designated Non-Executive Director responsible for workforce engagement, made himself available to all employees and encouraged all staff members to share their concerns, feedback and views about the Company, the Group and its business. In December 2024, John Martin also held year-end town hall meetings with all employees, during which everyone could share their feedback without the presence of senior management. Outcomes of these meetings were then communicated back to the Board on an anonymous basis.

Additionally, there have been other forms of engagement with the Group's global workforce, including extending participation in the Company's share incentive schemes and the corporate bonus scheme, and providing other feedback channels, including through the Group's Whistleblowing Policy and access to the dedicated, anonymous and confidential NAVEX hotline.

Shareholder engagement

The Board as a whole has responsibility for maintaining a satisfactory dialogue with shareholders. The Executive Directors are responsible for ensuring on a day-to-day basis that effective communication is maintained with key stakeholders and partners, including an appropriate level of contact with major shareholders and ensuring that their views are communicated to the Board. The Executives have primary responsibility for investor relations, but senior management and other members of the Board are also regularly involved in conversations with shareholders.

To maintain a clear understanding of the views of shareholders, all Directors receive a quarterly investor relations report, which includes market updates, brokerage and communications reports, share register and share performance analysis and comments and notes from research analysts and proxy agencies. Additionally, a section of the agenda for each regularly scheduled meeting of the Board is dedicated to investor and stakeholder considerations. Investor relations is also a standing agenda item for weekly management meetings.

Pharos engaged in open and active dialogue with its institutional, private and retail shareholders in several formats throughout the year. The Board is committed, so far as is reasonably practical, to providing all shareholders, however small their holding, with a fair opportunity in each year to access the Chair, other Directors and senior management. The Company uses its online presence to post and disseminate key information promptly to a wide audience, as a complement to the use of the normal regulatory news service. The "Contact" section of the Company's website is regularly used by shareholders and stakeholders for email communication with management. The official X (formerly known as Twitter) and LinkedIn accounts of Pharos continue to be used actively. The Company uses a communications agency to provide assistance in the presentation and dissemination of information to shareholders and the general public and also to solicit active feedback as to the effectiveness of such efforts. Additionally, the Company also provides a platform for everyone to access an analyst research feed via its corporate website at www.pharos.energy/investors/analyst-research/. This allows for a wider audience of private and retail shareholder to freely access analyst research notes about the Company. The Company's existing analyst coverage comprises the established houses Peel Hunt, Shore Capital and Auctus Advisors, together with the more retail-focussed Progressive Research. All of these analysts produce regular research notes on the Company, ensuring a broad and relatively diverse mix of equity research and investment opinion are available to all shareholders. The Company has continued its policy of regular liaison with proxy advisory and corporate governance services on responsible investment, ESG, board composition, executive remuneration and the terms of shareholder resolutions.

Also in 2024, the Company continued its engagement with online platform Investor Meet Company to host online meetings with a Q&A session in March and September, allowing shareholders and the wider public a free platform to put questions directly to the Executive Directors. At the annual Strategy Day held in London in November 2024, the Board received presentations and inputs from several key internal and external parties, including professional advisers. During the year, the Executive Directors, senior management, and investor relations colleagues also met with over 20 different institutional investors, family offices, media journalists and analysts in various engagements and events, including investor roadshows, analyst meetings and media interviews.

The NEDs are each responsible for taking sufficient steps to understand shareholder views, including any issues or concerns relating to the management of the Company. This includes engagement outside general meetings with major shareholders to understand their views on governance and performance against strategy, and responding to requests for additional communication with the Chair, the Senior Independent Director or other NEDs.

Additionally, both before and after the formal proceedings of each AGM of the Company, all Directors and senior management, including the Chairs of the principal Board committees, make themselves available to answer shareholder questions and respond to any specific queries.

Local communities, governments and employees

Our goal is to have a responsible and positive presence in the regions in which we operate, creating value for host countries, local communities, employees, contractors, suppliers, partners and shareholders. We engage with all of those stakeholders on a regular basis. Additionally, we carefully monitor compliance with the Modern Slavery Act 2015 in relation to the Group's international operations, including through regular compliance checks and the requirements our due diligence and on boarding processes with suppliers, service companies and other contractors.

In Vietnam, commitment to local sourcing, employment, training and industry capacity building has continued with a training levy of $300,000 per year in a ring-fenced fund to support developing future Vietnamese expertise in the industry. In Egypt, under the El Fayum and North Beni Suef Concession Agreements, the Contractor parties contribute a total of $200,000 per year split equally between the two Concessions to support training and development in industry.

During the year we sought to align our social investment programme with the United Nations Sustainable Development Goals (UN SDGs). In 2024, in addition to the training levy mentioned above, a further $259,889 was invested in 26 healthcare, education, infrastructure and other community projects across all three host countries. The JOCs approached and consulted with local partners to determine which areas of the country would need the greatest assistance in order to ensure that we were investing in local projects that would bring the most sustainable positive impact to the community. For full details of all the projects in which Pharos invested during the year, please see our Corporate Responsibility report on pages 70 to 72.

As previously reported, the Company established an innovative Emissions Management Fund in September 2022, to provide financial support for emissions management projects with Pharos and its JOC that are otherwise not economically feasible. The establishment of the Fund by Pharos was, in part, to reflect that, with its producing assets all operated through JOCs, the Group has limited control over the production facilities and is not in a position to unilaterally introduce measures or initiatives to manage emissions from those facilities. From every barrel net to the Company sold at an oil price above $75, this Fund is provided with $0.25. As at 31 December 2024 the value of the fund was c.$830,000.

Whistleblowing, Ethics and Business Conduct

Our Whistleblowing Policy and associated procedures ensure that employees are protected from possible reprisals when raising concerns in good faith. In addition to internal reporting channels, we have a dedicated, anonymous and confidential ethics hotline supported by NAVEX with numbers displayed in our local offices available 24 hours a day all year round. Zero calls were made to the NAVEX hotline in 2024.

Additionally, the Group's Code of Business Conduct and Ethics and associated guidance, reviewed and renewed annually, were followed rigorously in 2024, with no known or reported breaches. All employees are encouraged to place these policies at the forefront of our engagement with suppliers, vendors, partners, and public officials. It is also a requirement for all Group employees and the Board to complete and successfully pass their ABC and Criminal Finance E-Learning training every year to ensure that the expected standards of business conduct are communicated and recognised across the organisation.

In addition to the overarching Code of Business Conduct and Ethics, the Company has also established governance and policy standards in response to specific circumstances. Most notably in recent years, the Company adopted a new Group Sanctions Policy, reviewed and updated annually, in response to the Russian invasion of Ukraine in February 2022 and the waves of economic and other sanctions that have followed in response. A number of other measures were introduced by the Company in parallel, including the formation of a working group monitoring the potential impact of the conflict and associated sanctions on the business of the Group and the introduction of new wording relating to sanctions compliance in the Group's standard form contracts.

Pharos is committed to creating a safe workplace for all. We recognise that 2024 has seen significant geopolitical instability, something that has impacted far reaching communities and families, the global economy, communities and trade. Our thoughts remain with those involved, directly or indirectly, in current international conflicts. We continue to support colleagues and contractors during this difficult time, as well as ensuring that our business can continue to function unaffected.

Division of Responsibilities

Responsibilities of the Board

The statutory duty of the Directors is to act in what they consider to be in the best interests of the Company and, as a unitary Board, they are responsible for the long-term success of the Company. The Board determines and develops the strategy for the business and provides it with the necessary entrepreneurial leadership. It ensures the Company is adequately resourced to meet its strategic objectives and can meet its obligations to its stakeholders. The Board sets the values, standards and controls necessary for risk to be effectively assessed and managed. Some of its responsibilities have been delegated to committees of the Board, including the Audit and Risk, Remuneration, Nominations, ESG and Reserves Committees.

The roles of the Chair and Chief Executive Officer are separate and their responsibilities are clearly established, set out in writing and agreed by the Board. Both are collectively responsible for the leadership of the Company. The Chair chairs the Board meetings, leads the NEDs in the constructive challenge of the Executive Directors' strategy and day-to-day management and is accountable for the Board's effectiveness. This includes encouraging an open and frank boardroom culture, setting the Board's agenda, facilitating the NEDs' contribution, and ensuring sufficient time and information to promote effective and challenging discussions. The Chair has been in his current role since March 2020 and was previously an independent NED of the Company, originally appointed in June 2018.

The CEO is responsible for the everyday management of the Company. The CEO leads the Executive Directors and management team in the implementation of the Board's strategy and management's performance in running the business.

The NEDs have a supervisory role that contributes to the development of the strategy through supportive and challenging inquiry. They scrutinise the Executive Directors' performance in meeting their agreed goals and objectives and play a key role in their appointment or removal.

The Company Secretary is appointed by the Board. He facilitates the communications and processes of the Board, the induction programme for new Directors and provides advice through the Chair as may be required in the ongoing discharge of the Directors' duties. This includes ensuring that the Company provides the necessary resources for access to independent advice and any individual professional training and development needs agreed with each Director.

The Board operates within a framework that distinguishes the types of decisions to be taken by the Board, including determination of strategy, setting the principal operating policies and standards of conduct, approval of overall financial budgets and financing agreements, approval for establishing key corporate relationships and approval of any actions or matters requiring the approval of shareholders.

Board composition

As at December 2024, the Board comprised six Directors, being the Chair (who was independent on appointment), two Executive Directors and three independent Non-Executive Directors.

Tony Hunter was Company Secretary throughout the year and his appointment was approved by the Board as a whole.

Responsibilities and composition of the principal Board committees

There are five principal committees of the Board:

- The Audit and Risk Committee - responsible for oversight of the integrity of the Financial Statements and narrative reporting, including annual and half year reports
- The Environmental, Social and Governance (ESG) Committee - responsible for defining the Group's strategy related to ESG matters
- The Nominations Committee - responsible for ensuring the leadership needs of the Company are sufficiently appropriate to ensure continued ability to compete effectively in the marketplace
- The Remuneration Committee - responsible for the design, development and implementation of the Directors' Remuneration Policy
- The Reserves Committee – the newest standing committee of the Board, established in May 2024 and responsible for the review of reports of the Group's oil and gas producing activities and monitoring compliance with applicable law and regulation regarding disclosure of information relating to the Group's oil and gas reserves and resources

Each principal Board committee has formal Terms of Reference (TORs), which sets out the relevant committee's delegated role and authority and is approved by the Board. The TORs for each committee, as well as the current committee members, are available on the Company's website www.pharos.energy/about-us/governance/committees/.

Time commitment

The Board has four scheduled meetings a year, with additional meetings scheduled as required in connection with the efficient and diligent operation of the business of the Company.

In 2024, in addition to the four scheduled quarterly meetings, the Board also met on an additional four occasions to deal with specific business matters which required Board approval. One of the additional meetings included the Board Strategy Day in November 2024, attended by all members of the Board, certain other colleagues and a number of external stakeholders and advisers.

For meetings of the board committees, only Directors that are members of the relevant committee are required to attend. Other Directors are invited to attend meetings of committees of which they were not members, where determined to be appropriate or beneficial. In addition, the chairs of the principal Board committees provide an update on committee activities at each full Board meeting. The attendance table for the Board and principal Board committee meetings in 2024 can be found on page 105.

Composition, succession and evaluation

Board composition and succession

The Nominations Committee ensures the leadership needs of the Company are met and maintained appropriately to allow it to compete effectively in the marketplace. Board appointments are made through a formal process led by the Nominations Committee. The Nominations Committee recognises the emphasis placed by the 2018 Code on the engagement of an external search consultancy or the open advertising of vacancies for the appointment of the Chair and other NEDs.

As noted in last year's report, a well-established international executive search firm was engaged during 2023 in connection with the search for a new independent NED with technical experience, ultimately resulting in the appointment of Dr Bill Higgs in January 2024 following a competitive phased process. An executive vacancy arose during the course of 2024 following the retirement of Jann Brown as Chief Executive Officer, announced on 27 March 2024, with Jann stepping down from the Board on 30 April 2024. Although the circumstances and relatively limited available time to recruit a replacement Chief Executive Officer precluded a full process involving an external executive search firm, the Nominations Committee considered and engaged with a number of high-quality candidates expressing interest in the position. From these engagements, the Nominations Committee finalised a shortlist of candidates that were asked to provide a strategy paper indicating their plans for the Company if appointed. External references and more informal inquiries were also pursued on the shortlisted candidates. Following this phase of the process, the Nominations Committee made its recommendation to the Board in late May 2024, with Katherine Roe subsequently appointed as the new Chief Executive Officer of the Company with effect from 1 July 2024.

The Directors' roles are established in writing and approved by the Board. Biographical details are provided on pages 107 to 108.

Diversity and Inclusion

We believe in a workforce with a diversity of experience, nationalities, ethnicities, cultural backgrounds and gender, to support our business strategy of long-term sustainable growth. We are proud that we are able to recruit talents from diverse backgrounds and ethnicities. As at year-end 2024, our global team comprised 10 different nationalities, of which women accounted for c.51%, which ensures that we cultivate a culture that recognises and promotes diversity in all forms and where every voice is heard. Our Code of Business Conduct and Ethics, associated policies and procedures, and the Pharos Guiding Principles commit us to providing a workplace free of discrimination where all employees can fulfil their potential based on merit and ability. They also commit us to providing a fully inclusive workplace, while providing the right development opportunities to ensure existing staff have rewarding careers.

During the year, the Company also undertook a Group-wide survey of staff on questions and perceptions of diversity, equity and inclusion within the organisation. The outcome of these surveys will continue to inform additional learnings for the whole organisation in 2025.

Throughout the year, the Company complied with 2 out of 3 targets set by UKLR 6.6.6R(9)(a) of the FCA's Listing Rules. As at 31 December 2024, the Company had:

- Three female Directors, representing half of the Board
- All Executive Director positions (Chief Executive Officer and Chief Financial Officer) held by women

The UKLR 6.6.6R(9)(a) target with which the Company did not comply in 2024 related to ethnic diversity. That Listing Rule establishes a target for listed commercial companies of having at least one member of the Board from a minority ethnic background. In the future recruitment of both NEDs and Executive Directors, the Company will continue to seek and welcome candidates for the Board from a minority ethnic background. There is also significant diversity within wider organisation, including in management positions. Equity, diversity and inclusion sit at the heart of our recruitment, development and promotion processes.

For more information on the gender and ethnic diversity of our corporate employees and senior management, please see page 69 of the Corporate Responsibility report.

Annual re-election of Directors

All Directors annually retire and seek re-election by shareholders at the Company's AGM. The Nominations Committee makes its recommendation to the Board on each election or re-election resolution. Pending the Chair confirming his satisfaction that each Director continues to perform effectively and with the appropriate commitment to the role, the full Board then determines its own recommendation to shareholders in relation to those resolutions.

The Nominations Committee formed its recommendations regarding the re-election resolutions (or, in the case of Dr Bill Higgs, initial election resolution) at the 2024 AGM following assessments of Board balance, composition and independence.

Board effectiveness and evaluation

The Nominations Committee assesses the Board's balance of skills, experience, independence, diversity, tenure and knowledge of the Company and the industry on an annual basis. The assessments in 2024 included consideration of the Company's leadership needs within the context of growth, portfolio diversification and long-term strategy. Those assessments were another key factor in the appointment of Katherine Roe as Chief Executive Officer following the retirement of Jann Brown, with the Nominations Committee keen to ensure that the current balance of the Board remained appropriate and sufficient to effectively promote the long-term success of the Company.

Remuneration

Remuneration principles

The Remuneration Committee is responsible for the design, development and implementation of the Directors' Remuneration Policy.

In determining the remuneration packages awarded to management, the Board and the Remuneration Committee have continued to aim at providing incentive schemes that reflect the characteristics of attractive rewards, fairness and restraint. Appropriate advice on best practice is taken from an independent advisor.

Directors' Remuneration Policy

Our overarching aim is to operate a Directors' Remuneration Policy which rewards senior management at an appropriate level for delivering against the Company's annual and longer-term strategic objectives. The policy is intended to create strong alignment between Executive Directors and shareholders.

In line with applicable law, we are required to review and propose to shareholders the Directors' Remuneration Policy at least once every three years. As the policy was recently reviewed, updated and approved at the 2023 AGM, the latest by which a revised policy will be put to shareholders for approval is the 2026 AGM. The terms of the revised policy approved at the 2023 AGM are set out on pages 150 to 152 of this report.

Pension and benefits

All eligible employees have the same access to the same pension contribution rate (15% of salary) and access to a similar level of benefits.

Directors' shareholdings and share interests

The Board has a policy requiring Executive Directors to build a minimum shareholding of 200% of their annual salary. Additionally, Long-Term Incentive Plan (LTIP) awards to the Executive Directors have a two-year holding period following vesting. This is intended to emphasise a commitment to the alignment of Executive Directors with shareholders and a focus on long-term stewardship.

Audit, Risk and Internal Control

Financial reporting and significant accounting matters

During the first half of 2024, the Group's accounting policies, in accordance with best practice, were reviewed by management and the Audit and Risk Committee to ensure that they remained appropriate for the Group's activities. Following this review, the Group's accounting policies were judged to be fully up-to-date and no significant changes were recommended to the Board by the Audit and Risk Committee.

Significant issues related to the 2024 Financial Statements

The Audit and Risk Committee identified the significant issues (disclosed in more detail in the Audit and Risk Report) that should be taken into consideration in relation to the Financial Statements for the year ended 31 December 2024, being key issues which may be subject to heightened risk of material misstatement.

Fair, balanced and understandable

The Audit and Risk Committee advised the Board whether the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the range of information necessary for shareholders to assess the Group's performance, business model and strategy. The Directors have confirmed this in their Responsibility Statement set out on page 157 of the Directors' Report.

Viability statement and Going concern

In accordance with the UK Corporate Governance code, the Board assessed the prospects of the Company over a period longer than the twelve months required to support the Going Concern. The appropriate length which the Viability Statement should cover is three years. A significant factor in the Group's forward cash position is the oil price assumption, and as most of the source data relates to a three-year period, this is considered as the appropriate lookout period for the Viability Statement.

In undertaking this assessment, the Board has carried out a robust review of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, with particular attention given to the principal and emerging risks.

Management's Going Concern assessment supporting the 2024 Financial Statements was challenged and reviewed by the Audit and Risk Committee. The assessment included a "Base Case" for the Group, including cash flow estimates for both Vietnam and Egypt, as well as a "Reasonable Worst Case" scenario, giving particular regard to the continuing impact of commodity price volatility. A further assessment was also undertaken on the impact of climate change on commodity prices and a sensitivity on carbon taxes.

Under these scenarios, management has assessed, on a conservative basis, the risks around commodity pricing, operational risk and political and regional risks, particularly in Egypt.

Based on this detailed analysis, management has concluded that the Group will continue as a Going Concern for 12 months from the date of signing of the 2024 Financial Statements.

Following its review of management's paper on the Going Concern assessment and in-depth walk through of assumptions contained in that assessment, the Audit and Risk Committee is satisfied that it is appropriate to prepare the 2024 Financial Statements on a Going Concern basis.

For more information, please see the Viability Statement in the Strategic Report on pages 57 to 58.

Internal controls and risk management systems

The Group's internal control framework and risk management processes are designed to ensure that risk identification, assessment and mitigation is properly embedded throughout the organisation. The risk management approach is designed to provide the Audit and Risk Committee and the Board with reasonable assurance that financial irregularities and control weaknesses will be identified to mitigate risks that could potentially have a material adverse impact on the Group's operations, earnings, liquidity and financial prospects.

During 2024, the Group continued to carry out comprehensive reviews of the overall effectiveness of its internal controls framework and continued to work on improvements.

The Board is primarily responsible for the effectiveness of the Group's internal control systems which are monitored and improved on an ongoing basis.

The Audit and Risk Committee has been delegated the responsibility to monitor and assess the effectiveness of the control systems operated by management. The Company's external auditor, Ernst & Young LLP, also provides feedback and recommendations on controls which are brought to the attention of the Audit and Risk Committee.

Internal controls and risk management issues are discussed in detail and reviewed for effectiveness at each Audit and Risk Committee meeting, with a report being provided to the Board for approval.

Internal controls focus for 2024

The Board approved the appointment of KPMG to carry out various internal audits. The programme of work for 2023 included the Corporate Cash Flow Forecast and Valuation Model and Egyptian compliance with Joint Operating Agreements and for 2024 IT and Cyber security.

The Treasury Committee continue to meet regularly to review compliance of the RBL covenants and also to review the Group's liquidity, hedging requirements and investment strategy. The Audit and Risk Committee reviewed and approved the related compliance statements set out in the Risk Management Report.

The Audit and Risk Committee has also reviewed and approved the statements regarding compliance with the 2018 Code, in the Governance Report on page 109. The Audit and Risk Committee reviewed and discussed with management and the external auditor the Company's relevant financial information prior to recommendation for Board approval. This included the Financial Statements and other material information presented in the annual and half year reports. The Audit and Risk Committee considered the significant financial reporting issues, accounting policies and judgements impacting the Financial Statements, and the clarity of disclosures. The Audit and Risk Committee also conducted a review of its Terms of References (TORs) for best practice, which were approved by the Board in 2024. These will be reviewed again during 2025.

The Audit and Risk Committee and the Board have carried out a review of the effectiveness of the Group's risk management and internal control systems.

Overall, the control environment was considered to be operating effectively. We recognise the oil and gas industry faces many challenges ahead, including the technical, financial, environmental and political challenges of accessing an increasingly scarce resource base and at the same time coping with the opposing dual challenges of production growth but managing transition to a low carbon future. On 6 December 2023, the Company published the Net Zero Roadmap to achieve net zero greenhouse gas (GHG) emissions by 2050. An updated version of the Net Zero Roadmap can be found on page 96 of this report.

The Board's strategic planning takes into consideration the range of potential risks and the nature of their impact on the business. The strategic ambitions of the Group, achieving our financial and ESG objectives, maintaining operational effectiveness, ensuring our reputation to markets, partners, and stakeholders are all assessed in the context of our appetite for risk.

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and the assets of the Company. There is an effective internal control function within the Company which gives reasonable assurance against any material misstatement or loss. The Board and management will continue to review the effectiveness and the adequacy of the Company's internal control systems and update such as may be necessary.

Risk assessment

The Audit and Risk Committee is responsible for carrying out regular and detailed risk assessments for the Group, in which it reviews existing risks and identifies new risks as appropriate. As part of this process, the likelihood and significance of each risk are evaluated, along with proposed mitigating factors. All new risks or changes to existing risks were monitored throughout the year and discussed at each Audit and Risk Committee meeting and subsequently reported to the Board.

The Audit and Risk Committee also maintains a comprehensive bribery risk assessment and mitigation procedure to ensure that the Group has procedures in place to eliminate bribery, and that all employees, agents, contractors, and other associated persons are made fully aware of the Group's robust policies and procedures on a regular basis. It is also a requirement for all Group employees and the Board to complete and successfully pass their ABC and Criminal Finance E-Learning modules training every year. In 2024 this training was expanded to include a further E-learning module on the new offence of failure to prevent fraud, introduced by the Economic Crime and Corporate Transparency Act 2023.

External auditor

Ernst & Young LLP was selected to succeed Deloitte LLP as external auditor to the Company in March 2023, with effect from the financial year commencing 1 January 2024. During the early part of 2024, Ernst & Young LLP "shadowed" Deloitte's work as external auditor in connection with the audit of the financial statements for the year ended 31 December 2023, with a view to preserving know-how and experience and encouraging a seamless transition. Shareholders approved the appointment of Ernst & Young LLP as external auditor for the financial year commencing 1 January 2024 at the 2024 AGM, following which Deloitte LLP formally resigned their role of auditor to the Company. Ernst & Young LLP then conducted the independent review of the Company's interim financial statements for the six-month period ending 30 June 2024 and reported on this review in the normal way, in accordance with the guidance contained in International Standard on Review Engagements 2410. The Company's financial statements accompanying this annual report are the first to be audited by Ernst & Young LLP.

In each year, the Audit and Risk Committee assesses the performance of the external auditor based on their experience, the quality of their written and oral communication and input from management, prior to making any recommendations as to the appointment or re-appointment of the external auditor at the AGM. The Audit and Risk Committee also assesses the independence of the external auditor once a year and, reflecting the Company's listing, recognises that the lead audit partner is required to be rotated every five years. The current Ernst & Young LLP lead partner is Andy Smyth. The Audit and Risk Committee is satisfied that Ernst & Young LLP was independent on appointment and is committed to compliance with all rotation requirements in future.

External auditor - non-audit services

The external auditor is appointed primarily to carry out the statutory audit and their continued independence and objectivity is crucial. In view of their knowledge of the business, there may be occasions when the external auditor is best placed to undertake other services on behalf of the Group. The Audit and Risk Committee has a policy which sets out those non-audit services which the external auditor may provide and those which are prohibited. Within that policy, any non-audit service, even if permitted by law, must first be approved by the Audit and Risk Committee. The policy also requires that a report on the non-audit related expenditure will be provided at each meeting for ratification by the Audit and Risk Committee, and that the Audit and Risk Committee report to the Board at least annually on how it has discharged its responsibilities under or in connection with the policy. The policy is reviewed and renewed annually, and a copy of the current policy is available on the Company's website.

Before approving a non-audit service, consideration is given to whether the nature of the service, materiality of the fees, or the level of reliance to be placed on it by the Group would create, or appear to create, a threat to independence.

If it is determined that such a threat might arise, approval will not be granted unless the Audit and Risk Committee is satisfied that appropriate safeguards are applied to ensure independence and that objectivity is not impaired. The auditor is prohibited from providing any services which might result in certain circumstances that have been deemed to present such a threat, including auditing their own work, taking management decisions for the Group or creating either a mutuality or conflict of interest. The Company has taken steps to develop resources and relationships in order to establish availability of alternate advisers for financial and other matters.

Principal and emerging risks

On page 45, we set out our assessment of the principal and emerging risks facing the business. The Group Risk Management framework requires that all business units within the Group conduct on-going risk management and reporting to the Audit and Risk Committee and the Board. The Group Risk Management Policy defines the specifics of the risk management process, describes the risk tools (for example, the preparation and maintenance of a Group risk matrix and risk register) and outlines the reporting process and responsibilities within the overall risk management framework.

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Environmental, Social and Governance (ESG) Committee Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) COMMITTEE REPORT

JOHN MARTIN
ESG Committee Chair

Meeting attendance

Committee member	2024 attendance			
John Martin (Chair) ^	■	■	■	■
Katherine Roe			■	■
Sue Rivett	■	■	■	■
Geoffrey Green ^	■	■	■	■
Dr Bill Higgs ^	■	■	■	■
Lisa Mitchell ^	■	■	■	■
Jann Brown	■			
Marianne Daryabegui ^	■	■		

KEY

^ Independent Directors

Attended as member

Not attended

Note:

a) Jann Brown stepped down from the Board on 30 April 2024.

b) Marianne Daryabegui retired from the Board at the conclusion of the AGM on 23 May 2024.

Dear Shareholders,

I am pleased to present this Environmental, Social and Governance (ESG) Committee Report for the year ended 31 December 2024, which sets out the role and work of the committee during the year. The ESG Committee have focused their work on reviewing and overseeing the Group's HSE performance, progress towards emission reduction targets, compliance with climate-related reporting and disclosure requirements, and social investment projects during the year.

Membership and responsibilities

During 2024, the ESG Committee was comprised of myself as Chair, Katherine Roe, Sue Rivett, Geoffrey Green, Bill Higgs, and Lisa Mitchell. Jann Brown stepped down from the Board and all Board Committees on 30 April 2024, and Marianne Daryabegui retired from the Board and all Board Committees at the conclusion of the AGM on 23 May 2024.

As Chair of the ESG Committee, I convene meetings on a regular basis and report to the Board throughout the year.

The ESG Committee has a Term of Reference outlining its responsibilities, which is reviewed and updated as appropriate by the Board on an annual basis. This is available on our website at www.pharos.energy/about-us/governance/committees/.

Key responsibilities

The Committee is constituted by the Board to:

- Oversee the Group's management and compliance with climate-related reporting and disclosure requirements, including applicable rules and principles of corporate governance, and applicable industry standards;
- Assist the Board in defining and implementing the Group's corporate responsibility strategy;
- Review the policies, programmes, practices and initiatives of the Group relating to corporate responsibility matters, ensuring they remain effective and up to date;
- Report on these matters to the Board and, where appropriate, make recommendations to the Board; and
- Report as required to shareholders of the Company on the activities and remit of the Committee, and in achieving corporate responsibility and Net Zero targets.

ESG Committee meetings in 2024

The Committee met four times during 2024. These meetings were regularly scheduled Committee meetings held in March, May, September and December. At each meeting, the Committee reviewed and discussed:

- HSES quarterly performance reports, which includes review of KPIs for both safety and environmental matters, and all HSES plans, policies and procedures
- GHG emissions in Egypt and Vietnam
- Proposed carbon-reduction initiatives in Egypt and Vietnam
- Progress towards emission reduction targets set in the Net Zero Roadmap
- Annual review and update of the Net Zero Roadmap
- Emissions Management Fund
- TCFD reporting, CDP disclosure and annual Corporate Responsibility (CR) Report
- Development of environmental regulations and COP events
- Procedures in place to ensure safe workplace and practices
- Updates from the Charity and Community Projects Committee as a sub-committee of the ESG Committee to oversee Group's social investment projects

In addition to members of the Committee, additional non-committee members, such as technical, legal and investor relations staff were invited to attend the regularly scheduled Committee meetings. There was noted to be buy-in on corporate responsibility matters across the Group.

During 2024, the following additional areas were reviewed and discussed at each meeting:

March

- 4Q 2023 HSES performance report
- KPIs for both safety and environmental matters along with emissions levels and any safety events
- Draft ESG Committee report to be included in the Annual Report 2023
- Annual Committee performance evaluation, which was discussed at the Nominations Committee meeting held on the same day

May

- 1Q 2024 HSES performance report
- GHG emission performance, noting further reductions in flaring compared to previous year
- Emission reduction initiatives implemented, such as the installation of LED lights in the FPSO in Vietnam
- Other lower-carbon energy opportunities being explored
- Updates on social investment projects approved by the Charity and Community Projects Committee

September

- 2Q 2024 HSES performance report
- KPIs for safety and environmental matters, noting no environmental incidents across the Group
- Progress towards updating the Net Zero Roadmap, noting alignment with TCFD recommendations, peer groups' reporting journey, recommended disclosure approach, and timing of publication
- Updates on continued participation in CDP
- Updates on social investment projects approved by the Charity and Community Projects Committee

December

- 3Q 2024 HSES performance report
- GHG emissions performance, noting the Group remained on course to meet its targets despite increased drilling activities in 2H 2024
- Progress towards updating the Net Zero Roadmap, noting input from the Company's ESG consultant
- Updates on COP29 events
- Update on social investment projects selected by the Charity and Community Projects Committee

Notable matters discussed during the year:

Net Zero Roadmap and Emissions Management Fund

In December 2023, Pharos published its Net Zero Roadmap following its formal commitment in September 2022 to achieve net zero greenhouse gas (GHG) emissions by 2050. Since its publication, the Roadmap has been reviewed and updated on an annual basis. As at year end 2024, the short and medium term targets set in the Net Zero Roadmap are still considered valid and relevant for the Company.

In order to realise our climate commitment to achieve Net Zero GHG emissions from all our future and existing assets by no later than 2050, Pharos prioritises reducing emissions by achieving operational efficiencies, reducing flaring and venting, replacing the power consumption of our facilities with lower emission energy sources and eventually procuring nature-based carbon offset projects for hard-to-abate, residual emissions.

*** Read More**
More details of our climate strategy, including interim targets and the decarbonisation levers at asset-levels, can be found in our Net Zero Roadmap published in December 2023 on our website (https://www.pharos.energy/media/b55c4sqz/pharos-energy-net-zero-roadmap-2023_official.pdf), or on pages 96 to 99, which included the latest updates and progress against the Roadmap.

The Company established an Emissions Management Fund in September 2022. From every barrel net to the Group sold at an oil price above $75 per barrel, a contribution of $0.25 is made to the Fund. The current value of the Emissions Management Fund is now c.$830,000. In line with the Net Zero Roadmap, this Fund is available to provide financial support for emissions management projects undertaken directly by the Group or through the JOCs.

Health and Safety

In 2024, the Company recorded zero LTIs in Vietnam, an achievement which the JOCs have maintained since their formation, representing well over 10 years of production from each of the TGT and CNV Fields. We have worked to build and contribute to improvements in the safety culture in Vietnam and we are proud of this achievement. HSES training, drills, workshops and inspections are conducted on an annual basis to ensure that the zero lost time injury target is maintained.

We are able to share our practices and lessons learned with others in the industry and are contributing to further capacity building.

In Egypt, no lost time injuries and no motor vehicle crashes were recorded in 2024. Throughout the year we worked with the operator IPR and the JOC Petrosilah to maintain high safety standards in our operations.

HSES performance of the Group was reviewed and discussed at every ESG Committee meetings in 2024. All incidents during the year were investigated and lessons learned as appropriate and actions to prevent recurrence were implemented. Safety of our workforce remains our number one priority and Pharos has reinforced the use of stop cards and safety training across all of the Group's operations.

Task Force on Climate-related Financial Disclosures

The Company continued to bring our disclosures in line with the four pillars of the TCFD in 2024 – Governance, Strategy, Risk Management, and Metrics & Targets.

*** Read More**
Full details of our TCFD disclosure can be found in our TCFD report on pages 80 to 95. As at year end 2024, Pharos is compliant with 10 out of 11 of TCFD recommendations.

CDP

In 2024, the Company continued its participation in the CDP Climate Change and Water Security Questionnaire.

> Pharos is pleased to report that we were awarded scores of B for both our Climate Change and Water Security disclosures.

This is an improvement from last year's score of C which was originally achieved in 2019. Both questionnaires were completed through collaborative efforts across multiple disciplines and functions within the Group, with oversight and approval from the Chief Financial Officer before submission.

Social and community investment projects

In recent years, we have structured our social investment programme to align more with the United Nations Sustainable Development Goals (UN SDGs).

Pharos works closely with our local partners and joint ventures in order to make sure that our social initiatives in the region continue to bring more positive impacts to the region. In 2024, a total of $259,889 was invested in 26 social and community projects in Egypt, Vietnam and UK, and a further $500,000 was invested in ring-fenced funds for training to develop future talents in the industry in Egypt and Vietnam.

*** Read More**
Further details can be found in our Corporate Responsibility report on pages 59 to 79.

JOHN MARTIN
ESG Committee Chair

Reserves Committee Report

RESERVES COMMITTEE REPORT

DR BILL HIGGS
Reserves Committee Chair

Meeting attendance

Committee member	2024 attendance
Dr Bill Higgs (Chair) ^	■ ■
Sue Rivett	■ ■
Mohamed Sayed	■ ■

KEY

^ Independent Directors

Attended as member

Not attended

Dear Shareholders,

I am pleased to present the Reserves Committee Report for the year ended 31 December 2024 – the first Reserves Report for Pharos Energy - which sets out the role and work of the committee during the year. The Reserves Committee have focused their work on evaluating and reviewing the effectiveness of the Company's processes for the estimation of technical reserves and resources, asset development planning, and annual work programme and budget development.

Membership and responsibilities

The Committee was formed in May 2024 and convened for the first time in August. During 2024, the Reserves Committee was comprised of myself as Chair, Sue Rivett, and Mohamed Sayed. As Chair of the Reserves Committee, I convene meetings at least twice a year and report to the Board at each Board meeting.

The Reserves Committee has Terms of Reference outlining its responsibilities, which is reviewed and updated as appropriate by the Board on an annual basis. This is available on our website at www.pharos.energy/about-us/governance/committees/.

Key responsibilities

The Committee is constituted by the Board to:

- Evaluate the effectiveness of the Company's and the Group's technical reserves and resources evaluation, determination and reporting processes and standards;
- Assist the Board in the Company's compliance with legal, regulatory requirements and perform any other activities consistent with these terms of reference, as the Board deems necessary or appropriate;
- Review the Company's asset development planning and reserves and resources accounting procedures annually, providing information to the Company's independent qualified reserves evaluator(s) for the purposes of its report on the Company's reserves and resources data and providing guidance to the Board on the underlying procedures for the assessment of reserves and resources information subject to disclosure under applicable law;
- Review and, where applicable, approve the content of (a) any statement of reserves and resources data and other information that may be used to value the Company's upstream assets, this includes publication by the Company of any statement of reserves or resources data and other oil and gas information (b) any report of an independent qualified reserves evaluator and (c) any significant changes in reserves volumes or changes in assumptions or forecasts;
- Review asset development plans for each of the Group's producing and preproduction assets annually as an input to the annual setting of work programmes and budgets; and
- Ensure the Audit and Risk Committee and the Board are kept appraised of any potential significant changes to the Group's reserves and resources.

Reserves Committee meetings in 2024

The Committee met twice during the year. These meetings were held in August and November. At each meeting, the Committee reviewed and discussed:

- Production performance during the period, including well performance and progress on RFDPs
- Future work programme ('Annual Work Programme & Budget, or 'WP&B') and forecast
- Reserves auditors

Notable matters discussed during the year:

Terms of Reference

The Committee noted its terms of reference approved by the Board and distributed in advance of the meeting. The Committee confirmed that, as well as being convened when there were any material changes to reserves, it would in any case meet in connection with capital allocation during the budgeting process, and in advance of results announcements to review reserves, production volumes, assumptions and forecasts. The Board would continue to receive regular reports on production and forecasts.

As such, it was agreed to update the terms of reference to include a committee call ahead of the half year results along with a meeting ahead of the Board budget cycle.

Review of 2024 production performance

The 2024 production versus guidance was reviewed at both meetings and it was noted that the production was within the guidance range for 2024.

Review of proposed 2025 WP&B

The proposed work programme for 2025 was reviewed in terms of cost, schedule and resulting well and field performance ahead of finalising for presentation to the Board. This included a review of the group production estimation for 2025, including risks and uncertainties.

Reserves auditors

The Committee reviewed and discussed the process and outcome of the tender for reserves auditors to the Group. McDaniel & Associates Consultants Ltd (McDaniel), who already acted as reserves auditors for both the Group and IPR in Egypt, were noted to be the preferred candidate. McDaniel were also familiar with the Group's Vietnam assets and the first reports of others would take more time and cost to complete. After discussion and consideration, it was resolved that management would be authorised to appoint McDaniel as reserves auditors for all the Group's assets.

Notable matters discussed post year end:

Year-end 2024 Reserves assessment

The Committee met with McDaniel, our reserves auditor, to review and discuss their assessment of the Company's year-end 2024 reserves and resources. The Committee endorsed their audit report (Competent Persons Report) and their assessment of the 2P Reserves as reflected in the table on the next page.

Group Reserves and Contingent Resources

The Group Reserves Statistics table summarises our reserves and contingent resources based on the Group's unitised net working interest in each field. Gross reserves and contingent resources have been independently audited by McDaniel & Associates Consultants Ltd. (McDaniel).

Group Reserves Statistics

Net working interest, mmboe	TGT	CNV	Vietnam	El Fayum	NBS	Egypt	Group
Oil and Gas 2P Commercial Reserves[1,2]							
As at 1 January 2024	6.3	2.8	9.1	13.6	0.8	14.4	23.5
Production	(1.2)	(0.4)	(1.6)	(0.5)	-	(0.5)	(2.1)
Revision	1.0	0.4	1.4	(1.6)	0.1	(1.5)	(0.1)
2P Commercial Reserves as at 31 December 2024	**6.1**	**2.8**	**8.9**	**11.5**	**0.9**	**12.4**	**21.3**
Oil and Gas 2C Contingent Resources[1,2]							
As at 1 January 2024	6.3	5.6	11.9	9.6	-	9.6	21.5
Revision	(0.8)	(3.3)	(4.1)	(1.3)	-	(1.3)	(5.4)
2C Contingent Resources as at 31 December 2024	**5.5**	**2.3**	**7.8**	**8.3**	**-**	**8.3**	**16.1**
Total of 2P Reserves and 2C Contingent Resources as at 31 December 2024	**11.6**	**5.1**	**16.7**	**19.8**	**0.9**	**20.7**	**37.4**

1) Reserves and Contingent Resources are categorised in line with 2018 SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System.

2) Assumes an oil equivalent conversion factor of 6,000 standard cubic feet per barrel of oil equivalent.

Group's Net Working Interest Reserves and Contingent Resources

TGT Field at 31 December 2024 (mmboe) (net to Group's working interest)

Reserves[2]	1P	2P	3P
Oil	5.0	5.8	6.3
Gas[1]	0.1	0.3	0.4
Total	**5.1**	**6.1**	**6.7**

Contingent Resources[2]	1C	2C	3C
Oil	3.3	5.1	6.7
Gas[1]	0.2	0.4	0.5
Total	**3.5**	**5.5**	**7.2**

Sum of Reserves and Contingent Resources[3]	1P & 1C	2P & 2C	3P & 3C
Oil	8.3	10.9	13.0
Gas[1]	0.3	0.7	0.9
Total	8.6	11.6	13.9

1) Assumes oil equivalent conversion factor of 6,000 standard cubic feet per barrel of oil equivalent.

2) Reserves and Contingent Resources have been audited independently by McDaniel.

3) The summation of Reserves and Contingent Resources has been prepared by the Company.

CNV Field at 31 December 2024 (mmboe) (net to Group's working interest)

Reserves[2]	1P	2P	3P
Oil	1.5	1.7	1.9
Gas[1]	1.0	1.1	1.2
Total	**2.5**	**2.8**	**3.1**

Contingent Resources[2]	1C	2C	3C
Oil	0.8	1.4	2.2
Gas[1]	0.6	0.9	1.4
Total	**1.4**	**2.3**	**3.6**

Sum of Reserves and Contingent Resources[3]	1P & 1C	2P & 2C	3P & 3C
Oil	2.3	3.1	4.1
Gas[1]	1.6	2.0	2.6
Total	**3.9**	**5.1**	**6.7**

1) Assumes oil equivalent conversion factor of 6,000 standard cubic feet per barrel of oil equivalent.
2) Reserves and Contingent Resources have been audited independently by McDaniel.
3) The summation of Reserves and Contingent Resources has been prepared by the Company.

El Fayum Concession at 31 December 2024 (mmboe) (net to Group's working interest)

Reserves[1]	1P	2P	3P
Oil	6.1	11.5	13.9

Contingent Resources[1]	1C	2C	3C
Oil	3.1	8.3	16.4

Sum of Reserves and Contingent Resources[2]	1P & 1C	2P & 2C	3P & 3C
Total	**9.2**	**19.8**	**30.3**

1) Reserves and Contingent Resources have been audited independently by McDaniel.
2) The summation of Reserves and Contingent Resources has been prepared by the Company.

North Beni Suef Concession at 31 December 2024 (mmboe) (net to Group's working interest)

Reserves[1]	1P	2P	3P
Oil	0.3	0.9	1.0

Contingent Resources[1]	1C	2C	3C
Oil	-	-	-

Sum of Reserves and Contingent Resources[2]	1P & 1C	2P & 2C	3P & 3C
Total	**0.3**	**0.9**	**1.0**

1) Reserves and Contingent Resources have been audited independently by McDaniel.
2) The summation of Reserves and Contingent Resources has been prepared by the Company.

DR BILL HIGGS
Reserves Committee Chair

NOMINATIONS COMMITTEE REPORT

JOHN MARTIN
Nominations Committee Chair

Meeting attendance

Committee member	2024 attendance
John Martin ^ (Chair)	■ ■ ■
Jann Brown	■
Marianne Daryabegui ^	■ ■ ■
Lisa Mitchell ^	■ ■ ■
Geoffrey Green ^	■ ■ ■

KEY

^ Independent Directors

Attended as member

Not attended

Notes:

a) Dr Bill Higgs attended one meeting, and Sue Rivett attended two meetings, as non-committee members.

b) Jann Brown stepped down from the Board on 30 April 2024.

c) Marianne Daryabegui retired from the Board at the conclusion of the AGM on 23 May 2024.

Dear Shareholders,

I am pleased to present this Nominations Committee Report for the year ended 31 December 2024, which sets out the role and work of the committee during the year. The Nominations Committee have focused their work on ensuring the composition of the Company's leadership remains effective, reviewing the Board balance, structure and composition, and leading the process for Board and committee appointments.

Role of the Committee

The Nominations Committee (the 'Committee') has responsibility for:

- Ensuring the composition of the Company's leadership remains effective and competitive;
- Leading the process for Board and committee appointments and making recommendations to the Board;
- Annually reviewing the Board balance, structure, composition, diversity and succession planning; and
- Establishing an ongoing process for evaluating the Board's performance and effectiveness.

The Committee has continued to ensure that Board independence was preserved during 2024 and will continue into 2025, taking into account the Board composition requirements of the 2018 UK Corporate Governance Code and its replacement, the 2024 UK Corporate Governance Code (the '2024 Code'), the majority of which will come into force for financial years commencing on or after 1 January 2025. The Committee does not anticipate any significant change to its approach to Board independence and composition when the 2024 Code comes into effect.

Membership

At the start of the year, the Committee comprised John Martin as Chair, the Chief Executive Officer Jann Brown and the three Independent Non-Executive Directors ('NEDs'), Marianne Daryabegui, Lisa Mitchell and Geoffrey Green. Jann Brown stepped down from the Board and as a member of the Committee on 30 April 2024. In addition, Marianne Daryabegui ceased to be a member of the Committee on stepping down from the Board on 23 May 2024, following the Company's AGM.

The qualifications of each of the Chair and members of the Committee are set out on pages 107 and 108.

Meetings

The Committee conducted its duties through three meetings held during 2024. During the year, the following areas were discussed at the Committee meetings:

2024	Matter
1Q	• Review and approval of Nominations Committee report for inclusion in the 2023 Annual Report and Accounts • Annual review of Director's conflicts of interest register • Annual Director reappointment • Annual Committee performance evaluation
2Q (two meetings)	• Discussion on search and potential recruitment of a new Chief Executive Officer (CEO) • Update on CEO recruitment • Selection of CEO candidate for recommendation to the Board

As at 31 December 2024, the Board comprised two Executive Directors and four NEDs, including the Chair. All of those NEDs (discounting the Chair, who was independent on appointment) were considered independent for the purposes of the 2018 Code. John Martin, the Chair of the Board, also remains Chair of the ESG Committee and Chair of the Nominations Committee.

Board refreshment and succession planning

Board refreshment and succession planning continue as ongoing processes. In 2024, a key priority for the Committee's priority was the process to identify and recommend for appointment a new Chief Executive Officer to replace Jann Brown. This process, and the Committee's role within it, is summarised in "Appointments Process" below.

As noted in last year's report, Dr Bill Higgs was appointed as an independent NED on 16 January 2024 following a thorough search process involving the international management consulting and search firm Korn Ferry. This process followed the Committee identifying, in conjunction with the 2023 Board evaluation process, a need for an additional independent NED with technical expertise, preferably with a background in geoscience.

Following Marianne Daryabegui's retirement from the Board following the 2024 AGM, the Committee is keeping under review the possibility of appointing a further NED to the Board.

Appointments Process

Board appointments are made through a formal process led by the Nominations Committee. Full details of the process leading to the appointment of Dr Bill Higgs as a new independent NED in January 2024 were included in last year's report and are not repeated here.

In March 2024, Jann Brown notified the Company and the Board or her intention to retire and stand down as a Director on 30 April 2024. Jann agreed to stay in position as CEO beyond that date to effect a managed and smooth transition to her successor.

The search process for Jann's replacement as CEO commenced immediately on the Board's receipt of this notification. The process was managed and overseen by the Committee, in a manner consistent with its terms of reference and scope of delegated authority from the Board.

Although the 2018 Code (and, for future financial years, the 2024 Code) states that "open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors" there is no similar expectation for the process to recruit or appoint executive directors. Taking this into account, together with the other circumstances including the relatively limited time available to recruit a replacement CEO and broader strategic considerations, the Committee concluded that it was neither necessary nor desirable to engage an external executive search firm to undertake a full recruitment process. Accordingly, the process to identify and evaluate candidates for the CEO role was undertaken on a more informal and word-of-mouth basis, with priority given to candidates available immediately or within a relatively short timeframe. Committee members, Board members, senior management, and certain advisers and stakeholders contributed to this initial word-of-mouth search phase. Individual members of the Committee also kindly agreed to spend their time outside the scope of Committee meetings on initial candidate vetting and assessment, including in one-to-one calls and meetings with prospective candidates.

By the time the Committee met in May 2024, the options had been narrowed down to a shortlist of very high calibre and experienced industry professionals from a variety of backgrounds. These candidates were then asked to prepare and submit to the Committee and the Board a strategy paper outlining their plans for the Company if appointed as CEO.

Following the shortlist phase and a brief period for negotiation of terms, the Committee recommended to the Board the appointment of Katherine Roe as the new CEO to replace Jann Brown. Following the Board's approval, Katherine was appointed as CEO and as a Director on 1 July 2024, with her appointment announced to the market on the same day. Prior to joining Pharos, Katherine had over 20 years of senior corporate, industry and capital markets experience and most recently served as the CEO of Wentworth Resources plc (Wentworth), having been appointed to that role in 2019 after initially serving as Wentworth's Chief Financial Officer. During her time at Wentworth, Katherine successfully worked with the company's partners and government stakeholders to optimise the asset, materially increase production and secure future re-investment. As a key strategic partner for host government, Wentworth balanced positive social, economic and environmental impact alongside tangible shareholder returns by way of both dividend and capital. These tangible returns were ultimately realised when, as CEO, Katherine negotiated and oversaw the successful sale of Wentworth by way of recommended cash offer to Maurel et Prom, which completed in December 2023.

Independence

As at the date of this report, the Committee and the Board are satisfied that all of the NEDs (discounting the Chair, who was independent on appointment), are independent. In reaching this assessment, the Committee and the Board have taken into account the considerations described in the 2018 Code.

Board balance

The Committee assesses the Board's balance of skills, experience, independence, diversity, tenure and knowledge of the Company and the industry on an annual basis. The assessment in 2024 included consideration of the Company's leadership needs within the context of growth, portfolio diversification and long-term strategy. The appointments of Dr Bill Higgs as a new independent NED in January 2024 and of Katherine Roe as the new CEO in July 2024 reflect those considerations. Taking into account those appointments, the Committee considers that the balance of the current Board is appropriate and sufficient to effectively promote the long-term success of the Company but, as stated above, is keeping under review the possible appointment of a further NED.

The Board's current balance and composition in 2024 are shown on page 106.

Diversity

Our approach to diversity and inclusiveness is embedded within the Group's Human Rights Policy available on the Company's website at www.pharos.energy/responsibility/policy-statements/. A key aim of the Policy is a workplace that is inclusive and free from discrimination.

In applying the Human Rights Policy to Board composition, the Committee pursues diversity of approach, experience, knowledge, skills, and professional, educational and cultural backgrounds. The global perspective achieved has enhanced the Board's discussions on business development, M&A and operational and financial integration.

At present the Board composition scores highly on gender diversity. During 2024, the appointment of Dr Bill Higgs, and the retirement of Marianne Daryabegui and Jann Brown and the appointment of Katherine Roe led to female representation on the Board decreasing slightly from 67% at the start of 2024 to 50% at the date of this report, but the gender balance remains well above the Listing Rules reporting threshold for female Directors of 40%. The average age of the Board is 62.5, which is a little higher than the average for listed companies, but not dramatically so. It is also a reduction on the average age of 65 disclosed in last year's report, following the appointment of Katherine Roe as CEO. There is no minority ethnic representation on the Board although, as noted in this report the Group's staff as a whole, including the management team immediately below the Executive Directors and the wider team, has significantly more ethnic diversity.

In its annual review of diversity, the Committee noted diversity of gender, age, demographics, skills, professional backgrounds, experience and education amongst the Board and senior management.

Board evaluation

In line with the UK Corporate Governance Code, at the end of 2024, the Board carried out its annual review of its own performance and effectiveness. In doing so, it also evaluated the effectiveness of its principal Committees and that of the Chair and the individual Directors. The Committee Chair led the process which was facilitated by the company secretariat and followed a similar format to that of prior years. Directors completed confidential questionnaires which included questions structured to encourage full, in-depth responses on each area of focus. As well as the current context, the outcomes of last year's review were also considered and specific follow-on questions related to last year's conclusions and action points were integrated into this year's process. Questions covered the following key areas:

- Strategy
- Risk
- Shareholder and stakeholder relations
- Succession planning
- The Chair's effectiveness
- Board effectiveness and operation
- The operation of each of the principal Board committees
- Director effectiveness
- Any other general matters Directors wished to raise

The results were reported on an unattributed basis and discussed by the Nominations Committee, led by the Committee Chair, then shared with the whole Board. The results of the evaluation of the Chair's performance were discussed with the other NEDs, led by the Senior Independent Director, and communicated to the Chair. Following the review process, the results of which were positive, a number of areas of focus were identified for the coming year, including:

- Ongoing development and implementation of strategy
- Continued assessment and management of risk
- Maintaining shareholder and stakeholder interests
- People development and succession planning

Re-election

All Directors annually retire and seek re-election by shareholders at the Company's AGM. The Committee makes its recommendation to the Board on each re-election resolution. Pending the Chair confirming his satisfaction that each Director continues to perform effectively and with the appropriate commitment to the role, the full Board then determines its own recommendation to shareholders in relation to those resolutions, considering the recommendations of the Committee.

In 2024, five of the six Directors holding office at the 2024 AGM retired and offered themselves for re-election at that meeting. One Director, Marianne Daryabegui, retired at the 2024 AGM and did not offer herself for re-election. The other five Directors were duly re-elected at the AGM, each receiving more than 84% of the proxy votes submitted in advance of the meeting.

The Committee is satisfied that each individual Director's performance continues to be effective and demonstrates commitment to the role and, accordingly, has recommended to the Board that each such Director remains in office subject to re-election by shareholders at the AGM. In the case of Katherine Roe, she will seek election by shareholders for the first time at the 2025 AGM, having been appointed by the Board since the 2024 AGM. The Committee and the Board both recommend that shareholders vote in favour of the election of Katherine Roe at the AGM, as they do in respect of the resolutions for the re-election of all other Directors.

The Committee formed its recommendations regarding re-election following assessments of Board balance, composition and independence.

Workforce engagement

In his role as Non-Executive Director responsible for workforce engagement, the Committee Chair joined global office staff for the Group-wide offsite event in October, at which staff members were able to discuss matters of interest. In addition to this event, the Committee Chair held individual meetings with each regional office as well as regularly attended Company functions and meetings at the London office and remains approachable to all staff.

This engagement has proved an effective communication route for the employees and demonstrates the values of openness and integrity to which we are committed.

Board development, information and support

Throughout 2024, all Directors received ongoing access to resources for the update of their skills and knowledge; both on an individual and a full Board basis. Comments are solicited in the annual Board evaluation and discussed with the Chair.

Conflicts of interest

The Board has the power, subject to certain conditions, to authorise, where appropriate, a situation where a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. Such authority is in accordance with section 175 of the Companies Act 2006 and the Company's articles of association. Procedures are in place for ensuring that the Board's powers to authorise conflicts are used effectively and appropriately. Directors are required to notify the Company of any conflicts of interest or potential conflicts of interest that may arise, before they arise, either in relation to the Director concerned or their connected persons. The decision to authorise each situation is considered separately on its particular facts.

Only Directors who have no interest in the matter under discussion are able to take the relevant decision to authorise a conflict and must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will impose such limits or conditions as they deem appropriate when giving authorisation or when an actual conflict arises. These may include provisions relating to confidential information, attendance at Board meetings and availability of Board papers, along with other measures as determined appropriate.

Each Director has notified the Board of either the potential for or the absence of conflicts. The Board assesses every notification of a conflict on its own merits, including the implementation of appropriate limits and conditions, prior to giving authorisation for any specific conflict or potential conflict to exist.

The Board assesses its conflict authorisations on an ongoing basis throughout the year and additionally performs a scheduled review in March.

JOHN MARTIN
Nominations Committee Chair

Audit and Risk Committee Report

AUDIT AND RISK COMMITTEE REPORT

LISA MITCHELL
Non-Executive Director

Meeting attendance

Committee member	2024 attendance
Lisa Mitchell (Chair) ^	■ ■ ■ ■
Marianne Daryabegui ^	■ ■
Geoffrey Green ^	■ ■ ■ ■

KEY

^ Independent Directors

Attended as member

Not attended

Notes:

a) Sue Rivett, Dr Bill Higgs and John Martin attended all four meetings, Jann Brown attended one meeting and Katherine Roe attended two meetings, all as non-Committee members.

b) Marianne Darabegui retired from the Board at the conclusion of the AGM on 23 May 2024.

Dear Shareholders,

I am pleased to present this Audit and Risk Committee Report for the year ended 31 December 2024, which sets out the role and work of the Committee during the year. The Audit and Risk Committee have focused their work on financial controls, prudent financial management, including risk management and mitigation.

Membership and responsibilities

During 2024, the Audit and Risk Committee comprised me as Chair, Geoffrey Green and Marianne Daryabegui until her retirement in May 2024.

As Chair of the Committee, I convene meetings on a regular basis and report to the Board throughout the year.

The Audit and Risk Committee has a formal document outlining its responsibilities, which is reviewed and updated as appropriate by the Board on an annual basis.

The Audit and Risk Committee Terms of Reference are available on our website, www.pharos.energy/about-us/governance/committees/.

Key responsibilities

- Reviewing key financial, operational and corporate responsibility risk management processes;
- Reviewing the effectiveness of internal control processes and systems, including IT control platforms;
- Monitoring the integrity of the Financial Statements of the Group and formal announcements relating to the Group's financial performance;
- Reviewing any significant financial reporting judgements;
- Reviewing and testing the integrity of the Group's Financial Statements to ensure full compliance with international financial reporting standards and other requirements;
- Overseeing the planning and execution of the ongoing external audit programme including a review of audit quality and results.

Audit and Risk Committee meetings in 2024

The Committee met four times during 2024. These meetings were the regularly scheduled committee meetings held in March, May, September and December.

The Committee examines and discusses at each meeting:

- Detailed review of internal controls and implementation of upgrades;
- Review of the risk register and risk management reports, including updates on Russian sanctions and the monitoring of sanctions against Israel or Israeli state actors in relation to actions in Gaza, a comprehensive report is also presented to the Board.

In addition to members of the Committee, all members of the Board, the finance management team, operational management and the Group's external auditor, Ernst & Young LLP (EY), attended each of the Audit and Risk Committee meetings. Deloitte LLP, as the auditor of the financial statements within the 2023 ARA, attended the March and May meetings. EY was appointed as the Company's new auditor at the 2024 AGM.

During 2024, the following additional areas were discussed at meetings of the Committee:

March

- Review of the proposed updates of the Modern Slavery and Human Trafficking Statement, Climate Change Policy, HSE Policy, Social Responsibility Policy, Security Policy, Biodiversity and Conservation Policy, Human Rights Policy, Code of Business Conduct and Ethics, Non-Audit Services by External Auditors, Water Resource Management Policy, Anti-facilitation Tax Evasion Policy and Tax Strategy Statement and Sanctions Policy;
- Finance update including the Internal Controls Report, Reserves Update, Impairment Analysis, Going Concern and Viability Statement, Treasury and Dividend and Market capitalisation review;
- Review and approval of the 2023 Financial Statements, including reviews that they were fair, balanced and understandable, reviews of the Going Concern and Viability Statements;
- Review of the 2023 external audit status, including analyses of findings of the external audit and key judgemental areas;
- Review and update of the Audit and Risk Committee governance matters, with attention to internal controls processes and systems, and a detailed review of Risk management issues and mitigations.

May

- Finance update including the Internal Controls Report, Going Concern and Viability Statement, Treasury review and update on risks;
- Verbal update given by Deloitte LLP on the finalisation of their 2023 audit report;
- Formalisation of the engagement letter with the new auditor, EY. EY's letter of engagement was reviewed, discussed and approved;
- Reviewed and discussed KPMG's report on Compliance with Egyptian Joint Operating Agreements;
- Review and discussed IT security in the Group referring to a presentation by the Company's IT third party provider.

September

- Finance update including the Internal Controls Report, Reserves Update, Impairment Analysis, Market capitalisation, Going Concern and Viability Statement, Treasury review and Internal audit update;
- Review and approval of the 2024 Interim Accounts, including presentation by the external auditor, EY, and Audit and Risk Committee comments;
- Annual Review and Approval of the Terms of Reference of the Audit and Risk Committee.

December

- Finance update including Treasury, Risk and Internal audit update;
- Review of the 2024 Actuals versus budget;
- Review of 2024 year-end planning, including the external auditor's Audit Planning Report.

During the year, the Committee focused on the following matters:

Financial reporting and significant accounting issues

During the first half of 2024, the Group's accounting policies, in accordance with best practice, were reviewed by management and the Committee to ensure that they remained appropriate for the Group's activities. Following this review, the Group's accounting policies were judged to be fully up-to-date and there were no significant changes recommended to the Board by the Committee.

Significant issues related to the 2024 Financial Statements

The Committee identified the significant issues (disclosed in more detail below) that should be taken into consideration in relation to the Financial Statements for the year ended 31 December 2024, being key issues which may be subject to heightened risk of material misstatement.

Fair, balanced and understandable

The Committee advised the Board whether the annual report and accounts taken as a whole are fair, balanced and understandable and provide the range of information necessary for shareholders to assess the Group's performance, business model and strategy. The Directors have confirmed this in their Responsibility Statement set out on page 157 of the Directors' Report.

Going Concern

Management completed their Going Concern assessment which was challenged and reviewed by the Committee. The assessment included a "Base Case" for the Group, including cash flow estimates for both Egypt and Vietnam, as well as a "Reasonable Worst Case" scenario, giving particular regard to the continuing impact of commodity price volatility. A further assessment was also undertaken on the impact of climate change on commodity prices and a sensitivity on carbon taxes.

Under these scenarios, management has assessed, on a conservative basis, the risks around commodity pricing, operational risk and political and regional risks, particularly in Egypt. The assessments also took into account the impact of potential discretionary reductions in capital expenditure, as well as the hedging of production volumes to mitigate against commodity price fluctuations.

Based on this detailed analysis, management has concluded that the Group will continue as a Going Concern for 12 months from the date of signing of the 2024 Financial Statements.

Following its review of management's Committee paper and in-depth walk through of assumptions, the Committee are satisfied that it is appropriate to prepare the 2024 Financial Statements on a Going Concern basis.

Oil and gas reserves

The Group's estimates of oil and gas reserves have a crucial impact on the Financial Statements, especially in relation to DD&A and impairment of PP&E assets. Oil and gas reserves, as discussed in the Risk Management Report on page 54 are calculated using best practice and industry evaluation techniques which have uncertainties in their application.

In March 2024, the Committee reviewed, in conjunction with management and Deloitte LLP, the 2023 YE reserves audit conducted by RISC Advisory Pty Ltd (RISC) for the TGT and CNV concessions in Vietnam. In addition, the Committee reviewed, in conjunction with management and Deloitte LLP, the reserves audit conducted by McDaniel for the El Fayum and NBS Concessions in Egypt.

In 2024 the Company formed a Reserves Committee of the Board to provide enhanced governance over the Company's Reserves and Resources. For 2024 YE reserves, the Reserves Committee reviewed, in conjunction with management and EY, the reserves audit conducted by McDaniel for all of the group's producing fields.

The reserves are described in the Reserves Committee report on pages 120 to 123.

The various reserves estimates have been scrutinised by management, taking into account the status of each field's development, to be satisfied that reserves estimates are appropriate, that DD&A calculations are correct, and that rigorous impairment testing has been carried out.

Management also reviewed its estimates of future costs (including decommissioning costs) associated with producing reserves. Reserve estimates are inherently uncertain and are revised over the producing lives of oil and gas fields as new reserves estimates become available and economic conditions evolve.

For the 2023 YE reserves report, Deloitte LLP engaged their in-house Reserves Evaluation and Advisory team in Canada to understand and challenge management processes in determining the year end reserves estimates. This included performing procedures over the future production forecasts to the approved budgets and to the reserves auditors' Competent Person Reports (CPR's), comparing historical prior year forecasts and impairment models to understand variances and reviewing of the technical reserves revisions in the year.

For the 2024 YE reserves report, Ernst & Young LLP engaged their partner with significant oil and gas reserves expertise and valuation experience to review the reserves reports generated by the external expert and assess the appropriateness of inputs of technical nature.

Internal controls and risk management systems

The Group's internal control framework and risk management processes are designed to ensure that risk identification, assessment and mitigation is properly embedded throughout the organisation. The risk management approach is designed to provide the Committee and the Board with reasonable assurance that financial irregularities and control weaknesses will be identified to mitigate risks that could potentially have a material adverse impact on the Group's operations, earnings, liquidity and financial prospects.

During 2024, the Group continued to carry out comprehensive reviews of the overall effectiveness of its internal controls framework and continued to work on improvements.

The Board is primarily responsible for the effectiveness of the Group's internal control systems which are monitored and improved on an ongoing basis.

The Committee has been delegated the responsibility to monitor and assess the effectiveness of the control systems operated by management. The external auditor, EY, also provides feedback and recommendations on controls which are brought to the attention of the Committee.

Internal controls and risk management issues are discussed in detail and reviewed for effectiveness at each Committee meeting, with a report being provided to the Board for approval.

KPMG LLP was appointed to carry out various internal audits. For 2023, reviews of the Corporate Cash Flow Forecast and Valuation Model and Egyptian compliance with Joint Operating Agreements were completed. During 2024 KPMG commenced a review of the IT environment and the 2024 Egyptian compliance with Joint Operating Agreements is scheduled to start in the first half of 2025.

Reserve Based Lending Facility (RBL)

As at 31 December 2024, the loan under the RBL is fully repaid (2023: $30.0m). During 2024, the Group has cancelled the majority of the available facility, with the balance down to just $100,000 at 2 December 2024 (1 January 2024 $43m).

The RBL facility will mature in July 2025, and while it remains in place, the Group is bound by certain debt covenants for each half year ending 30 June and 31 December, as set out on page 200.

We have obtained a waiver of the requirement under the RBL facility agreement, to maintain a minimum of $8m in the debt service reserve account (DSRA) established in connection with the facility. As a result of the waiver, we are only required to maintain an amount equivalent to the remaining loan principal when the outstanding principal is less than $8 million (previously the minimum DSRA).

The Committee has reviewed management's assessments of debt covenant calculations and is satisfied that the Group is fully compliant.

Commodity hedging – treasury management

The Group actively managed its exposure to commodity price risk by entering into an ongoing programme of hedging. The objectives of the hedging programme are mainly to comply with the requirements under the RBL and to protect the Group's Reasonable Worst-Case Scenario.

A Treasury Committee, comprising the Chief Financial Officer as Chair and senior members of the Group's finance team, convenes on a regular basis to review the Group's strategy and the open hedge positions to ensure that these are still fit for purpose in light of current market conditions. For the year end 31 December 2024 a loss of $0.1m was realised (2023: loss of $0.2m). The RBL facility agreement requires the Group to hedge at least 35% of Vietnam RBL production volumes and the current hedging programme meets this requirement through to June 2025.

We obtained a waiver of the obligation to invite eligible RBL lenders to submit quotes for a hedging agreement before entering into such an agreement with a third party. This waiver provides Pharos with full flexibility to begin arranging hedges for the second half of 2025.

In 2025, the Group seeks to extend this coverage further to protect budgetary cash flow and ensure compliance with the RBL until its maturity in July 2025.

KEY JUDGEMENTS AND ESTIMATES IN FINANCIAL REPORTING

Key judgements and estimates in financial reporting	Audit and Risk Committee review	Outcomes
Asset carrying values and impairment testing – including judgements on future oil pricing, discount rates, production profiles, reserves and cost estimates	Reviewed the Group's oil price assumptions	The Group's short and long commodity price assumptions were reviewed and reduced accordingly
	Reviewed the Group's discount rates for impairment testing	The Group's discount rates were reviewed and updated accordingly (reduced for Egypt and Vietnam)
	Oil and gas assets impairment charges and reversals were reviewed twice during the year	Impairment reversal of assets
Significant risks that could potentially impact on financial statements – including DD&A estimates, management override of controls	Reviewed DD&A estimates, based on reserves reports, units of production and future development costs	Management's assessments of DD&A judged to be reasonable based on prudent assumptions
	Reviewed risks of management override of controls	No breaches were found
Oil and gas reserves accounting – including management's assumptions for future oil prices which have a direct impact on the estimate of the recoverability of asset values reported in the Financial Statements	Reviewed the Group's guidelines and policy for compliance with oil reserves disclosure regulations; including governance and control	
	Reviewed exploration costs	Costs held in Vietnam pending future work programme Egypt: • El Fayum exploration licence expiring on 15 February 2025, therefore, West Ain Assilien well in the Abu Roash G and Upper Bahariya formations drilled during 2023 has been fully impaired. • NBS exploration license expired on 23 March 2024, therefore, the asset value has been fully impaired.
	Reviewed at each Committee meeting the status of all updated estimates	Updated third party estimates and independent audit completed, with results disclosed in the 2024 Financial Statements

Exploration and evaluation assets and impairment review

The Committee reviewed the Group's intangible exploration and evaluation assets individually in Egypt and Vietnam for any indications of impairment, including the various indicators specified in paragraphs 18 to 20 as set out in IFRS 6 – "Exploration for and Evaluation of Mineral Resources". Please refer to Note 2 (a) to the Financial Statements for more information on climate change and energy transition.

At both the half year and year end 2024, the Committee considered whether various indicators of impairment existed, and also whether there were issues arising from the results of impairment reviews by management. Such reviews are carried out in relation to both exploration and evaluation assets, with the role of the Committee being focused on challenging management's underlying assumptions and estimates and to judge whether they are realistic and justified.

Detailed drilling engineering studies for the proposed well on Prospect A in Block 125 commenced in 3Q 2024 and orders were placed for long lead items. Following the impairment review, the Committee recommended to the Board that no impairment had been triggered for Block 125.

In Egypt, West Ain Assilien well in the Abu Roash G and Upper Bahariya formations drilled during 2023 was fully impaired at 31 December 2024 due to the exploration licence expiring on 15 February 2025.

On NBS, the exploration period officially expired on 23 March 2024. The work programme associated with the financial commitment (Pharos 45%: $5.1m) has been completed. Therefore, the Group have impaired the assets.

Producing assets, property, plant and equipment (PP&E) and impairment review

The Committee reviewed individually the Group's oil and gas producing assets classified as PP&E on the balance sheet for impairment with reference to IAS 36 – "Impairment of Assets". During 2024, the Group's PP&E oil and gas assets comprised its two Vietnam producing fields, TGT and CNV, as well as the El Fayum and NBS Concessions in Egypt. These are described in the Reserves Committee report on pages 120 to 123.

This review focused on an updated assessment of the recoverable amount of each asset compared to their carrying value in the accounts. If the recoverable amount dropped below the carrying value, there would be an impairment charge to reduce the carrying value. Where a previous impairment has been recognised, if the recoverable amount is above the carrying value, there will be a reversal impairment to increase the carrying amount. The Committee considered the various assumptions underpinning the assessment of the recoverable amount, including underlying reserves, commodity prices, production rates and discount rates. Based on the Group's approved economic assumptions, the Committee recommended to the Board that impairment reversals were made on the two Vietnam fields and on the El Fayum Concession in Egypt.

In Vietnam, there was an upwards technical revision of 2P reserves following the granting of 5-year extensions to the Petroleum contracts and a decrease in discount rate, which has led to impairment reversals for both fields.

On our CNV field in Vietnam, a pre-tax impairment reversal of $3.6m has been reflected in the Income Statement with an associated deferred tax charge of $1.3m. As at 31 December 2024, the carrying amount of the CNV oil and gas producing property is $60.2m.

On our TGT field in Vietnam, a pre-tax impairment reversal of $19.8m has been reflected in the Income Statement with an associated deferred tax credit of $7.1m. As at 31 December 2024, the carrying amount of the TGT oil and gas producing property is $153.6m.

For our El Fayum concession in Egypt, an impairment reversal of $4.9m, no tax applicable, is reflected in the Income Statement. As at 31 December 2024, the carrying amount of the El Fayum oil producing property is $58.5m. There was a decrease in the discount factor which has led to an impairment reversal for El Fayum, partially offset by a downwards technical revision of El Fayum 2P reserves due to change in the development plan.

For our NBS concession in Egypt, as at 31 December 2024, the carrying amount of the NBS oil producing property is $1.1m.

Disposal of 55% interest in Egypt Concessions

On 21 March 2022 the farm-out transaction of Egyptian assets was completed. The firm consideration was received in two tranches, $2.0m in September 2021 and $3.0m on 30 March 2022.

The carry of $35.9m is a disproportionate funding contribution from IPR adjusted for working capital and interim period adjustments from the effective economic date of 1 July 2020 and completion date. The carry decreased every month against the cash calls received from IPR. The full amount of the carry was utilised during 1Q 2024 (2023: $23.2m), and it has been disclosed in "Consideration in relation to farm out of Egyptian assets" in the Cash Flow Statement as part of investing activities.

The Group is entitled to contingent consideration depending on the average Brent Price each year from 2022 to the end of 2025 (with floor and cap at $62/ bbl and $90/bbl respectively). The contingent consideration is calculated yearly and is capped at a maximum total payment of $20.0m. As at 31 December 2024, the contingent consideration amounts to $5.1m, $3.3m current and $1.8m non-current (2023: $8.5m - $3.6m current and $4.9m non-current). Testing of sensitivity for a $5/bbl reduction in long term oil price would result in $0.8m decrease in contingent consideration to $4.3m.

The final consideration is still being completed between IPR and Pharos. The financial exposure from finalising the consideration to Pharos, reflecting the remaining amounts still under discussion, is considered immaterial to the financial statements.

Egypt Foreign Currency Risk

In Egypt, 2024 has brought about a general improvement of the macro-economic situation.

In early 2024, the Egyptian Government (i) first, announced a landmark agreement with ADQ (an Abu Dhabi sovereign wealth fund), whereby the latter has acquired development rights of the new coastal city of Ras El Hekma for $35 billion ($24 billion paid in cash and $11 billion as conversion of UAE deposits at the Central Bank of Egypt), and then (ii) on 6 March, raised all main interest rates by 600 basis points; signed a significantly expanded new loan with the International Monetary Fund (IMF) ($8 billion, including the original $3 billion secured in December 2022), which facilitated additional $14 billion from other institutional lenders including the World Bank and the European Union; and let the Egyptian pound (EGP) fully float, with an immediate devaluation from c. 31 to c. 49 EGP per USD, which forthwith eradicated the parallel FX market.

Overall, out of the total of $57 billion pledged to Egypt, we understand that $38 billion has been received.

These measures have provided a short-term boost to confidence, but structural challenges remain, particularly regarding inflation, debt sustainability, and long-term foreign currency liquidity.

Pharos' receivables have decreased to $29.5m at 31 December 2024 prior to the application of a risk factor provision of $1.4m (2023: $37.4m receivables prior to the application of a risk factor provision of $4.0m).

The improvement was also made possible by the Company's decision to accept part payments in EGP, as these can now be applied to fund operations, following the expiry of the carry with IPR. The fact that the receivables are contractually denominated in USD provides protection against any additional devaluation of the EGP (currently at 50.4 vs 49.3 on the day of the March 2024 devaluation).

Internal controls focus for 2024

The Board approved the appointment of KPMG to carry out various internal audits. The programme of work for 2023 included a review of the Corporate Cash Flow Forecast and Valuation Model and Egyptian compliance with Joint Operating Agreements. For 2024, the review comprised of IT and Cyber security.

The Treasury Committee continued to meet regularly to review compliance of the RBL covenants and also to review the Group's liquidity, hedging requirements and investment strategy.

The Committee reviewed and approved the related compliance statements set out in the Risk Management Report.

The Committee has also reviewed and approved the statements regarding compliance with the 2018 Code, in the UK Corporate Governance Code Report on page 109. The Committee reviewed and discussed with management and the external auditor the Company's relevant financial information prior to recommendation for Board approval. This included the Financial Statements and other material information presented in the annual and half year reports. The Committee considered the significant financial reporting issues, accounting policies and judgements impacting the Financial Statements, and the clarity of disclosures. The Committee conducted a review of its Terms of Reference for best practice, which were approved by the Board in 2024. These will be reviewed again during 2025.

The Audit and Risk Committee and the Board conducted a review of the effectiveness of the Group's risk management and internal control systems.

Overall, the control environment was considered to be operating effectively. We recognise the oil and gas industry faces many challenges ahead, including the technical, financial, environmental and political challenges of accessing an increasingly scarce resource base and at the same time coping with the opposing dual challenges of production growth but managing transition to a low carbon future. On 6 December 2023, the Company published the Net Zero roadmap to achieve net zero greenhouse gas (GHG) emissions by 2050. The roadmap was reviewed and updated in 2024 and further details can be found on pages 96 to 99.

Our Strategic Framework takes into consideration the range of potential risks and the nature of their impact on the business. The strategic ambitions of the Group, achieving our financial and ESG objectives, maintaining operational effectiveness, ensuring our reputation to markets, partners, and stakeholders are all assessed in the context of our appetite for risk.

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and the assets of the Company. There is an effective internal control function within the Company which gives reasonable assurance against any material misstatement or loss. The Board and management will continue to review the effectiveness and the adequacy of the Company's internal control systems and update such as may be necessary.

Risk assessment

The Committee conducted a detailed risk assessment in which it reviewed existing risks and identified new risks as appropriate. The likelihood and significance of each risk was evaluated along with proposed mitigating factors and was reported to the Board. All new risks or changes to existing risks were monitored throughout the year and discussed at each committee meeting. The Committee maintains a comprehensive bribery risk assessment and mitigation procedure to ensure that the Group has procedures in place to mitigate bribery, and that all employees, agents, contractors, and other associated persons are made fully aware of the Group's robust policies and procedures on a regular basis.

External auditor

Ernst & Young LLP was appointed as our external auditor with effect from the financial year commencing 1 January 2024.

The financial year commencing 1 January 2023 was the final year for which Deloitte LLP acted as external auditor to the Company. During 2023 and 2024, Ernst & Young LLP "shadowed" Deloitte LLP's work as external auditor, with a view to preserving know-how and experience and encouraging a seamless transition. Deloitte LLP completed the 2023 Financial Statement audit.

In each year, the Committee assesses the performance of the external auditor based on their experience, the quality of their written and oral communication and input from management, prior to making any recommendations as to the re-appointment of the external auditor at the AGM. The Committee also assesses the independence of the external auditor once a year and the lead partner is required to be rotated every five years. The current Ernst & Young LLP lead partner is Andy Smyth.

External auditor – non-audit services

The external auditor is appointed primarily to carry out the statutory audit and their continued independence and objectivity is crucial. In view of their knowledge of the business, there may be occasions when the external auditor is best placed to undertake other services on behalf of the Group. The Committee has a policy which sets out those non-audit services which the external auditor may provide and those which are prohibited. Within that policy, any non-audit service must be approved by the Committee. The current version of this policy is available on the Company's website at https://www.pharos.energy/responsibility/policy-statements/.

Before approving a non-audit service, consideration is given to whether the nature of the service, materiality of the fees, or the level of reliance to be placed on it by the Group would create, or appear to create, a threat to independence. If it is determined that such a threat might arise, approval will not be granted unless the Committee is satisfied that appropriate safeguards are applied to ensure independence and that objectivity is not impaired. The auditor is prohibited from providing any services which might result in certain circumstances that have been deemed to present such a threat, including auditing their own work, taking management decisions for the Group or creating either a mutuality or conflict of interest. The Company has taken steps to develop resources and relationships in order to establish availability of alternate advisers for financial and other matters.

External audit fees

Total audit and non-audit fees in 2024 were \$0.8m and \$0.1m respectively. The Committee approved all non-audit services provided by the external auditor in 2024. The principal non-audit fees during 2024 were \$0.1m for the interim review.

The Committee reviews its non-audit services policy on an annual basis and current policy requires all non-audit services to be pre-approved by the Committee. It is noted that the Group's policy sets out the permitted services and those that are prohibited.

Review of the effectiveness of the Audit and Risk Committee

During the year, the Committee has undergone a comprehensive review of its effectiveness and results were reported to the Board. The Committee was considered by the Board to be operating effectively and in compliance with the 2018 Code and associated guidance.

LISA MITCHELL
Audit and Risk Committee Chair

DIRECTORS' REMUNERATION COMMITTEE REPORT

GEOFFREY GREEN
Remuneration
Committee Chair

Meeting attendance

Committee member	2024 attendance
Geoffrey Green (Chair) ^	■ ■ ■ ■ ■
Marianne Daryabegui ^	■
Lisa Mitchell ^	■ ■ ■ ■ ■

KEY

^ Independent Directors

Attended as member

Not attended

Note:

a) John Martin attended four meetings, Sue Rivett attended three meetings, Katherine Roe attended two meetings and Dr Bill Higgs and Jann Brown attended one of the meetings, all as non-committee members.

b) Marianne Daryabegui retired from the Board at the conclusion of the AGM on 23 May 2024.

Role of Committee

The Remuneration Committee is responsible for setting the remuneration of the Chair and the Executive Directors, has oversight of pay more generally, and is responsible for appointing any consultants it may engage in carrying out its duties.

Dear Shareholders,

On behalf of the Board, we are pleased to present the Directors' Remuneration Committee Report for the financial year ended 31 December 2024. This report has been prepared in accordance with section 421 of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

Highlights of Committee actions in 2024

The year has seen significant progress with our strategy. Activities undertaken by the Committee include:

- Board changes – Following the annual review of Board composition in 2023, the Committee recruited an independent NED with technical experience. Dr Bill Higgs, a qualified geologist, was recruited for the role and was appointed to the Board on 16 January 2024. Jann Brown stepped down from the Board effective 30 April 2024 and Marianne Daryabegui, a Committee member, stepped down from the Board effective 23 May 2024. Katherine Roe was appointed as Chief Executive Officer from 1 July 2024
- Setting robust and stretching performance targets for the annual bonus scheme and LTIP
- Monitoring developments in market practice and reporting regulations

How performance was reflected in the pay of our Executive Directors

As reported throughout the Strategic Report, 2024 was a year of good operational and financial performance across the Group.

We have continued to build on a culture of capital discipline to deliver material improvement to the Group's balance sheet, and good recovery of receivables in Egypt enabled the Company to move to a debt free status in 2024. We delivered stable drilling performance in both Vietnam and in Egypt, with a further discovery on the El Fayum exploration well. This has allowed the Board to continue our commitment to sustainable shareholder returns. In 2024, we returned $8.8m to shareholders via both share buyback and dividends. In late December we were able to announce the approval of five-year licence extensions on our Vietnam producing assets TGT and CNV. These achievements are a testament to the hard work, dedication and commitment of the entire Pharos team.

As part of our continued commitment to help employees deal with the rising cost of living, the Company made early interim payments of c.25% of the bonus potential in September 2024 to employees other than the Executive Directors, a further interim payment in December with a final payment linked to the licence extensions awarded being made in January 2025. Employees continue to receive support with their travel expenses, a policy that was introduced from January 2023.

Strategic

Underpinned by a strengthened balance sheet and steady production base across the portfolio, Pharos continue to execute our strategy of sustainable value creation through a number of key priorities: regular shareholder returns, capital discipline, and focus on organic growth opportunities. Dividend is a key part of the Company's equity story since its inception, and in 2024, we returned $4.2m to shareholders via a final dividend for the 2023 financial year of 0.77p per share. The original $3m share buyback programme was supplemented by two further $3m programmes in 2023 and 2024 which were part of the Company's broader strategy to deliver value to our shareholders. The 2024 programme was completed in January 2025.

Pharos is in a materially improved financial position, has stable production from its asset base with significant growth potential in both Vietnam and Egypt. Together, these put us in a strong position.

Operational

On an operational basis, the Company performed well across a broad range of metrics. Production levels in both Vietnam and Egypt were in line with guidance.

Financial performance was strong, with cost control, cash generation and funding ahead of expectations. Whilst safety results were excellent in Vietnam, continuing our record of zero LTIs since operations began, and although there were no recordable oil spills during 2024, there were four incidents of leaks below the spill reporting threshold. A crude oil leak was reported at Armada TGT 1 on 17 July 2024 from the offloading hose section during offtake. Approximately four litres were lost at sea, which is under the 100 litres reporting threshold. In Egypt, three incidents of oil leaks occurred during 2024. The first oil leak was in relation to the stuffing box in well Silah-10, and the second and third oil leaks were from the emulsion treating site of NSD-1 and Silah Base. All three leaks were estimated to be less than one litre lost to the environment. As all four leaks were below the reporting threshold, bonus outcomes for these elements were achieved.

Following a robust assessment of the performance criteria the Committee determined the formulaic out-turn for bonuses at 70.7% of the maximum potential including 20.0% on formal approval of the Vietnam licence extensions. The Committee considered the wider stakeholder experience and agreed that the formulaic outcome was appropriate. Bonus outcomes for the wider workforce also reflect corporate KPIs achieved as well as their personal performance. The October 2021 LTIP awards vested in full having met the TSR performance criteria.

Approach for 2025

The current Directors' Remuneration Policy was approved at the 2023 AGM. The Committee believes that the Policy remains fit for purpose and continues to support the business strategy. The current Policy is well understood by participants and investors. It is also considered to be aligned to market practice and already includes standard corporate governance best practice features such as pension alignment and the use of post-cessation shareholding requirements. The Company is required to review and propose to shareholders the Directors' Remuneration Policy at least once every three years and, accordingly, we expect to propose a revised Policy to shareholders for approval at the 2026 AGM.

Base salaries for the Executive Directors and Non-Executive Directors were increased by 3% effective from 2025. The new CEO, Katherine Roe, also received a further increase of 9.2% effective from 2025 noting that the resulting salary was still lower than that of the previous CEO by some 9.5% (based on 2025 levels). Across the UK employee population, the average increase for 2025 is just under 6% which follows an increase of 6% in 2024. The Committee determined that the salary increase for the Executive Directors, which is lower than that for the wider workforce over the last three years, is appropriate to maintain competitiveness and is reflective of performance in the role.

The current annual bonus and LTIP maximum awards will remain unchanged. The annual bonus will continue to be subject to a scorecard of measures including safety, operations, financial and capital structure, sustainability and governance, reflecting the key priorities of the business and disclosed on a retrospective basis.

The LTIP measures and targets will be based on relative TSR (35% weighting), absolute TSR (20% weighting), cash flow from operations (15% weighting), ROCE (15% weighting) and an ESG condition (15% weighting).

Conclusion

The Remuneration Committee believes that the remuneration outcomes for 2024 are a fair reflection of the context in which decisions had to be made. We believe that the continuation of the current Directors' Remuneration Policy, approved at the AGM in 2023, in all material respects maintains the link between strategy and incentives, as well as being closely aligned to the market.

We look forward to receiving your support at the upcoming AGM.

GEOFFREY GREEN
Remuneration Committee Chair

ANNUAL REPORT ON REMUNERATION (AUDITED SECTION)

Single total figure of remuneration

The table below sets out the total remuneration in respect of qualifying services for both Executive and Non-Executive Directors for the financial year 2024.

2024	Fees/ Salary £000's	Benefits £000's	Bonus Cash[1] £000's	Bonus Deferred[1] £000's	LTIP £000's	Pension £000's	Total £000's	Fixed £000's	Variable £000's
Executive Directors									
J Brown[2]	165	14	134	52	153	22	540	187	353
K Roe[3]	185	8	131	65	-	28	417	213	204
S Rivett	297	20	210	105	203	45	880	342	538
Non-Executive Directors									
J Martin	170	-	-	-	-	-	170	170	-
M Daryabegui[4]	25	-	-	-	-	-	25	25	-
L Mitchell	80	-	-	-	-	-	80	80	-
G Green	93	-	-	-	-	-	93	93	-
Dr B Higgs[5]	71	-	-	-	-	-	71	71	-
Total	**1,086**	**42**	**475**	**222**	**356**	**95**	**2,276**	**1,181**	**1,095**

The benefits receivable by Executive Directors include private medical insurance, permanent health insurance, life assurance cover, critical illness cover, travel, relocation and car benefits. The benefits column for Non-Executive Directors includes taxable travel and accommodation expenses to attend Board functions in the year and other benefits, and the tax payable thereon, in accordance with HMRC guidance. Fees and/or salaries paid to the Directors are in relation to their dates of service as a Director during the year.

1) The total Directors' bonuses include the following: a) Cash bonus paid in December 2024 of £319k; b) Cash bonus paid in January 2025 of £156k following formal approval of the licence extensions in Vietnam in December 2024; c) Deferred bonus of £222k granted under the Deferred Share Bonus Plan
2) Jann Brown stepped down from the Board on 30 April 2024
3) Katherine Roe was appointed to the Board as CEO on 1 July 2024
4) Marianne Daryabegui stepped down from the Board on 23 May 2024
5) Dr Bill Higgs was appointed to the Board on 16 January 2024

Comparative figures for 2023 is provided in the table below:

2023	Fees/ Salary £000's	Benefits £000's	Bonus Cash[1] £000's	Bonus Deferred[1] £000's	Pension £000's	Total £000's	Fixed £000's	Variable £000's
Executive Directors								
J Brown	420	35	271	136	63	925	483	442
S Rivett	280	88	181	90	42	681	322	359
Non-Executive Directors								
J Martin	150	-	-	-	-	150	150	-
M Daryabegui	60	-	-	-	-	60	60	-
L Mitchell	75	-	-	-	-	75	75	-
G Green	88	-	-	-	-	88	88	-
Total	**1,073**	**123**	**452**	**226**	**105**	**1,979**	**1,178**	**801**

The benefits receivable by Executive Directors include private medical insurance, permanent health insurance, life assurance cover, critical illness cover, travel, relocation and car benefits. The benefits column for Non-Executive Directors includes taxable travel and accommodation expenses to attend Board functions in the year and other benefits, and the tax payable thereon, in accordance with HMRC guidance. Fees and/or salaries paid to the Directors are in relation to their dates of service as a Director during the year.

1) The total Directors' bonuses include the following: a) Cash bonus paid in December 2023 of £452k; b) Deferred bonus of £226k granted under the Deferred Share Bonus Plan.

The aggregate emoluments of all Directors during the year was £2.3m (2023: £2.0m).

NOTES TO THE SINGLE FIGURE TABLE

Base Salaries

Salaries for the former CEO and CFO were increased by 6% effective from January 2024 to £445,200 and £297,000 respectively. The increase was aligned with the 6% applied across the wider workforce.

Katherine Roe was appointed as CEO during the year on a salary of £370,000.

Pensions

Executive Directors receive a pension allowance of 15% of salary, which is aligned to the wider workforce.

Annual bonus

Setting measures

The Company seeks to set challenging, yet achievable, performance measures designed to link pay to performance against its core strategic objectives.

The performance measures were chosen to ensure that Executive Directors are focused on the near-term objectives that build the long-term delivery of value to shareholders, which results in a combination of measures being used covering strategic, operational, financial, business development and sustainability goals. While we monitor the Group's performance with a broader mix of financial and non-financial KPIs, the measures impacting the annual bonus emphasise those deemed most relevant to management performance and take into account the annual budget and the prevailing economic environment.

The maximum bonus opportunity for an Executive Director in 2024 was 150% of salary.

2024 annual bonus measures and out-turns

Metric	Weight	Bonus awarded
Safety and Environment	**12.00%**	**12.00%**
Zero LTIs	6.00%	6.00%
TRIR Target of 0.8	3.00%	3.00%
Zero reportable environmental spills	3.00%	3.00%

Zero LTIs

Link to strategy	Target	Performance	Outcome
• Safety of our people • Sound oil field practices	• Zero LTIs	• There were no LTIs	• Achieved

TRIR Target of 0.8

Link to strategy	Target	Performance	Outcome
• Safety of our people • Sound oil field practices	• 0.8	• No recordable incidents	• Achieved

Zero reportable environmental spills

Link to strategy	Target	Performance	Outcome
• Sound oil field practices • Management of our carbon footprint wherever we work	• Zero reportable environmental spills	• No recordable incidents • 1 crude oil leak in Vietnam, estimated 0.004 m^3 lost (below 0.1 m^3 reporting threshold) • 3 environmental spills recorded in Egypt, all less than 1 litre	• Achieved

Metric	Weight	Bonus awarded
Operational/Business Plan	**50.00%**	**29.00%**
Business Plan	**10.00%**	**0.00%**

Link to strategy	Target	Performance	Outcome
• Deliver value through growth	• Secure funding partner for 125 commitment well	• A number of interested parties have been reviewing the physical data and the competent persons report on resources	• Not Achieved

Production	10.00%	9.00%

Link to strategy	Target	Performance	Outcome
• Prudent management	• Vietnam production volumes 3,900 – 5,000 boepd • Egypt production volumes 1,300 – 1,500 bopd	• Vietnam production outturn was 4,361 boepd • Egypt production outturn year was 1,440 bopd	• Partly achieved for Vietnam, within guidance • Partly achieved for Egypt, within guidance

Secure licence extensions	20.00%	20.00%

Link to Strategy	Target	Performance	Outcome
• Continued development of Vietnam assets	• Secure extensions on TGT and CNV in Vietnam	• Approvals formally received from Vietnam Ministry of Industry & Trade (MOIT) in December 2024	• Achieved

Portfolio optimisation	10.00%	0.00%

Link to Strategy	Target	Performance	Outcome
• Effective portfolio management	• Optimisation project	• Consolidation project commenced in Egypt	• Not achieved

Metric	Weight	Bonus awarded
Financial and capital structure	**30.00%**	**21.70%**
Increase OCF	25.00%	16.70%

Link to strategy	Target	Performance	Outcome
• Control expenditure	• Underlying operating costs < 2023	• Operating costs decreased 10% to $37.0m (2023: $41.3m)	• Achieved
	• Reduce Egypt debtor days	• Good recovery of debt in value of $25.5m, but debtor days have increased to 691 days (2023: 597 days)	• Not achieved
	• Increase OCF	• OCF increased by 20% to $54.0m (2023: $44.9m)	• Achieved

Metric	Weight	Bonus awarded
Debt management	5.00%	5.00%

Link to strategy	Target	Performance	Outcome
• Access affordable sources of funding • Return to shareholders	• Extend NBE borrowing facility • Manage the RBL facility	• Extended facility to November 2025 • Debt repaid in full	• Achieved

Metric	Weight	Bonus awarded
Sustainability & Governance	**8.00%**	**8.00%**
GHG Emissions	5.00%	5.00%

Link to Strategy	Target	Performance	Outcome
• Sustainability	• Identify one project to utilise the Emissions Management Fund	Decarbonisation initiatives implemented in 2024: • changing of lighting system in TGT-H4-WHP • active management of routine flaring at TGT • further deployment of gas generators at El Fayum • PetroSilah piloting solar PV systems to reduce diesel consumption	• Achieved

Metric	Weight	Bonus awarded
DE&I	3.00%	3.00%

Link to Strategy	Target	Performance	Outcome
• Strong governance and personal codes of conduct	• Develop the Pharos Way incorporating DE&I learnings	• Training was carried out during the year with staff and with the full Board in December	• Achieved

OVERALL	**100%**	**TOTAL ASSESSMENT**	**70.70%**

The Committee felt that the overall performance and the experience of stakeholders in 2024 was sufficiently recognised in the formulaic outcome and therefore no use of discretion was considered necessary.

Executive Directors receive a third of any bonus as awards under the Deferred Share Bonus Plan. This ensures their interests remain closely aligned with shareholders. For 2024, the total Directors' bonuses include the following: a) Cash bonus paid in December 2024 of £319k; b) Cash bonus paid in January 2025 of £156k following formal approval of the licence extensions in Vietnam in December 2024 and (c) Deferred bonus of £222k to be granted under the Deferred Share Bonus Plan.

	Paid Cash Bonus £000s	Accrued Cash Bonus £000s	Deferred Share Bonus £000s	Total Bonus £000s	% of max
J Brown[1]	75	59	52	186	70.70%
K Roe[2]	94	37	65	196	70.70%
S Rivett	150	60	105	315	70.70%

1) Stepped down 30 April 2024

2) Appointed 1 July 2024

The bonus amounts for Jann Brown and Katherine Roe are pro-rated to reflect time served as a Director during the period.

LTIP vesting in respect of performance ended 31 December 2024

The October 2021 LTIP awards vested in full in October 2024, having met the higher performance criteria. The awards were subject to a relative TSR measure against a bespoke group of 15 companies. The table below sets out an overview of Pharos's relative TSR performance during that period.

		Performance against comparator group
Vesting schedule	25% vesting	Median (Rank of 8)
	100% vesting	Upper Quartile (Rank of 4.25)
Actual vesting	0%	Above Upper Quartile (Rank of 3.65)

The resulting values for awards which vested are set out in the table below:

	No. of awards granted	No. of dividend equivalents	No. of awards vesting	Value of awards vesting[1]
J Brown	1,550,855	142,036	1,692,891	£344,503
S Rivett	909,317	87,833	997,150	£202,920

1) Value of awards vesting based on share price on 6 October 2024 (being £0.2035)

The Committee was comfortable that the formulaic vesting was reflective of performance over the three year period. Awards remain subject to a two year holding period.

LTIP award grants made in 2024

The LTIP awards are usually made in March but the Company was in a closed period and so awards were delayed to 30 April 2024. In March, Jann Brown had informed the Board of her intention to retire and step down from the Board on 30 April 2024, and accordingly no awards were made to Jann for this period. Sue Rivett was awarded 200% of contractual salary at the time the award was made. Katherine Roe, who joined on 1 July 2024 was issued shares of 167% of salary as of that date. It is anticipated that future grants, including the grants to be made in 2024, will be made following the announcement of the preliminary results in March. These will be made on a similar basis to prior years, with awards to Executive Directors over shares worth two times salary and subject to the same TSR measure (subject to confirmation of the precise list of comparators immediately prior to grant).

	Date of grant	No. of shares	Face value of award	Award as % of salary
K Roe[1]	1 July 2024	2,934,899	£616,329	167%
S Rivett[2]	30 April 2024	2,592,139	£593,600	200%

1) Face value based on share price at the time of awards were determined on 28 June 2024 (being £0.210)

2) Face value based on share price at the time of awards were determined on 29 April 2024 (being £0.229)

The performance measures for the 2024 awards are set out below, with 25% vesting for Threshold rising on a straight-line basis to full vesting at Maximum:

Metric	Weight	Targets
TSR – Relative vs bespoke peer group	35%	Median to Upper Quartile ranking
TSR – Absolute	20%	20% to 30% absolute growth
ESG medium term measures	15%	10% to 15% reduction in emissions
Cash flow from operations	15%	$150m to $200m over the 3 year period
Return on Capital Employed	15%	6% to 10% average for the 3 year period

Deferred Share Bonus Plan awards granted in 2024

The DSBP awards were granted in April 2024 in relation to the 2023 annual bonus outcome.

	Date of grant	No. of shares	Face value of award
J Brown[1]	30 April 2024	591,851	£135,534
S Rivett	30 April 2024	394,567	£90,356

Face value based on share price at the time of awards were determined on 29 April 2024 (being £0.229)

1) Stepped down as a Director with effect from 30 April 2024.

Directors' interests as at 31 December 2024

The Board has a policy requiring Executive Directors to build a minimum shareholding of 200% of their annual salary. Additionally, LTIP awards require a two–year holding period following vesting. This is intended to emphasise a commitment to the alignment of Executive Directors with shareholders and a focus on long-term stewardship.

The table below sets out interests of Directors' who were in office during the year as at 31 December 2024 and any subsequent changes to their beneficially owned shares are shown as at the date of this report:

	Shareholding requirement						
	(% of salary)	Achieved (Yes/No)	Beneficially owned shares as at 31 December 2024	Beneficially owned shares as at the date of this report	Awards subject to performance conditions as at 31 December 2024 [1,2]	Awards subject to Option Price 120 pence as at 31 December 2024	Awards subject to service conditions as at 31 December 2024[1]
Executive							
K Roe[2]	200%	No	24,933	36,712	2,934,899	–	–
S Rivett[2]	200%	No	918,409	1,149,990	7,632,922	90,000	823,532
J Brown[5]	–	–	N/A	–	–	–	–
Non-Executive							
J Martin	–	–	237,000	237,000	–	–	–
G Green	–	–	95,000	95,000	–	–	–
L Mitchell[3]	–	–	51,958	51,958	–	–	–
B Higgs	–	–	–	–	–	–	–

1) Figures include accrued dividend equivalents.
2) At the date of this report, K Roe and S Rivett are yet to reach the 200% shareholding requirement.
3) These shares are held by Alexander Barblett (husband of L Mitchell), and a closely associated person to L Mitchell.
4) Our share price at the close of business on 31 December 2024 was 24.3p and the range of the middle market price during the year was 18.7p to 26.8p.
5) J Brown held 2,305,434 shares when she stepped down from the Board on 30 April 2024 and is not required to disclose her shareholding after that date.

While the Executive Directors, as potential beneficiaries, are technically deemed to have an interest in all ordinary shares held by the Company's EBT, the table above only includes those ordinary shares held by the EBT which are potentially transferable to the Directors pursuant to Options granted to them under the Company's incentive schemes. Details of the EBT and its holdings are set out in Note 28 to the Financial Statements.

There have been no changes to the Directors' interests subsequent to 31 December 2024 other than as set out above and as described in the notes to the table above.

Share awards outstanding at 31 December 2024

	Type of award	As at 1 Jan 2024	Granted/ awarded	Adjusted[1]	Lapsed	Vested[3]	Released	As at 31 Dec 2024	Date potentially vested[2]	Expiry date
K Roe (appointed 1 July 2024)[5]	LTIP	–	2,934,899	–	–	–	–	2,934,899	01.07.27	01.07.34
S Rivett[3,4,5,6,7]	LTIP	952,209	–	44,941	–	997,150	997,150	–	06.10.24	06.10.31
	LTIP	2,128,547	–	100,461	–	–	–	2,229,008	25.03.25	25.03.32
	LTIP	2,606,288	–	123,010	–	–	–	2,729,298	23.03.26	23.03.33
	LTIP	–	2,592,139	82,477	–	–	–	2,674,616	30.04.27	30.04.34
	DSOP	25,000	–	–	–	–	–	25,000	31.05.19	31.05.26
	DSOP	65,000	–	–	–	–	–	65,000	31.05.19	31.05.26
	DSBP	143,296	–	2,135	–	145,431	145,431	–	25.03.24	25.03.32
	DSBP	397,645	–	18,766	–	–	–	416,411	13.01.25	13.01.33
	DSBP	–	394,567	12,554	–	–	–	407,121	30.04.26	30.04.34

1) Outstanding awards under the Company's share schemes were adjusted for dividend equivalents in accordance with plan rules (see Note 31 to the Financial Statements).
2) LTIP awards granted in 2021 vest subject to Pharos's relative TSR performance against a group of comparator companies and subject to a further holding requirement. The performance measures for the 2024 LTIP are set out on page 143. DSBP awards vest subject to continued service over a two-year vesting period.
3) The performance measures for the 2021 LTIP awards were met in full resulting in 100% vesting.
4) DSBP Awards to S Rivett were structured as nil-cost options.
5) LTIP Awards to K Roe and S Rivett were structured as nil-cost options.
6) LTIP awards vest subject to the achievement of certain performance conditions.
7) DSOP awards have an exercise price of 120 pence and do not have any performance conditions.

Payments for loss of office and payments to former Directors

There have been no payments for loss of office during the year.

Jann Brown stepped down from the Board effective 30 April 2024, but continued to work for the Company and be paid base salary, benefits and pension provision until 30 September 2024, the date of termination of her employment. She remained eligible for a bonus in relation to 2024, pro-rated to reflect her actual period of service during the year. The bonus outcome for her period as a Director is set out on page 142. Jann did not receive any 2024 LTIP awards. In relation to her earlier LTIP awards still outstanding, she currently holds "good leaver" status, meaning that, provided that status is maintained, the awards remain in place subject to the original performance conditions and time pro-rating. She remains subject to the post-cessation shareholding requirement whereby she will be expected to retain the lower of actual shares held and shares equal to 200% of salary for up to two years post-cessation (unless the Committee exceptionally determines that it is appropriate to release this requirement). The vesting and release of these awards in future years, if applicable, will be set out in the corresponding 'Directors' Remuneration Committee Report. Jann was entitled to remain as a participant in the private health insurance scheme provided through the Company until the renewal date of 31 March 2025. In addition, Jann was entitled to a contribution from the Company towards her legal costs of £2,500 exclusive of VAT in connection with advice relating to the termination of her employment and the terms of the settlement agreement between herself and the Company.

A payment of $634k was made in relation to the posthumous vesting of all outstanding LTIP and DSBP awards for the former CEO of the Company, Ed Story, settled in cash and paid to his estate with the agreement of the executor. The cash settlement was provided for in the relevant share scheme rules and formally approved by the Remuneration Committee.

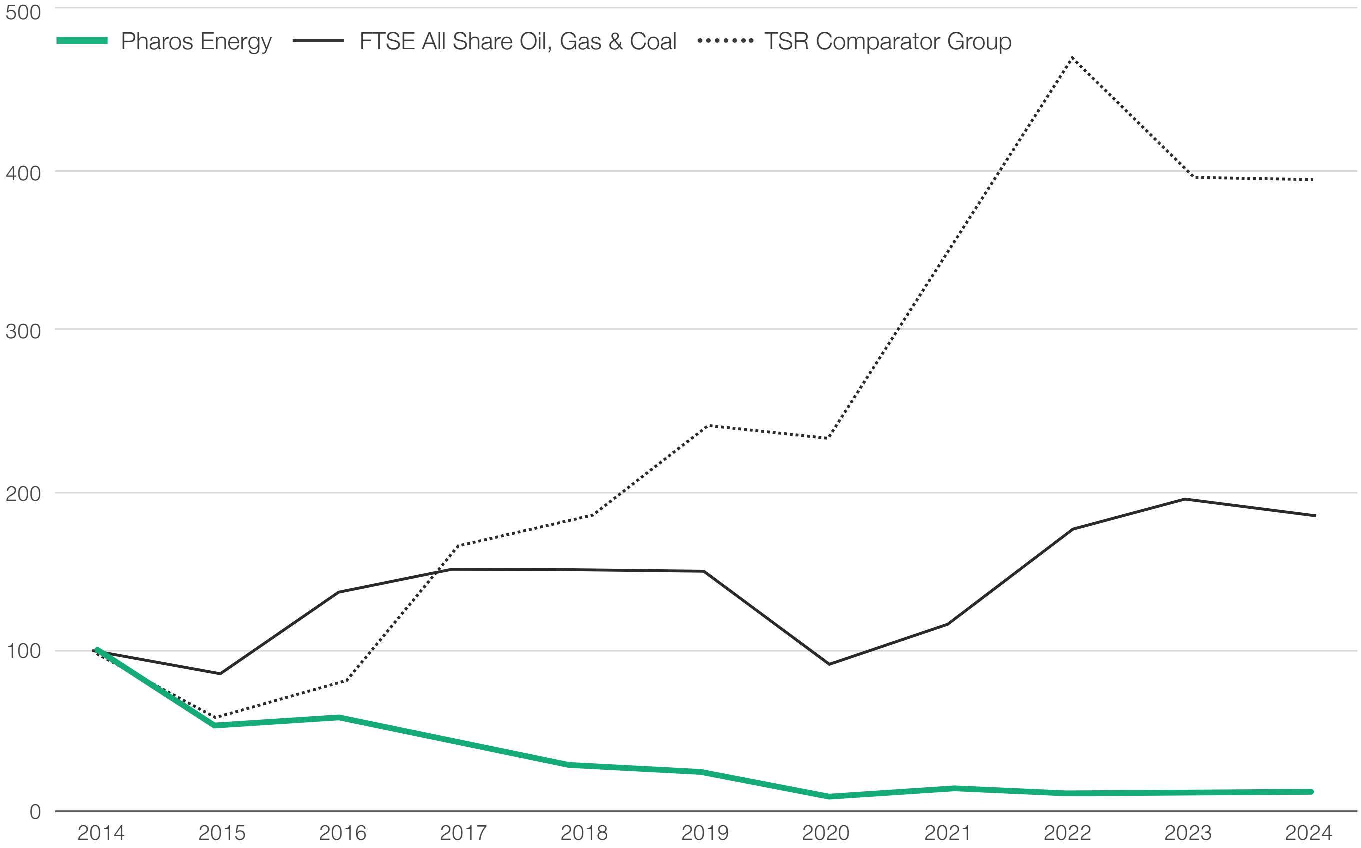
UNAUDITED SECTION

Historical TSR performance and CEO outcomes

TSR performance

The chart below illustrates Pharos' ten-year TSR performance against the FTSE All Share Oil & Gas Index, being a broad market index which is sector specific. In addition, we have shown a comparison against the TSR comparator group used for the LTIP award.

Total Shareholder Return (TSR) (£)



CEO outcomes

The table below shows the total remuneration paid to the CEO over the same ten-year period. In addition, the annual bonus and LTIP awards vesting are set out in respect of each year as a percentage of the maximum:

	2015	2016	2017	2018	2019	2020	2021	2022[1]	2023	2024[2]
CEO single figure of remuneration (£000s)	2,325	1,632	1,716	1,829	1,567	669	894	909	925	**804**
Annual bonus pay-out (% of maximum)	75%	35%	65%	105%	50%	0%	58%	66%	65%	**71%**
LTIP vesting (% of maximum)	96%	46%	0%	0%	0%	0%	0%	0%	0%	**0%**

1) 2022 includes the total remuneration of Ed Story for 1 January 2022 to 22 March 2022, reflecting the period he served on the Board as CEO. Jann Brown's total remuneration is then presented for the period 23 March 2022 to 31 December 2022.

2) 2024 includes the total remuneration of Jann Brown for 1 January 2024 to 30 April 2024, reflecting the period she served on the Board as CEO. Katherine Roe's total remuneration is then presented for the period from her appointment on 1 July 2024 to 31 December 2024.

Percentage change in remuneration of the Directors

The table below illustrates the percentage change in salary, benefits and annual bonus for each Director and all other employees.

	% change in salary (2024/2023)	% change in salary (2023/2022)	% change in salary (2022/2021)[3]	% change in salary (2021/2020)[3]	% change in benefits (2024/2023)	% change in benefits (2023/2022)	% change in benefits (2022/2021)	% change in benefits (2021/2020)	% change in annual bonus (2024/2023)	% change in annual bonus (2023/2022)	% change in annual bonus (2022/2021)	% change in annual bonus (2021/2020)
E Story	N/A	N/A	N/A	-32.1%	N/A	N/A	N/A	-67.8%	N/A	N/A	N/A	100.0%
Dr M Watts	N/A	N/A	N/A	-32.1%	N/A	N/A	N/A	26.4%	N/A	N/A	N/A	100.0%
J Brown[2]	N/A	8.0%	35.1%	-32.1%	N/A	-10.3%	-0.8%	5.5%	N/A	-7.7%	-5.4%	100.0%
K Roe[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S Rivett	6.0%	1.1%	N/A	N/A	-77.3%	450%	N/A	N/A	16.2%	-0.7%	N/A	N/A
J Martin	13.3%	4.9%	26.7%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
M Daryabegui[5]	N/A	5.3%	26.7%	-10.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
R Gray	N/A	N/A	N/A	-11.2%	N/A	N/A	N/A	-100.0%	N/A	N/A	N/A	N/A
L Mitchell	6.7%	6.3%	26.7%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
G Green	5.7%	11.2%	40.6%	N/A	N/A	-100.0%	100.0%	N/A	N/A	N/A	N/A	N/A
Dr B Higgs[6]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All other employees	6.4%	9.9%	29.5%	7.0%	10.0%	-9.3%	15.5%	-25.8%	16.2%	8.1%	24.1%	100%

1) Bonuses are normally awarded in respect of the calendar year. No bonuses were awarded in relation to 2020.
2) J Brown stepped down from the Board on 30 April 2024.
3) The figures detailed above reflect the salary reductions that have been taken by the Directors. The Executive Directors took a reduction of 35% of their salaries for the first quarter of 2021 and then further reduced this by another 15% (to a total reduction of 50%) from 1 April 2021 for the Executive Directors in office at that date. These reductions stayed in place for the remainder of 2021 and through to 20 March 2022. The Chair, who had reduced his fee by 25% on assuming the role in March 2020, also took an additional 25% reduction along with the other Non-Executive Directors from 1 May 2021 which continued through the full year 2021 and up until 20 March 2022.
4) K Roe was appointed to the Board on 1 July 2024.
5) M Daryabegui stepped down from the Board on 23 May 2024.
6) Dr B Higgs was appointed to the Board on 16 January 2024.

Chief Executive Officer's pay ratio

The Company currently has 17 UK employees and therefore has no statutory requirement to publish a CEO pay ratio. Given the relatively few employees, the Committee is aware of pay levels and does not feel the need to produce a ratio. The Committee will continue to review the appropriateness of publishing pay ratios in the future.

Relative importance of spend on pay

The chart below illustrates the year on year change in total remuneration as per Note 11 to the Financial Statements compared to the change in shareholder returns, which would include capital returns, dividends and share buybacks.

Shareholder Distributions ($m)

Wages and Salaries ($m)

External appointments

With prior approval of the Board, Executive Directors are allowed to accept non-executive appointments on other boards and to retain the associated directors' fees. Under this Policy:

- Jann Brown serves on the board of RHI Magnesita, for which she retained associated fees for the period 1 January to 30 April 2024 in the amount of £35,000 (2023: £94,700)

Implementation for 2025

Base salary

The following table shows the Executive Director base contractual salary levels.

	2025 Base salary 000s	2024 Base salary 000s*	Increase from 2024 %
K Roe	£415	£370	12.2%
S Rivett	£306	£297	3%

The normal salary increases of 3% for the Executive Directors for 2025 are lower than the average inflationary impact salary increase of just under 6% across the workforce. Katherine Roe receives an additional 9.2% salary increase to bring her salary more into line with market. Katherine voluntarily invests an after-tax salary equivalent to £30,000 gross pay into buying shares in the Company, subject to share dealing restrictions. Furthermore, Sue Rivett voluntarily invests an after-tax salary equivalent to £20,000 gross pay into buying shares, subject to the same share dealing restrictions.

Benefits

For 2025, benefits available to Executive Directors will be consistent with those set out in the Directors' Remuneration Policy approved at the 2023 AGM.

Pension

For 2025, a pension benefit at 15% of salary will be provided to each Executive Director through contributions to the Company's money purchase plan up to plan limits or a cash supplement. Our Pension Policy for Executive Directors is already consistent with that for all employees (as a percentage of salary).

Annual bonus

It is intended that annual bonus awards will be considered for Executive Directors in December 2025. The maximum total bonus opportunity for an Executive Director is 150% of salary, including cash and deferred components in accordance with the approved Policy. The table below sets out the weighted performance measures which will be applied in determining annual bonus awards for 2025, and identifies the link from each of these measures to our core strategy of:

2025 KPI's

Metric	Weight	Performance criteria which will be considered
Operational & Business Plan	50%	
Strategic objectives: to replace produced reserves and add to the reserve base in a way which is value and/or cash flow accretive		• Production volumes for all producing assets • Commence drilling campaign in Vietnam following licence extensions • Secure licence extension Block 125 & 126 in Vietnam • Secure funding partner for well to be drilled on Block 125 • Egypt consolidation project progressed • Stakeholder engagement
Financial	30%	
Strategic objectives: to control expenditure and access affordable sources of funding in order to maintain a strong balance sheet with sufficient liquid resource to fund planned activities.		• Operating Cash Flow • Underlying Operating Costs • Reduce debtor days in Egypt • Liquidity management
ESG	20%	
Strategic objectives: to preserve the safety of all our people, staff and contractors and preserve the environment through sound oil field practices and management of our own carbon footprint wherever we work.		• Zero LTIs • TRIR target • Zero reportable environment spills • GHG emissions reduction* • DE&I progress

*Note: The KPI for GHG emissions reduction is linked to the GHG emissions reduction interim targets in our Net Zero Roadmap, which was published on December 2023. The Group set a 5% reduction target on all Scope 1 & 2 emissions by 2026. More information can be found at on our website at https://www.pharos.energy/media/b55c4sqz/pharos-energy-net-zero-roadmap-2023_official.pdf.The roadmap was reviewed and updated in 2024, further details can be found on pages 96 to 99.

Details of how the Committee assessed performance against these weighted measures will be set out in next year's report. The Committee retains discretion over the amount of bonus paid out to ensure that appropriate consideration is given to the relative importance of the achievements in the year and the actual contribution of these towards furthering the Group's strategy, as well as the prevailing economic environment.

LTIP

When determining the grant level for 2025, the Committee will take into account the share price at the date of grant and all other relevant circumstances into account. In normal circumstances, the awards will be granted at 200% of salary, in accordance with the approved Policy.

The performance conditions for the 2025 awards are expected to be a mixed weighting as follows: of TSR (35%) relative and (20%) absolute and 15% weighting to each of cash flow from operations, return on capital employed, and emission reduction targets.

Metric	Weight	Targets
TSR – Relative	35%	Same criteria/TSR group as above
TSR – Absolute Achieve 20% growth over the three year period, sliding scale to 30% for the full 20%	20%	20% to 30%
ESG medium term measures (base 2021) Achieve 10% reduction over a three year period, sliding scale to 15% for the full 15%	15%	10% to 15% reduction in emissions
Cash flow from operations Achieve $115m cash flow from operations over the three year period, sliding scale to $150m for the full 15%	15%	$115m to $150m
Return on Capital Employed Achieve over 6% average per year for the three year period, sliding scale to 10% for the full 15%	15%	6% to 10%

Shareholder dilution

Pharos monitors the number of shares issued under employee share plans and their impact on dilution limits. These will not exceed the limits set by The Investment Association Principles of Remuneration currently in force, in respect of all share plans (10% in any rolling ten-year period).

Malus and clawback provisions

All variable pay arrangements for Executive Directors are subject to provisions which enable the Committee to reduce vesting, or recover value delivered if certain circumstances occur. These circumstances include serious misconduct, an error in calculation, misstatement of the Company's financial results, fraud, insolvency of the Company or serious reputational damage to the Company. In each case the occurrence of those circumstances and the effect on variable pay arrangements will be determined by the Committee. The malus and clawback provisions are set out in the respective award plan rules, which participants agree to adhere to as part of any invitation process.

Non-Executive Director remuneration

Non-Executive Director fees, which have been set within the aggregate limits set out in the Company's articles of association and approved by shareholders, are set out in the table below:

	Fee from 1 January 2025	Fee from 1 January 2024
Chair of the Company	**£185,400**	£159,000*
Non-Executive Director	**£65,508**	£63,600
Additional fee: Senior Independent Director	**£13,648**	£13,250
Additional fee: Chair of Audit and Risk Committee	**£16,377**	£15,900
Additional fee: Chair of Remuneration Committee	**£16,377**	£15,900
Additional fee: Chair of Reserves Committee	**£16,377**	£15,900
Additional fee: Workforce Engagement Nominated Director	**£5,459**	£5,300

*The Chair fees were reviewed and increased from 1 July 2024 to £180,000, reflecting market rates and were approved by the Remuneration Committee.

The Chair fees were reviewed and approved by the Remuneration Committee and the Non-Executive Director fees were reviewed and approved by the Board and an increase of inflation at 3% was agreed from 1 January 2025.

For 2025, benefits available to Non-Executive Directors will be consistent with those set out in the Policy approved at the 2023 AGM. Non-Executive Directors are not eligible for participation in the Company's incentive or pension schemes.

Service Contract (reference Table A on page 154)

Consideration by Committee of matters relating to Executive Directors' remuneration

The Directors who were members of the Remuneration Committee when matters relating to Directors' remuneration for the year were being considered were Marianne Daryabegui, Lisa Mitchell and Geoffrey Green as Remuneration Committee Chair for the March meeting and Lisa Mitchell and Geoffrey Green for the September and December meetings.

The Committee received assistance from Jann Brown, Katherine Roe and Sue Rivett, except when matters relating to their own remuneration were being discussed. The Committee additionally received assistance from other Non-Executives Directors when required.

The Committee has appointed FIT Remuneration Consultants LLP ("FIT") as its remuneration advisers, and fees of £21,651 were paid in 2024 for their advisory services. FIT is a member of the Remuneration Consultants Group and complies with their professional code of conduct. FIT do not provide any other services to the Group which, along with FIT's credentials and proven performance, contributes to the Committee's view that the advice received has been appropriate, objective and independent.

The Committee reviews all aspects of remuneration on an annual basis and with respect to individual and corporate performance during the year. The review is aided by comparison to published data on executive pay in the sector and in similar sized companies. More detailed benchmarking may be conducted, such as upon an indication of a change in market ranges, with results being monitored for indications of potential unwarranted upward ratcheting. The Committee receives regular updates on evolving regulatory and market practice including market trends, key developments, and a broad range of published principles and guidelines. The Committee takes into account pay conditions elsewhere in the Company, and considered matters related to Group remuneration.

Shareholder voting

The most recent binding resolution on the Directors' Remuneration Policy was passed at 2023 AGM. The advisory vote on the Directors' Remuneration Report was approved at last years' AGM. The table below shows votes from shareholders on the relevant resolutions:

	Directors' Remuneration Report (2024 AGM)		Directors' Remuneration Policy (2023 AGM)	
	Votes	%	Votes	%
Votes in favour	148,541,759	98.42%	200,307,051	84.59%
Votes against	2,388,177	1.58%	36,478,777	15.41%
Total votes	150,929,936	100.00%	236,785,828	100.00%
Votes withheld	23,298,630	–	9,230	–

Service contracts

Executive Directors' contracts are for an indefinite period and are terminable by either party on giving one year's notice, which may be satisfied with a payment in lieu of notice. The contracts do not contain specific termination provisions.

The Committee has a duty to prevent the requirement to make payments that are not strictly merited and endorses the principle of mitigation of damages on early termination of a service contract. Any payment on early termination will be assessed on the basis of the particular circumstances, but in any event will not be in respect of any period beyond the notice period specified by the contract.

The Non-Executive Directors' appointments are terminable at the will of the parties but are envisaged to establish an initial term of three years after which they will be reviewed annually.

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

Policy Report (Unaudited)

This Directors' Remuneration Policy became effective from the date of the 2023 AGM. This section provides a summary of the Policy approved. The full Policy can be viewed in the 2022 Annual Report on our website at: www.pharos.energy/investors/results-reports-and-presentations/.

Operation	Maximum	Performance criteria
Contractual fixed cash amount paid monthly. Particular care is given in fixing the appropriate salary level considering that incentive pay is generally set at a fraction or multiple of base salary. The Committee takes into account a number of factors when setting salaries, including (but not limited to): • Size and scope of individual's responsibilities • Skills and experience of the individual • Performance of the Company and the individual • Appropriate market data • Pay and conditions elsewhere in Pharos Base salaries are normally reviewed annually. Results of benchmarking exercises are monitored for indications of potential unwarranted upward ratcheting.	Any salary adjustments will normally be in line with those of the wider workforce. The Committee retains discretion to award higher increases in certain circumstances such as increased scope and responsibility of the role, or in the case of new Executive Directors who are positioned on a lower salary initially, as they gain experience over time. In these circumstances a base salary increase will not exceed the previous CEO's unadjusted salary of $924,000.	N/A

BENEFITS

Purpose and link to strategy

- To provide Executive Directors with market competitive benefits consistent with the role.

Operation	Maximum	Performance criteria
Executive Directors receive benefits which may include (but are not limited to) medical care and insurance, permanent health insurance, life assurance cover, critical illness cover, travel benefits, expatriate benefits, car benefits and relocation expenses. Reasonable business related expenses will be reimbursed (including any tax payable thereon).	Benefits are positioned at an appropriate market level for the nature and location of the role. Whilst the actual value of benefits may vary from year to year based on third party costs, it is intended that the maximum annual value will not exceed $250,000 or £200,000, per Directors' base currency. In addition to the above cap, the Company may contribute to relocation expenses up to 100% of salary.	N/A

PENSION

Purpose and link to strategy

- To provide retirement benefits consistent with the role.

Operation	Maximum	Performance criteria
Pension benefits are delivered through contributions to Pharos' money purchase plan up to relevant plan limits and/or a cash supplement.	15% of base salary per annum which remains aligned with the wider workforce.	N/A

VARIABLE PAY
ANNUAL BONUS

Purpose and link to strategy

- Incentives and rewards for the delivery of the strategic plan on an annual basis.

Operation	Maximum	Performance criteria
Payments are based on performance in the relevant financial year. At the beginning of the year, the Committee sets objectives which it considers are critical to the delivery of the business strategy. Performance against these key strategic objectives is assessed by the Committee at the end of the year. The Committee retains the discretion to amend the bonus pay-out (negatively or positively) to ensure it reflects the performance of either the individual or the Company. One-third of any bonus pay-out is subject to deferral into Pharos shares under the Deferred Share Bonus Plan.	150% of base salary per annum, including cash and deferred components at the discretion of the Committee.	The annual bonus is based on individual and corporate performance during the year. Corporate goals are set annually and may include monitored measures for particular projects; portfolio objectives; corporate strategic goals; safety, social and environmental measures; financial measures; and other measures as may be deemed appropriate and relevant to the period for delivery of the business strategy. If the Committee determines that a minimum level of performance has not been achieved, no bonus will be payable. Thereafter the bonus will begin paying out, up to the maximum of 150% of salary. The Committee determines the appropriate weighting of the metrics each year.

LTIP

Purpose and link to strategy

- Incentives and rewards for the Company's strategic plan of building shareholder value.

Operation	Maximum	Performance criteria
Typically a conditional award of shares or a nil price option is made annually, normally in March/April, following the year end closed period. Vesting of the awards is dependent on the achievement of performance targets, which are typically measured over a three-year performance period. Awards (post-tax) will also be subject to a two-year post-vesting holding period during which they cannot be sold (except in exceptional circumstances and with the Committee's prior approval).	Usually 200% of base salary per annum.	Awards vest based on performance against financial, operational and/or share price measures, as set by the Committee, which are aligned with the long-term strategic objectives of Pharos. No less than 50% of the award will be based on share price measures. The remainder will be based on financial, operational, or strategic measures. For 'threshold' levels of performance, 25% of the award vests. 100% of the award will vest for maximum performance. Pro-rating applies between these points and between ranking positions. The Committee may reduce LTIP vesting outcomes (including to zero), based on the result of testing the performance condition, if it considers the potential outcome to be inconsistent with the performance of the Company, business or individual during the performance period. Any use of such discretion would be detailed in the Annual Report on Remuneration.

SHAREHOLDING GUIDELINES

Purpose and link to strategy

- Further increases alignment between Executive Directors and shareholders.

Operation	Maximum	Performance criteria
The Board has a policy of requiring Executive Directors to build a minimum shareholding in Pharos shares equivalent to 200% of salary. A post-cessation shareholding guideline will operate from the approval of this Policy. Executive Directors will be expected to retain the lower of actual shares held and shares equal to 200% of salary for a two year post-cessation (unless the Committee exceptionally determines that it is appropriate to release this requirement). Pharos shares which vest from future deferred bonus and LTIP awards will be retained until a sufficient holding has been built up.	N/A	N/A

GEOFFREY GREEN
Remuneration Committee Chair

DIRECTORS' REPORT

Annual Report of the Directors

The Directors present their Annual Report along with the audited Financial Statements of the Group for the year ended 31 December 2024.

The following sections of this report are incorporated herein by reference and form part of this Directors' report.

Developments during the 2024 reporting period

An indication of the likely future developments in the business of the Group is included in the Strategic Report.

The reporting period saw a continued focus on shareholder returns, together with progress on the exciting opportunities within our asset base.

In Vietnam, we reported the TGT field's successful completion of the two-well infill drilling programme in October on time and under budget, with both wells contributing to production. Discussions continued with potential farm-in partners and rig contractors required to progress Block 125 & 126. Detailed drilling engineering studies for the proposed well on Prospect A in Block 125 commenced in 3Q and orders were placed for long lead items. Following the approval of the TGT and CNV five-year licence extensions, planning is underway for the drilling of a TGT appraisal commitment well in 4Q 2025. Appraisal success with the well is expected to open up an undrilled area in the field. Additional drilling potential in TGT and CNV to increase reserves currently under discussion with partners and 3D seismic reprocessing on both assets was expected to commence shortly.

In Egypt, the successful completion of the drilling of the second exploration commitment well occurred in September in El Fayum, encountering oil-bearing reservoirs in Abu Roach G formation. One El Fayum development well was put on production in December. In the North Beni Suef concession, the processing of 3D seismic data continued and is expected to be completed in 1Q 2025, with interpretation and mapping to follow. Discussions with EGPC and our partner on the consolidation of our Egyptian concessions are progressing well. Considering the continued macroeconomic uncertainty in Egypt, the Board intends to maintain a measured approach to capital allocation and drilling in Egypt in 2025, with an eye on the receivable balance.

Pharos continued to have an excellent safety record during 2024, and the Company reported zero LTIs across all Group operations. In Vietnam, the Group has maintained a record of zero LTIs since 1997.

In October 2024 the Company held a Group-wide off-site event in Bournemouth, where colleagues from Egypt, Vietnam and UK all met to exchange ideas, give business updates and promote team building. This event was important not only for the effective functioning of the Company, but to also develop the Group's global workforce and to underpin the Board's commitment to maintaining high standards of governance and promoting corporate values throughout the organisation. It also provided the new CEO, Katherine Roe, with a valuable opportunity to introduce herself face-to-face to Group staff based outside the UK and hear their perspective on the business directly.

The Company ended the reporting period with a strong balance sheet. Cash balances as at 31 December 2024 were $16.5m and the Group is now entirely debt free following voluntary repayment of the RBL loan facility in September 2024 and the NBE revolving credit facility in August 2024 (2023: cash balances $32.6m; net debt $6.6m). The Directors believe that, with the combination of a robust financial position and a steady production base across the portfolio, Pharos is in an excellent position to continue its principal strategy of long-term sustainable value creation and shareholder returns.

Dividends

During 2024, the Company continued regular dividend payments in accordance with the policy announced in September 2022. Under that policy, Pharos intends to return to shareholders by way of dividend no less than 10% of operating cash flow each year in two tranches: (i) An interim dividend of around 33% of the previous year's final dividend, payable in January of the following year; and (ii) subject to shareholder approval, a final dividend payable in July of the following year. Pursuant to that policy the following dividends were paid in 2024:

- following approval by shareholders at the 2024 AGM, a final dividend in respect of the year ended 31 December 2023 of 0.77 pence per share, amounting to $4.1m, was paid on 19 July 2024; and
- an interim dividend of 0.363 pence per share, amounting to $1.8m, in respect of the year ended 31 December 2024 was paid on 22 January 2025.

The total amount of each dividend stated above takes into account that the trustee of the Pharos Employee Benefit Trust (EBT) waived its right to receive the dividend in relation to the ordinary shares held in the EBT.

The Board has recommended a final dividend in respect of the year ended 31 December 2024 of 0.847 pence per share, subject to approval of the shareholders at the Company's 2025 AGM. Subject to this approval, the final dividend will be paid in full on 18 July 2025 in Pounds Sterling to ordinary shareholders on the register at the close of business on 13 June 2025, with an ex-dividend date of 12 June 2025. Including the interim dividend for the year paid on 22 January 2025, this would take the 2024 full year dividend to 1.210 pence per share, an increase of 10% on the prior year.

Share buy back

Throughout 2024, the Company continued to repurchase its ordinary shares on market under the share buyback programme initiated in July 2022. After the end of the reporting period, on 28 January 2025, the programme was completed following full utilisation of the most recent tranche of $3m committed to the programme. Over the course of the programme, the Company acquired in aggregate 30,949,334 ordinary shares between 20 July 2022 and 28 January 2025 for a total consideration of approximately £7.323 million (net of expenses), at a volume weighted average price paid of approximately 23.66 pence per ordinary share. All purchases made under the programme were made through Peel Hunt, the Company's joint broker.

Directors

The business of the Company is managed by the Directors who may exercise all powers of the Company subject to the articles of association of the Company ("Articles") and applicable law. The Directors who held office during the year, and up to the date of signing this Annual Report, and the dates of their current service contracts or letters of appointment, which are available for inspection, are listed in Table A of this report. All Directors held office throughout the year except as noted in the table. In addition, two Directors of the Company ceased to hold office during 2024: Jann Brown, formerly Chief Executive Officer, resigned as a Director with effect from 30 April 2024, and Marianne Daryabegui, formerly an independent Non-Executive Director, retired at the Company's 2024 AGM on 23 May 2024 without seeking re-election.

The NEDs' appointments are terminable by either party on notice at any time. Executive Directors' contracts are terminable by either party on giving one year's notice.

In accordance with the provisions of the UK Corporate Governance Code, all Directors will retire at the 2025 AGM and, being eligible, offer themselves for reappointment. Relevant details of the Directors, which include their Committee memberships, are set out in the section headed 'Board of Directors' on pages 107 to 108.

Pharos provides liability insurance for its Directors and officers. The annual cost of the cover is not material to the Group. The Articles allow it to provide an indemnity for the benefit of its Directors, which is a qualifying indemnity provision for the purpose of section 233 of the Companies Act 2006 ("2006 Act"). The Company has made such provisions for the benefit of its Directors in relation to certain losses and liabilities that they may incur in the course of acting as Directors of the Company, its subsidiaries or associates, which remain in force at the date of this report.

No member of the Board had a material interest in any contract of significance with the Company or any of its subsidiaries at any time during the year, except for their interests in shares and in share awards and under their service agreements and letters of appointment disclosed in the Directors' Remuneration Committee Report commencing on page 135.

Table A: Directors holding office during 2024 and up to the date of signing of this report

Director	Date of appointment
John Martin - Chair*X	13 March 2020
Katherine Roe – Chief Executive Officer	1 July 2024
Sue Rivett - Chief Financial Officer	1 July 2021
Geoffrey Green*	20 May 2020
Lisa Mitchell*	1 April 2020
Dr Bill Higgs*	16 January 2024

* Denotes those determined by the Board to be Independent Non-Executive Directors as described on page 105. The Chair was determined to be independent on appointment. Geoffrey Green is the designated Senior Independent Director.

X Date used in table date of appointment as Chair. Originally appointed as an Independent Non-Executive Director on 7 June 2018.

Contributions

The Group's policies prohibit political donations.

AGM

An explanation of the resolutions to be proposed at the 2025 AGM, and the recommendation of Directors in relation to these, is included in the circular to shareholders which is available on the Company's website (www.pharos.energy). Resolutions regarding the authority to issue shares and the disapplication of statutory pre-emption rights on issue are commented upon in this report under share capital.

A separate communication will be sent to shareholders and published on the Company's website regarding the AGM.

Share capital

Details of changes to share capital in the period are set out in Note 27 to the Financial Statements. The Company currently has one class of shares in issue, ordinary shares of £0.05 each, all of which are fully paid. Each ordinary share in issue carries equal rights including one vote per share on a poll at general meetings of the Company, subject to the terms of the Articles and law. Shares held in treasury carry no such rights for so long as they are held in treasury. Votes may be exercised by shareholders attending or otherwise duly represented at general meetings. Deadlines for the exercise of voting rights by proxy on a poll at a general meeting are detailed in the notice of meeting and proxy cards issued in connection with the relevant meeting. Voting rights relating to the ordinary shares held by the EBT are not exercised. The Articles may only be amended by a special resolution of the shareholders.

No shareholder, unless the Board decides otherwise, is entitled to attend or to vote either personally or by proxy at a general meeting or to exercise any other right conferred by being a shareholder if he or she or any person with an interest in ordinary shares has been sent a notice under section 793 of the 2006 Act (which confers upon public companies the power to require information with respect to interests in their voting shares) and he or she or any interested person failed to supply the Company with the information requested within 14 days after delivery of that notice.

The Board may also decide that no dividend is payable in respect of those default shares and that no transfer of any default shares shall be registered. These restrictions end seven days after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant section 793 notice, whichever is earlier.

The Directors may refuse to register any transfer of any share which is not a fully-paid share, although such discretion may not be exercised in a way which the Financial Conduct Authority regards as preventing dealings in shares of that class from taking place on an open or proper basis. The Directors may likewise refuse any transfer of a share in favour of more than four persons jointly.

The Company is not aware of any other restrictions on the transfer of ordinary shares in the Company other than certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading and market abuse laws); and pursuant to the UK Listing Rules whereby certain employees of the Company require approval of the Company to deal in the Company's shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights. Resolutions will be proposed at the 2025 AGM, as is customary, to authorise the Directors to exercise all powers to allot shares and approve a limited disapplication of pre-emption rights. This authority will be sought in line with the Statement of Principles published by the Pre-Emption Group in November 2022 (the "Pre-Emption Principles"), as it was at the previous AGM held in 2024. The authority sought for disapplication of pre-emption rights will be in two parts: (a) 10% of the issued ordinary share capital, which may be issued on an unrestricted basis; and (b) an additional 10%, which may be used in connection with an acquisition, or a specified capital investment, in either case announced with the issue or which has taken place in the preceding 12 months and is disclosed in the announcement. In addition, both legs of the disapplication resolution will seek up to a further 2% authority (4% in total) to disapply pre-emption rights in making 'follow-on' offers to retail investors and existing shareholders who are not allocated shares as part of the placing. Further information regarding these resolutions, which are based on the template resolutions published by the Pre-Emption Group, is set out in the circular to shareholders containing the notice of the AGM.

A resolution will also be proposed at the 2025 AGM, as is customary, to renew the Directors' existing authority to make market purchases of the Company's ordinary share capital, and to limit such authority to purchases of up to approximately 10% of the Company's issued ordinary share capital. Shares purchased under this authority may either be cancelled or held as treasury shares. Although the Company's most recent share buyback programme concluded in January 2025, the Directors believe that it is advantageous for the Company to continue to have the flexibility to make market purchases of its own shares.

Auditor

A resolution to reappoint Ernst & Young LLP as the Company's auditor will be proposed at the 2025 AGM.

Ernst & Young LLP have also provided non-audit services to the Group, and details of the non-audit services provided in the year to 31 December 2024 are set out in Note 10 to the Financial Statements. All non-audit services are approved by the Audit and Risk Committee. The Directors are currently satisfied, and will continue to ensure, that this range of services is delivered in compliance with the relevant ethical guidance of the accountancy profession and does not impair the judgement or independence of the auditor. Further details of the Group policy on the provision of non-audit services by the external auditor are set out in the Audit and Risk Committee Report on pages 128 to 134. In addition, the current revision of this policy is available on the Company's website at www.pharos.energy/responsibility/policy-statements/.

The Directors at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Each Director has taken all steps that they ought to have taken as a Director, having made such enquiries of fellow Directors and the auditor and taken such other steps as are required under their duties as a Director, to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the 2006 Act.

Greenhouse gas emissions reporting

Reporting on emission sources, as required under the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, is included in the Corporate Responsibility report on pages 73 to 79.

Tax governance

The Company is committed to high standards of tax governance and strives to meet its tax obligations. Tax contributions benefit the communities in which we operate by providing a framework within which the Company can grow. Pharos' Tax Strategy Statement, which the Board approves annually, defines the key tax objectives of the Group and is available on the Company's website (www.pharos.energy/responsibility/policy-statements/). The Group has also adopted and communicated across the organisation a corporate policy specifically dedicated to measures against and awareness of tax evasion and the related offence of facilitation of tax evasion. Staff members receive annual training on tax evasion and related offences as part of the Group's regular business ethics programme. In 2024 this programme was expanded to include training on the new offence of failure to prevent fraud introduced by the Economic Crime and Corporate Transparency Act 2023.

Risk management

The Directors carried out a robust review of the principal and emerging risks facing the Group that could threaten the Company's business model, future performance, solvency and liquidity. The Risk Management report on pages 45 to 56 details how we manage and mitigate these risks.

Substantial shareholdings

As at the date of this report, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, or is aware of, the voting rights as a shareholder of the Company shown in Table B of this report.

Table B: Substantial shareholdings in the Company

	No. of Ordinary Shares held as % of voting rights[1]	As % of	Nature of holding
Bradley Radoff	81,643,795	19.70	Direct
Aberforth Partners LLP[2]	43,290,014	10.45	Direct
Ettore Contini	32,613,577	7.87	Direct and indirect
Blue Albacore Business Ltd	31,260,296	7.54	Direct
Barbara Contini	27,444,382	6.62	Direct
The Estate of the late Ed Story	16,271,613	3.93	Direct and indirect

1) As at 25 March 2025, the total voting rights attached to the issued share capital of the Company comprised 414,359,658 Ordinary shares each of £0.05 nominal value being 423,481,926 Ordinary shares in issue less 9,122,268 Ordinary shares currently held in treasury.

2) As at 31 December 2024: Aberforth Partners LLP held 41,006,229 Shares representing 9.88% of the voting rights in the Company at that time.

During the period between 31 December 2024 and the date of this report, the Company did not receive any notifications under Chapter 5 of the Disclosure and Transparency Rules indicating a different whole percentage holding than as at 31 December 2024 other than as shown in the footnotes to the table above. For further information on Directors' interests, please see page 143.

Requirements of the UK Listing Rules

Table C of this report provides references to where the information required by UKLR 6.6.1R of the UK Listing Rules is disclosed within this Annual Report. Where there is no specific reference in Table to a UKLR 6.6.1R information requirement, that requirement is not applicable to the Company for the reporting year.

Table C: Listing Rules requirements

UKLR 6.6.1R requirement	
Details of any long-term incentive schemes as required by UKLR 9.3.3 R.	Directors' Remuneration Committee Report pages 135 to 152
Details of any arrangements under which a director of the company has waived or agreed to waive any emoluments from the company or any subsidiary undertaking. Where a director has agreed to waive future emoluments, details of such waiver together with those relating to emoluments which were waived during the period under review.	No such waivers
Details required in the case of any allotment for cash of equity securities made during the period under review otherwise than to the holders of the company's equity shares in proportion to their holdings of such equity shares and which has not been specifically authorised by the company's shareholders.	No such share allotments
Details of any contract of significance subsisting during the period under review: (a) to which the listed company, or one of its subsidiary undertakings, is a party and in which a director of the listed company is or was materially interested; and (b) between the listed company, or one of its subsidiary undertakings, and a controlling shareholder.	Note 35 page 197
Details of any arrangement under which a shareholder has waived or agreed to waive any dividends, and where a shareholder has agreed to waive future dividends, details of such waiver together with those relating to dividends which are payable during the period under review.	Note 29 page 193

Whistleblowing procedure

The Board has reviewed, and is satisfied with, the Group's Whistleblowing Policy and associated procedures, enabling employees to raise issues in confidence concerning improprieties which would be addressed with appropriate follow-up action. The Group has in place an Ethics Hotline using a dedicated, confidential and anonymous telephone service available to staff to report a suspected breach of the Group's Code of Business Conduct and Ethics, the corresponding guidelines for implementation of that Code or other related Group policies, such as the Group's Sanctions Policy.

Business Relationships

In order to foster relationships with suppliers and customers, Pharos ensures a robust engagement process before contracts are awarded. Every vendor is required to complete due diligence so that the Company may ensure all corporate and banking details are recorded and checked before invoices are issued; this allows for prompt and accurate payment. Where possible, payment terms are 30 days from date of receipt of a validly submitted invoice. A comprehensive contracts register is maintained to ensure that post award contract management is addressed to consider delivery of appropriate notices of renewal of termination.

We strive to work constructively with all our suppliers, customers and other business partners to build and maintain productive relationships.

Going concern

It should be recognised that any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. Nevertheless, at the time of preparation of these accounts and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, and taking into consideration the additional factors in the Strategic Report on pages 3 to 100 including the Going Concern section of the Chief Financial Officer's Statement on page 44, they continue to adopt the going concern basis in preparing the accounts.

Directors' responsibilities for the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the 2006 Act. The Financial Statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB and endorsed by the UKEB. The Directors are required to prepare Financial Statements for each financial year that give a true and fair view of the financial position of the Company and of the Group and the financial performance and cash flows of the Group for that period. In preparing those accounts the Directors are required to select suitable accounting policies and then apply them consistently; present information and accounting policies in a manner that provides relevant, reliable and comparable information; and state that the Company and the Group have complied with applicable accounting standards, subject to any material departures disclosed and explained in the accounts.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the accounts comply with relevant legislation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

The Directors confirm that, to the best of each person's knowledge:

a) the Financial Statements set out on pages 168 to 199, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as adopted by the UK and in accordance with International Financial Reporting Standards as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and loss of the Company and the Group taken as a whole;

b) this Directors' Report along with the Strategic Report, including each of the management reports forming part of these reports, includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face and how these are being managed and mitigated as set out in the Risk Management Report on pages 45 to 49; and

c) the Annual Report and the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Group's position, performance, business model and strategy.

Approved by the Board and signed on its behalf.

SUE RIVETT
Chief Financial Officer

25 March 2025

FINANCE REPORT

Results that reflect strength and strategy

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- Pharos Energy plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

Group	Parent company
Balance sheet as at 31 December 2024	Balance sheet as at 31 December 2024
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Cash flow statement for the year then ended
Statement of changes in equity for the year then ended	Related notes 1 to 36 to the financial statements, including: material accounting policy information
Cash flow statement for the year then ended	
Related notes 1 to 36 to the financial statements, including: material accounting policy information	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

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

Independence

We are independent of the group and parent 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 public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent

Conclusions relating to going concern

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

- confirming our understanding of management's going concern assessment process in conjunction with our walkthrough of the Group's financial close process and engaging with management to confirm all relevant assumptions were considered;
- evaluating whether management's going concern period up to 31 March 2026 was appropriate by considering the existence of any significant events or conditions beyond this period;
- assessing whether the forecasts incorporated in the base case model are consistent with the budget approved by the Board;
- comparing the key assumptions in the base forecast to those used in the impairment models for oil and gas producing assets and understanding the basis for any differences;
- assessing the historical accuracy of budgets prepared by management by comparing the group's actual results against budgets;
- assessing the reasonableness of management's oil price assumptions by comparing them with forward curves;
- assessing whether the assumptions in management's Reasonable Worst Case scenario were plausible and sufficiently severe by comparing these downside assumptions with historical data and by considering the ranges of broker and consultant oil price forecasts;
- evaluating management's reverse stress test to determine the oil price at which liquidity becomes negative and assessing the likelihood of its occurrence and testing the going concern model for mathematical accuracy;
- assessing whether the disclosures relating to going concern are appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period up to 31 March 2026.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of 4 components and audit procedures on specific balances for a further 1 component and central procedures on cash and cash equivalents, intercompany balances, decommissioning provisions, equity, impairment of oil and gas assets, share based payments and oil and gas reserve estimates.
Key audit matters	• Impairment and impairment reversal of oil and gas producing assets • Impairment of investment in subsidiaries (parent company only)
Materiality	• Overall group materiality of $2.15 million which represents 2.5% of EBITDAX

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

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

We determined that centralised audit procedures can be performed on multiple components in the following audit areas:

Key audit area on which procedures were performed centrally	Component subject to central procedures
Cash and cash equivalents	All components
Intercompany balances	All components
Decommissioning provisions	SOCO Vietnam Limited, OPECO Inc and OPECO Vietnam Limited
Equity	All components
Impairment of oil and gas assets	All in scope components
Share based payments	All components
Oil and gas reserve estimates	All in scope components

We then identified 4 components as individually relevant to the group due to relevant events and conditions underlying the identified risks of material misstatement of the group financial statements being associated with the reporting components and 1 of the components of the group as individually relevant due to materiality or financial size of the component relative to the group.

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

We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. We determined that no other components were required to be included in the group scoping.

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

Of the 5 components selected, we designed and performed audit procedures on the entire financial information of 4 components ("full scope components"). For 1 component, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ("specific scope component").

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

Involvement with component teams

Audit work for the Vietnam component, which covers 2 full scope components, has been performed by an integrated primary audit team comprising of team members from EY UK and EY Vietnam and led by the Senior Statutory Auditor. During the current year's audit cycle, a site visit was undertaken by the Group audit team to Vietnam in November 2024. This visit involved meetings with local management, including members of both finance and operations teams. We held discussions on the audit approach, reviewed working papers during and after the site visit to validate that the required procedures have been performed and discussed the issues arising in the component audit.

Climate change

Stakeholders are increasingly interested in how climate change will impact Pharos Energy plc. The Group has determined that the most significant future impacts from climate change on their operations will be from Commodity price volatility, Lack of portfolio diversification and Carbon pricing. These are explained on pages 80 to 95 in the Task Force On Climate Related Financial Disclosures and on pages 48, 52 and 58 in the principal risks and uncertainties. They have also explained their climate commitments on pages 96 to 99. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

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

The group has explained in Note 2 how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to achieve Net Zero on Scope 1 (direct) and Scope 2 (indirect) GHG emissions from all current and future assets by no later than 2050. Significant judgements and estimates relating to climate change are included in Note 2. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted international accounting standards. In Note 16 to the financial statements, supplementary sensitivity disclosures of the impact of changes in oil price under the IEA scenario – Net Emission zero by 2050 have been provided.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 85 to 95 and the significant judgements and estimates disclosed in Note 2 and whether these have been appropriately reflected in oil and gas asset values where these are impacted by future cash flows and associated sensitivity disclosures (see Note 16), and in the timing and nature of liabilities recognised, following the requirements of UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists. This included making inquiries of the group's climate and finance teams and a review of peer disclosures and sector guidance on climate change and energy transition to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

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

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matters: Impairment and impairment reversal of oil and gas producing assets; and Impairment of investment in subsidiaries. Details of the impact, our procedures and findings are included in our explanation of key audit matters below.

Key audit matters

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

Risk	Our response to the risk
Impairment and impairment reversal of oil and gas producing assets Refer to the Audit and Risk Committee Report (pages 128 to 134); Accounting policies (page 174); and Note 16 of the Consolidated Financial Statements (pages 183 to 185). The value of property, plant and equipment relating to the group's producing oil and gas assets as at 31 December 2024 was $273.4 million (2023: $279.8 million). In the current period, management noted impairment and impairment reversal indicators for certain of the Group's assets and recorded a net pre-tax impairment reversal of $28.3 million (2023: net pre-tax impairment of $58.9 million). The impairment models include a number of key estimates for each cash-generating unit (CGU) including oil and gas prices and discount rates. Changes to key inputs could lead to a material change in an impairment or a reversal of impairment, hence this is considered a key audit matter. In addition, we considered that there was a risk of additional impairment due to the potential impact of climate change on long term oil prices. In relation to reserves estimates and production profiles, management have engaged third party reservoir engineering experts to provide an independent report on the group's reserve estimates using standard industry reserve estimation methods and definitions for Pharos's producing fields. Management have explained the scope of work of the third-party experts and their findings in the Reserves Committee Report on pages 121 to 123, as well as highlighting oil and gas reserves as a key source of estimation uncertainty in Note 4(b) to the financial statements. The risk has remained the same as the prior year.	**Our procedures involved the following:** • confirmed our understanding of Pharos's impairment assessment process, as well as the controls implemented by management; • evaluated management's assessment of whether or not impairment or impairment reversal indicators were present in respect of each producing oil and gas asset, and thus the completeness of management's impairment tests. Where indicators were identified, we assessed the methods and models used for consistency with the requirements of IAS 36 "Impairment of Assets". • tested the models for mathematical accuracy and formulae consistency to evaluate spreadsheet integrity; • assessed the appropriateness of management's oil and gas price assumptions through comparison with the estimates of market participants and peer information. We also compared Pharos's prices to the IEA's Net Zero Emissions 2050 (NZE) and to the Announced Pledges Scenario (APS) price assumptions as potential contradictory evidence for best estimates of future oil prices; • assessed the appropriateness of management's impairment discount rates including an independent re-calculation of the discount rates by our EY valuations specialists; • gained an understanding of the process used by management to derive their reserves estimates and associated production profiles and how they provide information to, and interact with, their external third party reserves expert; • evaluated the professional expertise and objectivity of management's external expert; • reconciled production and cost profiles used in the impairment model to the reserves report produced by management's external third party reserves expert; • communicated directly with the external third party reserves expert to discuss their scope of work and assess their methodologies used and outputs; • evaluated the consistency of assumptions used in the impairment model with other areas of the audit such as going concern; • assessed the appropriateness of management's presentation and disclosures relating to the impairment reversals recognised, including sensitivities.

Key observations communicated to the Audit and Risk Committee

We reported to the Audit and Risk Committee that the key assumptions used within the impairment models were within an acceptable range and, based on our testing performed, we considered the recognition and valuation of the current period impairment reversals to be reasonable.

On sensitivity disclosures, management appropriately disclosed the impact on the value of PP&E under the IEA's NZE scenario. We also reported that management had appropriately included environmental protection fees as imposed under the license extension agreement within the Vietnam asset impairment models.

How we scoped our audit to respond to the risk

Our audit response was executed by the primary audit team, covering all assets at risk of material impairment and impairment reversal.

Risk	Our response to the risk
Impairment of investment in subsidiaries (parent company only) Refer to the Audit and Risk Committee Report (pages 128 to 134); Accounting policies (page 174); and Note 17 of the Financial Statements (pages 185 to 187). Investments in subsidiaries of $287.0 million (2023: $261.5 million) represents a material asset on the parent company balance sheet. Considering the significant difference between market capitalisation and the carrying value of the Investments in subsidiaries, we consider the risk of material misstatement in the recoverability of the investment to be high. The parent company investment value is interconnected with the recoverability of subsidiaries' oil and gas producing assets which is also identified as a significant risk for the group audit. In the current period, management noted impairment and impairment reversal indicators for investments in subsidiaries and, as a result of their impairment test, recorded an impairment reversal of $24.6 million (2023: impairment of $52.1 million). The calculation of the recoverable amount of investment in subsidiaries involves significant estimates and judgements, similar to the 'Impairment and impairment reversal of oil and gas producing assets' key audit matter described above. In addition, there is complexity involved in determining the enterprise value of the subsidiaries including any relevant intercompany adjustments, hence, this is considered a key audit matter. As part of our current year testing, we identified a prior year error in the recoverable value due to the incorrect adjustment of intercompany balances as part of the impairment tests in prior periods. This resulted in an overstatement of the Investment in subsidiaries account of $29.2m as at 1 January 2023 and $32.8m as at 31 December 2023. Refer to Note 2(t) to the financial statements.	**Our procedures involved the following:** • assessed the methodology used by management to estimate the recoverable value of each investment for which an impairment test was performed to ensure that this is consistent with the accounting standards; • tested that the relevant assets and liabilities of each investment have been appropriately included in the assessment of recoverable value, including the effects of intercompany balances; • refer to the key audit matter above on 'Impairment and impairment reversal of oil and gas producing assets' with respect to our procedures performed on the recoverable value of individual assets tested for impairment, including our consideration of climate change; • tested the appropriateness of the prior year restatement and associated disclosures with reference to the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors; and • assessed the appropriateness of management's presentation and disclosures relating to the impairment reversal, including sensitivities.

Key observations communicated to the Audit and Risk Committee

We reported to the Audit and Risk Committee that the intercompany balances have been appropriately treated in determining the recoverable value. We observed that management's disclosure for the restatement of prior year balances and the reversal of impairment in 2024 were reasonable and satisfied the applicable IAS 8 requirements.

How we scoped our audit to respond to the risk

Our audit response was executed by the primary audit team.

Our application of materiality

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

Materiality

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

We determined materiality for the Group to be $2.15 million (2023 predecessor auditor: $3.8 million), which is 2.5% (2023 predecessor auditor: 4%) of EBITDAX (2023 predecessor auditor: 3 year average EBITDAX). We believe that EBITDAX provides us with the most appropriate measure upon which to calculate materiality as it represents a key performance indicator used by Pharos's investors. For the 2024 audit, we have not used a normalised measure based on our observations of the current year oil prices and analysis of forecast price curves, noting that oil price volatility caused by the pandemic and the outbreak of war in Ukraine in 2023 has reduced. Consequently, we have not used a 3 year average of EBITDAX in the current year. We have set materiality at 2.5% (2023 predecessor auditor: 4%) of EBITDAX based on our assessment of risk impacting Pharos.

Consistent with the EBITDAX measure used, we have excluded non-recurring items such as impairments and impairment reversals to ensure we are using a consistent measure representative of the underlying business. The non-recurring items excluded in 2024 were a net impairment reversal in respect of oil and gas assets of $26.3 million.

We determined materiality for the Parent Company to be $4.5 million (2023 predecessor auditor: $3.4 million), which is 1.5% (2023 predecessor auditor: 1.5%) of Net Assets. The basis for calculating parent company materiality is same as that used by the predecessor auditor.

During the course of our audit, we reassessed initial materiality and concluded that the Group's actual performance in 2024 did not affect our initial materiality. As such our materiality was unchanged from planning.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2023 predecessor auditor: 70%) of our planning materiality, namely $1.08m (2023 predecessor auditor: $2.7m). We have set performance materiality at this percentage due to this being the first year of our audit.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $0.4m to $1.0m (2023: $1.9m to $3.1m).

Reporting threshold

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

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of $0.11m (2023 predecessor auditor: $0.19m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the annual report set out on pages 3 to 158, including the Strategic Report, Corporate Governance and Supplementary Information, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Committee Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Committee Report to be audited 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.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 157;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 57 and 58;
- Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on pages 57 and 58;
- Directors' statement on fair, balanced and understandable set out on page 157;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 155;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 45 to 56; and
- The section describing the work of the Audit and Risk Committee set out on page 129.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 157, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that related to the reporting framework (UK adopted international accounting standards, Companies Act 2006, the UK Corporate Governance Code and Listing Rules of the UK Listing Authority) and the relevant tax compliance regulations in the jurisdictions in which Pharos operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, relating to health and safety, employee matters, environmental matters and bribery and corruption practices.
- We understood how Pharos Energy plc is complying with those frameworks by making inquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes, papers provided to the Audit and Risk Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by considering the degree of incentive, opportunity and rationalisation that may exist within the group. We did this by meeting with management to gain an understanding of where there was susceptibility to fraud, how the company is complying with international tax laws and regulations, procedures in place to address the risk of bribery and corruption in high-risk countries. We also performed procedures around setting key performance indicators and, alongside our forensics specialists, assessed any adverse media reports with a potential financial reporting impact.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting defined risk criteria based on our understanding of the business; inquiries with legal counsel, group management, internal audit and management of all full and specific scope components; review of legal expense accounts; and performance of adverse press searches.
- If any instances of non-compliance with laws and regulations were identified, these were communicated to the relevant local EY team and sufficient and appropriate audit procedures were performed to address the risk identified, supplemented by audit procedures performed at the group level.

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

Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee, we were appointed by the company on 28 May 2024 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 1 year, covering the year ended 31 December 2024.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

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.

ANDREW SMYTH (SENIOR STATUTORY AUDITOR)
for and on behalf of Ernst & Young LLP, Statutory Auditor London, United Kingdom

25 March 2025

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

for the year to 31 December 2024

	Notes	**2024 $ million**	2023 $ million
Continuing operations			
Revenue	5, 6	**136.0**	167.9
Cost of sales	6, 7	**(89.8)**	(109.0)
Impairment reversal/(charge) – Financial asset	6, 7	**2.5**	(2.2)
Gross profit		**48.7**	56.7
Administrative expenses		**(9.1)**	(9.0)
Other operating costs	6, 8	**(0.8)**	–
Pre-licence costs	6	**(0.8)**	(0.4)
Impairment charge – Intangible assets	6, 15	**(2.0)**	(6.5)
Impairment reversal/(charge) – Property, plant and equipment	6, 16	**28.3**	(58.9)
Operating profit/(loss)		**64.3**	(18.1)
Other/restructuring expense	8	**(0.4)**	(0.6)
Gain/(loss) on fair value movement of financial asset	6, 20	**0.3**	(0.3)
Investment revenue	5	**0.4**	0.2
Finance costs	9	**(3.9)**	(10.2)
Profit/(loss) before tax	6	**60.7**	(29.0)
Income tax charge	6, 12	**(37.1)**	(19.8)
Profit/(loss) for the year	30	**23.6**	(48.8)
Profit/(loss) per share (cents)	14		
Basic		**5.7**	(11.4)
Diluted		**5.4**	(11.4)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year to 31 December 2024

	Notes	**2024 $ million**	2023 $ million
Profit/(loss) for the year	30	**23.6**	(48.8)
Items that may be subsequently reclassified to profit or loss:			
Fair value (loss)/gain arising on hedging instruments during the year	25	**(0.1)**	0.6
Less: Loss arising on hedging Instruments reclassified to profit or loss	25	**0.1**	0.2
Total comprehensive income/(loss) for the year		**23.6**	(48.0)

The above Consolidated Income Statement and Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BALANCE SHEETS

as at 31 December 2024

	Notes	Group 2024 $ million	Group 2023 Restated[1] $ million	Company 2024 $ million	Company 2023 Restated[1] $ million
Non-current assets					
Intangible assets	15	**21.8**	18.2	**–**	–
Property, plant and equipment	16	**273.5**	279.3	**–**	–
Right of use asset	16, 33	**0.2**	0.5	**–**	–
Investments	17	**–**	–	**287.0**	261.5
Loan to subsidiaries	17	**–**	–	**18.4**	16.8
Other assets	18	**57.8**	58.6	**–**	–
		353.3	356.6	**305.4**	278.3
Current assets					
Inventories	19	**9.3**	3.3	**–**	–
Trade and other receivables	20	**47.9**	62.3	**0.5**	0.4
Tax receivables		**0.3**	2.2	**0.2**	0.2
Cash and cash equivalents	21	**16.5**	32.6	**0.8**	1.7
		74.0	100.4	**1.5**	2.3
Total assets		**427.3**	457.0	**306.9**	280.6
Current liabilities					
Trade and other payables	22	**(14.3)**	(12.5)	**(3.8)**	(2.3)
Borrowings	24	**–**	(29.5)	**–**	–
Lease liabilities	33	**(0.2)**	(0.3)	**–**	–
Tax payable		**(3.2)**	(5.8)	**–**	(0.9)
		(17.7)	(48.1)	**(3.8)**	(3.2)
Non-current liabilities					
Other payables	22	**(0.2)**	(0.5)	**–**	–
Deferred tax liabilities	23	**(67.5)**	(68.2)	**–**	–
Borrowings	24	**–**	(11.0)	**–**	–
Lease liabilities	33	**–**	(0.2)	**–**	–
Long term provisions	26	**(51.1)**	(53.8)	**–**	–
		(118.8)	(133.7)	**–**	–
Total liabilities		**(136.5)**	(181.8)	**(3.8)**	(3.2)
Net assets		**290.8**	275.2	**303.1**	277.4
Equity					
Share capital	27	**33.1**	33.7	**33.1**	33.7
Share premium	27	**58.0**	58.0	**58.0**	58.0
Other reserves	28	**258.1**	255.4	**202.0**	200.6
Retained (deficit)/earnings	30	**(58.4)**	(71.9)	**10.0**	(14.9)
Total equity		**290.8**	275.2	**303.1**	277.4

The above Consolidated and Company Balance Sheets should be read in conjunction with the accompanying notes.

1) See Notes 2(s) and 2(t)

The profit for the financial year in the accounts of the Company (Co number 3300821) was $35.0m inclusive of dividends from subsidiary undertakings (2023: $50.0m restated loss). As provided by section 408 of the Companies Act 2006, no Income Statement or Statement of Comprehensive Income is presented in respect of the Company.

The financial statements were approved by the Board of Directors on 25 March 2025 and signed on its behalf by:

KATHERINE ROE Director

SUE RIVETT Director

STATEMENTS OF CHANGES IN EQUITY

for the year to 31 December 2024

Group

	Notes	Called up share capital (see Note 27) $ million	Share premium (see Note 27) $ million	Other reserves (see Note 28) $ million	Retained earnings/(deficit) (see Note 30) $ million	Total $ million
As at 1 January 2023		34.3	58.0	253.6	(15.3)	330.6
Loss for the year	30	–	–	–	(48.8)	(48.8)
Other comprehensive income	28	–	–	0.8	–	0.8
Share buy back	27, 28, 30	(0.6)	–	0.6	(2.8)	(2.8)
Share-based payments	28	–	–	1.0	–	1.0
Distributions to shareholders (Restated)	29,30	–	–	–	(5.6)	(5.6)
Transfer relating to share-based payments	28, 30	–	–	(0.6)	0.6	–
As at 1 January 2024 (Restated[1])		**33.7**	**58.0**	**255.4**	**(71.9)**	**275.2**
Profit for the year	30	**–**	**–**	**–**	**23.6**	**23.6**
Share buy back	27, 28, 30	**(0.6)**	**–**	**0.6**	**(2.9)**	**(2.9)**
Shares purchased	28	**–**	**–**	**(0.9)**	**–**	**(0.9)**
Share-based payments	28	**–**	**–**	**1.7**	**–**	**1.7**
Distributions to shareholders	29,30	**–**	**–**	**–**	**(5.9)**	**(5.9)**
Transfer relating to share-based payments	28, 30	**–**	**–**	**1.3**	**(1.3)**	**–**
As at 31 December 2024		**33.1**	**58.0**	**258.1**	**(58.4)**	**290.8**

1) See Notes 2(s) and 2(t)

Company

	Notes	Called up share capital (see Note 27) $ million	Share premium (see Note 27) $ million	Other reserves (see Note 28) $ million	Retained earnings/(deficit) (see Note 30) $ million	Total $ million
As at 1 January 2023 (Restated[1])		34.3	58.0	199.7	42.9	334.9
Loss for the year (Restated)	13, 30	–	–	–	(50.0)	(50.0)
Share buy back	27, 28 ,30	(0.6)	–	0.6	(2.8)	(2.8)
Share-based payments	28	–	–	1.0	–	1.0
Distributions to shareholders (Restated)	29 ,30	–	–	–	(5.6)	(5.6)
Transfer relating to share-based payments	28, 30	–	–	(0.7)	0.6	(0.1)
As at 1 January 2024 (Restated[1])		**33.7**	**58.0**	**200.6**	**(14.9)**	**277.4**
Profit for the year	13, 30	**–**	**–**	**–**	**35.0**	**35.0**
Share buy back	27, 28 ,30	**(0.6)**	**–**	**0.6**	**(2.9)**	**(2.9)**
Share-based payments	28	**–**	**–**	**1.7**	**–**	**1.7**
Distributions to shareholders	29 ,30	**–**	**–**	**–**	**(5.9)**	**(5.9)**
Transfer relating to share-based payments	28, 30	**–**	**–**	**(0.9)**	**(1.3)**	**(2.2)**
As at 31 December 2024		**33.1**	**58.0**	**202.0**	**10.0**	**303.1**

1) See Notes 2(s) and 2(t)

The above Consolidated and Company Statements of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS

for the year to 31 December 2024

	Notes	Group 2024 $ million	Group 2023 $ million	Company 2024 $ million	Company 2023 $ million
Net cash from (used in) operating activities	32	**54.0**	44.9	**(11.2)**	(8.1)
Investing activities					
Purchase of intangible assets		**(5.4)**	(9.7)	**–**	–
Purchase of property, plant and equipment		**(18.4)**	(13.5)	**–**	–
Payment to abandonment fund	18	**(2.3)**	(3.5)	**–**	–
Consideration in relation to farm out of Egyptian assets[1]	20	**5.0**	15.6	**–**	–
Contingent consideration received in relation to farm out of Egyptian assets	20	**3.6**	5.0	**–**	–
Assignment fee in relation to farm out of Egyptian assets	22	**(0.4)**	(0.5)	**–**	–
Loans with subsidiaries		**–**	–	**4.7**	–
Dividends received from subsidiary undertakings		**–**	–	**14.3**	11.4
Net cash (used in) from investing activities		**(17.9)**	(6.6)	**19.0**	11.4
Financing activities					
Share purchase		**(0.9)**	–		
Repayment of borrowings	24	**(41.4)**	(44.2)	**–**	–
Proceeds from borrowings	24	**2.2**	9.2	**–**	–
Interest paid on borrowings	24	**(2.4)**	(6.4)	**–**	–
Lease payments	33	**(0.3)**	(0.3)	**–**	–
Share buy back	30	**(2.9)**	(2.8)	**(2.9)**	(2.8)
Dividends paid to shareholders	29	**(5.9)**	(5.6)	**(5.9)**	(5.6)
Funding movements with subsidiaries		**–**	–	**–**	(2.1)
Net cash used in financing activities		**(51.6)**	(50.1)	**(8.8)**	(10.5)
Net decrease in cash and cash equivalents		**(15.5)**	(11.8)	**(1.0)**	(7.2)
Cash and cash equivalents at beginning of year		**32.6**	45.3	**1.7**	8.8
Effect of foreign exchange rate changes		**(0.6)**	(0.9)	**0.1**	0.1
Cash and cash equivalents at end of year	21	**16.5**	32.6	**0.8**	1.7

1) During the year IPR, acting as operator and agent, was authorised to settle its operating liabilities of $3.7m (2023: $3.5m) and investing liabilities of $1.3m (2023: $12.1m) against the consideration due from the associated carry debtor (Note 20) amounting to $5.0m (2023: $15.6m). The Company has disclosed the underlying cash flows as operating, investing or financing according to their nature on the basis that, as a principal, the entity has the right to the cash inflows and/or the obligation to settle the liability and to ensure clarity of disclosure of the operating cash costs of the business.

The above consolidated and company cash flow statements should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Pharos Energy plc is a company limited by shares and incorporated in England and Wales under the Companies Act. The address of the registered office is given on the inside back cover. The nature of the Group's operations and its principal activities are set out in Note 6, in the Operational Review and Chief Financial Officer's Statement on pages 29 to 32 and 37 to 44, respectively. Pharos Energy plc is the ultimate parent company of the Group and except where otherwise indicated the following accounting policies apply to both the Group and the Company.

2. Material accounting policies information

a) Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the International Accounting Standard Board (IASB) and endorsed by the UK Endorsement Board (UKEB).

Going Concern

The financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The Directors performed a going concern assessment for a period up to 31 March 2026, to validate the continued application of the going concern basis in the preparation of the financial statements of the Group. Based on the results of the going concern assessment, the Directors have concluded that this basis of preparation is appropriate and that there are no material uncertainties in this regard. The assessment process undertaken included applying appropriate estimates of future production and oil prices together with ensuring that the forecasts included all expenditure that was either committed or expected to be incurred in relation to estimated production volumes, including minimum exploration commitment well due to be drilled on Block 125 by November 2025. Consideration was also given to the potential ongoing impact of geopolitical conflicts and new government policies in the US, with increased uncertainties and volatilities on world commodity markets. This risk has been taken into consideration through downside oil price sensitivities, including the application of a reverse stress test. In addition, consideration has also been given to the ongoing delayed payment of EGPC trade receivables in Egypt and the macro-economic environment in-country which, following the government's decision to let the Egyptian pound fully float, has caused progressive devaluation of EGP currency against USD. Further details in this area are provided in the Directors' Report on pages 153 to 157.

Pharos continuously monitors its business activities, financial position, cash flows and liquidity through detailed forecasts. Scenarios and sensitivities are also regularly presented to the Board, including changes in commodity prices and in production levels from the existing assets, plus other factors that could affect the Group's future performance and position. These events include:

- A material reduction in the oil price putting pressure on the Group's capital available for investment
- A material reduction in production
- An unfavourable event resulting in lost production and oil price shock

A base case forecast has been considered for the going concern assessment that utilises oil prices of $74.7/bbl in 2025 and $72.9/bbl in 2026. The key assumptions and related sensitivities include a "Reasonable Worst Case" (RWC) scenario, where the Board has taken into account the risk of a significant fall in oil prices by a third to $49.5/bbl in April 2025 and gradually recovers to the base case price over the next 12 months, concurrent with 5% reductions in Vietnam and Egypt production compared to our base case from April 2025. Both the base case and RWC take into account the effect of hedging that has already been put in place at 31 December 2024 and subsequent hedges placed in 1Q 2025, now covering c.20% of total group entitlement production for 2025. We have therefore secured an average floor price and ceiling price of c. $63.5/bbl and c. $87.6/bbl, respectively, for the entire hedged volumes in 2025. Under the RWC scenario, we have identified appropriate mitigating actions, which could look to defer uncommitted expenditure as required, reduce head office administrative expenses and elect not to pay dividends to shareholders.

A reverse stress test has been performed to test for a further decline in oil price, including mitigating actions, to determine at what levels oil price would need to reach such that liquidity headroom runs out. The likelihood of Brent price dropping to such levels is considered to be remote.

On the basis of the forecasts provided above, the Group is expected to have sufficient financial headroom for the period up to 31 March 2026. Based on this analysis, the Directors have a reasonable expectation that the Group has adequate resources to continue its operations in the foreseeable future. Therefore, the Financial Statements have been prepared using the going concern basis of accounting.

Climate change and the energy transition

In preparing the consolidated financial statements, the Directors have considered the impact of climate change and the transition to a low carbon economy, particularly in the context of the risks identified in the TCFD disclosure on pages 80 to 95. The Directors have also considered the impact of climate change in respect of going concern and viability of the Group over the next three years. In particular, the energy transition is likely to impact future oil and gas prices which, in turn, may affect the recoverable amount of the group's property, plant and equipment (PP&E).

The International Energy Agency (IEA) 2024 Energy Outlook report presents a price curve as an output of Net Zero Emissions (NZE). The scenario outlines a pathway to limiting global average temperature rise to 1.5°C, the Paris Agreement objective, by achieving net zero emissions by 2050. To achieve the NZE target, it is necessary to transition away from fossil fuels towards cleaner, renewable energy sources. The transition will likely lead to a decrease in demand for oil and a corresponding decrease in oil prices. Therefore, according to the IEA, the price curve for oil is expected to be in backwardation with a gradual decline through to 2050. Further details of the key assumptions in this area have been provided in Note 16, including sensitivity analysis outlining the impact on the impairment charges of using the average of the Paris compliant scenarios.

In addition to impairment, climate change pressures could curtail the expected useful lives of the group's oil and gas PP&E, thereby accelerating depreciation charges. However, the group's producing fields are likely to be fully depreciated within 11 years, during which timeframe it is expected that global demand for oil will remain robust. Accordingly, the impact of climate change on expected useful lives is not considered to be significant.

In addition to PP&E, climate change could: (1) adversely impact the future development or viability of exploration and evaluation (E&E) prospects. However, the impact of climate change will be taken into consideration when the field is transferred from exploration to development stage; (2) bring forward the date of decommissioning of the group's producing oil and gas assets in Vietnam, thereby increasing the net present value of the associated provision. However, decommissioning is currently forecast to occur within the next 7-8 years and, due to the relatively short timeframe, it is not considered that any reasonably possible acceleration in the timing of decommissioning will have a material impact on the provision, assuming the underlying cost estimates remain unchanged.

The Directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group's financial statements. Governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known.

The Financial Statements have been prepared under the historical cost basis, except for the valuation of hydrocarbon inventories (Note 19) and the revaluation of certain financial instruments (Note 20). The Financial Statements are presented in US dollars as it is the functional currency of each of the Company's subsidiary undertakings and is generally accepted practice in the oil and gas sector.

The material accounting policies adopted are set out below.

b) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments have not had an impact on the classification of the Group's liabilities.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's financial statements.

c) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 year end and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods nor on foreseeable future transactions.

d) Basis of consolidation

The Group Financial Statements consolidate the accounts of Pharos Energy plc and entities controlled by the Company (its subsidiary undertakings) drawn up to the balance sheet date. Control is achieved where the investor is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Where necessary, adjustments are made at the Group level to align the accounting policies of the subsidiaries to the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

e) Investments

Non-current investments in subsidiaries of the Company are shown at cost less provision for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

f) Interests in joint arrangements

A joint arrangement is an arrangement where two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements where the Group has the rights to assets and obligations for liabilities of the arrangement are classified as joint operations and are accounted for by recognising the Group's share of assets, liabilities, income and expenses.

Joint arrangements where the Group has the rights to the net assets of the arrangement are classified as joint ventures and are accounted for using the equity method of accounting.

g) Revenue

Revenue represents the fair value of the Group's share of oil and gas sold during the year on a liftings basis and is recognised when the Group satisfies a performance obligation by transferring oil and gas to a customer. In accordance with the Group's sales agreements for oil and gas, the title to oil and gas typically transfers to a customer at the same time as the customer takes physical possession of the oil or gas. Typically, at this point in time, the performance obligations of the Group are fully satisfied.

Investment revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

h) Other/restructuring items

Other/restructuring items represent income and expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Group and, therefore, are not expected to recur frequently or regularly.

i) Intangible and tangible non-current assets

Oil and gas exploration, evaluation and development expenditure

The Group adopts the successful efforts method of accounting for exploration and evaluation costs. Pre-licence costs are expensed in the period in which they are incurred. All licence acquisition, exploration and evaluation costs and direct administration costs are initially capitalised as intangible non-current assets in cost centres by well (most typically), field or exploration area, as appropriate. Interest payable is capitalised insofar as it relates to specific development activities.

These costs are then written off as exploration costs in the income statement unless commercial reserves have been established or the determination process has not been completed and there are no indicators of impairment.

All field development costs are capitalised as property, plant and equipment. Property, plant and equipment related to production activities is amortised in accordance with the Group's depreciation, depletion and amortisation accounting policy.

Depreciation, depletion and amortisation

Depletion is provided on oil and gas assets in production using the unit of production method, based on proven and probable reserves, applied to the sum of the total capitalised exploration, evaluation and development costs, together with estimated future development costs at current prices. Oil and gas assets, which have a similar economic life for each field, are aggregated for depreciation purposes.

Impairment of value

Where there has been a change in economic conditions or in the expected use of a tangible non-current asset that indicates a possible impairment of an asset, management tests the recoverability of the net book value of the asset by comparison with the estimated discounted future net cash flows based on management's expectations of future oil prices and future costs. Any identified impairment is charged/credited to the income statement in the period in which it is identified.

Intangible non-current assets are considered for impairment by reference to the indicators specified in paragraphs 18 to 20 of IFRS 6. The impairment indicators in IFRS 6 for each exploration asset are:

The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Other tangible non-current assets

Other tangible non-current assets are stated at historical cost less accumulated depreciation. Depreciation is provided on a straight-line basis at rates calculated to write off the cost of those assets, less residual value, over their expected useful lives of three to seven years.

Decommissioning

The decommissioning provision is calculated as the net present value of the Group's share of the expenditure which is expected to be incurred at the end of the producing life of each field in the removal and decommissioning of the production, storage and transportation facilities currently in place. The cost of recognising the decommissioning provision is included as part of the cost of the relevant property, plant and equipment and is thus charged to the income statement on a unit of production basis in accordance with the Group's policy for depletion and depreciation of tangible non-current assets. Period charges for changes in the net present value of the decommissioning provision arising from discounting are included in finance costs.

j) Changes in estimates

The effects of changes in estimates on the unit of production calculations are accounted for prospectively, from the date of adoption of the revised estimates, over the estimated remaining proven and probable reserves.

k) Inventories

Inventories, except for inventories of hydrocarbons, are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises direct purchase costs. Net realisable value is determined by reference to prices existing at the balance sheet date.

Physical inventories of hydrocarbons are valued at net realisable value in line with well established industry practice. Underlifts and overlifts are valued at market value and are included in accrued income and prepayments, and accruals and deferred income, respectively. Changes in hydrocarbon inventories, underlifts and overlifts are adjusted through cost of sales.

l) Leases

On inception of a contract, the Group assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether the contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use, and the Group has the right to direct the use of the asset.

For short-term leases (lease term less than 12 months) and leases for which the underlying asset is of low value assets, the Group has opted to recognise a lease expense on a straight-line basis.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the Consolidated Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

m) Share-based payments

Equity-settled awards under share-based incentive plans are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

For cash-settled share-based payments, a liability is recognised measured initially at fair value. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is measured, with any changes in fair value recognised in profit or loss for the year.

n) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that sufficient taxable profits will be available to recover the asset. Deferred tax is not recognised where an asset or liability is acquired in a transaction which is not a business combination for an amount which differs from its tax value.

Deferred tax is calculated at the tax rates that are expected to be applied in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

o) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

There are no material financial assets and liabilities for which differences between carrying amounts and fair values are required to be disclosed. The classification of financial instruments as required by IFRS 7 is disclosed in Notes 20, 21, 22, 24 and 33.

Financial asset at fair value through profit or loss

Where a financial instrument is classified as a financial asset at fair value through profit or loss it is initially recognised at fair value. At each balance sheet date the fair value is reviewed and any gain or loss arising is recognised in the income statement. Changes in the net present value of the financial asset arising from discounting are included in other income and expense. As at 31 December 2024 and 2023, financial assets classified at fair value through profit or loss relate to revision of contingent consideration due from IPR following farm down of the Egypt concessions on 21 March 2022 (see Note 20).

Other financial assets

The amount booked as abandonment fund is the share of the fair value of the fund net assets. Cash is contributed into the abandonment funds for both our Vietnam producing fields TGT and CNV. These abandonment funds are maintained in a bank account by PetroVietnam and, as Pharos retains the legal rights and obligations to all monies contributed to the abandonment funds in accordance with the Petroleum Contracts, pending commencement of abandonment operations, they are treated as other non-current assets.

Loans to subsidiaries

Loans to subsidiaries are recognised at amortised cost, less expected credit losses provision, when required.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables and loans to subsidiaries. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Derivative and hedging instruments

Derivatives are initially recognised at fair value on the date that a derivative contract is entered into, and they are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Pharos entered into different commodity (zero cost collar) hedges to protect the Brent component of forecast oil sales and to ensure future compliance with its obligations under the RBL. Pharos has designated the zero cost collars as cash flow hedges. For cash flow hedges, the portion of the gains and losses on the hedging instrument that is determined to be an effective hedge is taken to other comprehensive income and the ineffective portion is recognised in the income statement. The gains and losses taken to other comprehensive income are subsequently transferred to the income statement during the period in which the hedged transaction affects the income statement.

Borrowings

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including any direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and transaction costs) through the expected life of the financial liability to the amortised cost of a financial liability.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Equity instruments repurchased are deducted from equity at cost.

p) Provisions

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote or the amount of the liability cannot be measured with sufficient reliability.

Contingent liabilities may develop in a way not initially expected. Therefore, they are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning provisions:

Provisions for the costs to decommission oil & gas properties are recognised when the Group has an obligation required by the terms and conditions of the agreements and when a reliable estimate can be made.

The provision for the costs of decommissioning oil & gas properties at the end of their economic lives is estimated using existing technology, at future prices, depending on the expected timing of the activity, and discounted using the nominal discount rate. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

q) Foreign currencies

The individual financial statements of each Group company are stated in the currency of the primary economic environment in which it operates (its functional currency). Transactions in currencies other than the entity's functional currency (foreign currency) are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recorded at the rates of exchange prevailing at that date, or if appropriate, at the forward contract rate. Any resulting gains and losses are included in net profit or loss for the period.

For the purpose of presenting consolidated financial statements the results of entities denominated in currencies other than US dollars are translated at the daily rate of exchange and their balance sheets at the rates ruling at the balance sheet date. Any resulting gains or losses are taken to other comprehensive income.

r) Pension costs

The contributions payable in the year in respect of pension costs for defined contribution schemes and other post-retirement benefits are charged to the income statement. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

s) Restatement of current liability

As at 31 December 2023, a $1.7m current liability was recognised in respect of the interim dividend announced in December 2023 and paid in January 2024. While preparing these financial statements the Group noted the guidance set out in the ICAEW Technical Release 02/17BL regarding "Guidance on Realised and Distributable Profits under the Companies Act 2006" (TR 02/17BL) which requires a legally binding liability to be established prior to the recognition of an interim dividend. Since this obligation was not legally binding as at 31 December 2023, the comparatives in the Consolidated Balance Sheet and the Consolidated Statements of Changes in Equity as at 31 December 2023 have been restated for the Group and the Company to remove the interim dividend liability. Going forward, the Group will recognise interim dividends only in the period in which they are paid unless applicable accounting practice, standards or guidance changes. This does not constitute any change in the Group's previously announced dividend policy.

t) Restatement of Fixed asset investments and joint arrangements in the Company

Comparative information in respect of impairment charge and remaining recoverable amount has been restated in relation to the recognition of an additional impairment of investments in subsidiaries due to an error in calculating the recoverable value of Pharos Energy plc's investment in Pharos Exploration Limited. The investment balance as at 31 December 2023 was overstated and an impairment charge for the year ended 31 December 2023 was understated by $32.8m, $29.8m of which related to pre-2023 financial years. As a result of the correction, investment in subsidiaries as at 31 December 2023 decreased from $294.3m to $265.1m and loss for the year increased from $47.0m to $50.0m. The $29.8m additional loss in relation to pre-2023 financial years has been corrected in opening retained earnings as of 1 January 2023 which has the impact of reducing the investment balance as at 1 January 2023 from $335.5m to $305.7m.

3. Financial risk management

The Board reviews and agrees policies for managing financial risks that may affect the Group. In certain cases the Board delegates responsibility for such reviews and policy setting to the Audit and Risk Committee. The principal financial risks affecting the Group are discussed in the Risk Management Report on pages 45 to 56 and in Note 36.

4. Critical judgements and accounting estimates

a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies described in Note 2, management has made judgements that may have a significant effect on the amounts recognised in the financial statements. These are discussed below:

Oil and gas assets

Note 2(i) describes the judgements necessary to implement the Group's policy with respect to the carrying value of intangible exploration and evaluation assets.

Management considers these assets for impairment at least annually with reference to indicators in IFRS 6. Note 15 discloses the carrying value of intangible exploration and evaluation assets along with details of impairment charges that arose during the year. Further, Note 2(i) describes the Group's policy regarding reclassification of intangible assets to tangible assets. Management considers the appropriateness of asset classification at least annually.

b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, other than those mentioned above, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Oil and gas reserves and DD&A

Note 2(i) sets out the Group's accounting policy on DD&A. Proven and probable reserves are estimated using standard recognised evaluation techniques and are disclosed on pages 121 to 123. The estimate is reviewed at least twice a year and is audited by third party reservoir engineers at year end. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers. As discussed in the Reserves Committee Report on pages 121 to 123, the Vietnam and Egypt fields' proved and probable reserves estimates have been revised based on ongoing work of ERCE and audited by our Reserves Auditors, McDaniel. Reserves estimates are inherently uncertain, especially in the early stages of a field's life, and are routinely revised over the producing lives of oil and gas fields as new information becomes available, judgements are taken over the life of the licence, and as economic conditions evolve. Such revisions may impact the Group's future financial position and results, in particular, in relation to DD&A and impairment testing of oil and gas property, plant and equipment.

Impairment of producing oil and gas assets

If impairment indicators are identified in relation to a producing oil and gas field, management is required to carry out an assessment in accordance with IAS 36 'Impairment of Assets' by comparing the net carrying value of the assets and liabilities which represent the field cash generating unit (CGU) with the estimated recoverable amount of the field. Management generally determines the recoverable amount of the field by estimating its value in use, using a discounted cash flow method. Calculating the net present value of the discounted cash flows involves key assumptions which include commodity prices, 2P reserves estimates and discount rates. Other assumptions include production profiles, future operating and capital expenditures and the relevant fiscal terms. Further information relating to the specific assumptions and uncertainties relevant to impairment tests performed in the year are discussed in Note 16.

5. Total revenue

An analysis of the Group's revenue is as follows:

	2024 $ million	2023 $ million
Oil and gas sales (see Note 6)	**136.1**	168.1
Realised losses on commodity hedges (see Note 6 and Note 25)	**(0.1)**	(0.2)
	136.0	167.9
Investment revenue	**0.4**	0.2
	136.4	168.1

6. Segment information

The Group has one principal business activity being oil and gas exploration and production. The Group's operations are located in South East Asia and Egypt (the Group's operating segments). There are no inter-segment sales. South East Asia and Egypt form the basis on which the Group reports its segment information.

2024	SE Asia $ million	Egypt $ million	Unallocated $ million	Group $ million
Oil and gas sales (see Note 5)	115.4	20.7	–	136.1
Realised loss on commodity hedges (see Note 5 and Note 25)	–	–	(0.1)	(0.1)
Total revenue	115.4	20.7	(0.1)	136.0
Cost of sales	(75.6)	(14.2)	–	(89.8)
Impairment reversal – Financial asset (see Note 20)	–	2.5	–	2.5
Administrative expenses	–	–	(9.1)	(9.1)
Depreciation, depletion and amortisation - Oil and gas (see Note 7 and Note 16)	(42.1)	(5.0)	–	(47.1)
Depreciation, depletion and amortisation - Other (see Note 16)	–	(0.2)	–	(0.2)
Other operating costs (see Note 8)	–	–	(0.8)	(0.8)
Pre-licence costs	–	–	(0.8)	(0.8)
Impairment charge – Intangible assets (see Note 15)	–	(2.0)	–	(2.0)
Impairment reversal - PP&E (see Note 16)	23.4	4.9	–	28.3
Gain on fair value movement of financial asset (see Note 20)	–	0.3	–	0.3
Profit/(loss) before tax[1]	60.9	11.3	(11.5)	60.7
Tax charge on operations (see Note 12)	(26.8)	(1.9)	–	(28.7)
Tax charge on impairment reversal (see Note 12)	(8.4)	–	–	(8.4)

2023	SE Asia $ million	Egypt $ million	Unallocated $ million	Group $ million
Oil and gas sales (see Note 5)	149.2	18.9	–	168.1
Realised loss on commodity hedges (see Note 5 and Note 25)	–	–	(0.2)	(0.2)
Total revenue	149.2	18.9	(0.2)	167.9
Cost of sales	(95.6)	(13.4)	–	(109.0)
Impairment charge – Financial asset (see Note 20)	–	(2.2)	–	(2.2)
Administrative expenses	–	–	(9.0)	(9.0)
Depreciation, depletion and amortisation - Oil and gas (see Note 7 and Note 16)	(51.0)	(4.4)	–	(55.4)
Depreciation, depletion and amortisation - Other (see Note 16)	–	(0.2)	–	(0.2)
Pre-licence costs	–	(0.4)	–	(0.4)
Impairment charge – Intangible assets (see Note 15)	–	(6.5)	–	(6.5)
Impairment charge - PP&E (see Note 16)	(46.0)	(12.9)	–	(58.9)
Loss on fair value movement of financial asset (see Note 20)	–	(0.3)	–	(0.3)
Profit/(loss) before tax[1]	5.6	(18.4)	(16.2)	(29.0)
Tax charge on operations (see Note 12)	(36.0)	–	–	(36.0)
Tax credit on impairment charge (see Note 12)	16.2	–	–	16.2

1) Unallocated amounts included in profit/(loss) before tax comprise corporate costs not attributable to an operating segment, investment revenue, other gains and losses and finance costs.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 2.

Included in revenues arising from South East Asia and Egypt are revenues of $115.4m and $20.7m which arose from the Group's two largest customers, who contributed more than 10% to the Group's oil and gas revenue (2023: $149.2m and $18.9m in South East Asia and Egypt from the Group's two largest customers).

Geographical information

The Group's oil and gas revenue and non-current assets (excluding other assets) by geographical location are separately detailed below where they exceed 10% of total revenue or non-current assets, respectively:

Revenue

All of the Group's oil and gas revenue is derived from foreign countries. The Group's oil and gas revenue by geographical location is determined by reference to the final destination of oil or gas sold.

	2024 $ million	2023 $ million
Vietnam	**115.4**	149.2
Egypt	**20.7**	18.9
	136.1	168.1

Non-current assets

	2024 $ million	2023 $ million
Vietnam	**233.5**	240.4
Egypt	**62.0**	57.6
	295.5	298.0

Excludes other assets.

7. Cost of sales

	2024 $ million	2023 $ million
Depreciation, depletion and amortisation (see Note 16)	**47.1**	55.4
Production based taxes	**9.2**	10.5
Production operating costs	**39.5**	39.1
Change in inventories	**(6.0)**	4.0
	89.8	109.0
Impairment (reversal)/charge – financial asset (see Note 20)	**(2.5)**	2.2
	87.3	111.2

8. Other operating costs and Other/restructuring expense

Other operating costs	**2024 $ million**	2023 $ million
Share based payments	**0.6**	–
Other	**0.2**	–
	0.8	–

Share based payments of $0.6m relate to the posthumous vesting of share scheme awards to the former CEO of the Company, settled in cash and paid to his estate with the agreement of the executor. This cash settlement was provided for in the relevant share scheme rules and formally approved by the Remuneration Committee.

Other costs of $0.2m were incurred in relation to the closure of the Group's US office.

Other/restructuring expense	**2024 $ million**	2023 $ million
Redundancy costs	**0.4**	–
Other	**–**	0.6
	0.4	0.6

In 2024, Other/restructuring expenses included $0.4m of redundancy costs relating to the Egypt office in Cairo. In 2023, other expenses of $0.6m were due to changes in the best estimate of the adjustment relating to the interim period between the economic date of 1 July 2020 and the completion date of the disposal of 55% interest in the Egypt concessions.

9. Finance costs

	2024 $ million	2023 $ million
Unwinding of discount on provisions (see Note 26)	**2.2**	2.0
Interest expense and similar fees (see Note 24)	**1.1**	7.7
Net foreign exchange losses	**0.6**	0.5
	3.9	10.2

In 2024, $2.2m relates to the unwinding of discount on the provisions for decommissioning (2023: $2.0m). The provisions are based on the net present value of the Group's share of the expenditure which will be incurred at the end of the producing life of TGT and CNV (currently estimated to be 7-8 years) in the removal and decommissioning of the facilities currently in place (see Note 26).

Following the June 2024 redetermination and the $20.0m repayment of principal in relation to the Group's reserve based lending facility, there was a change in estimated future cash flows. The RBL loan facility was voluntarily repaid early and in full on 17 September 2024, and a credit of $1.3m was recognised in the income statement.

In 2023, following the June and December 2023 redeterminations and the $35.0m repayment of principal in relation to the Group's reserve based lending facility, there was a change in estimated future cash flows. As a result, a charge of $2.7m was recognised in profit and loss, offset by an amortisation adjustment of $(1.4)m.

10. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2024 $000s	2023 $000s
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	781	574
Fees payable to the Company's auditor and their associates for other services to the Group:		
Audit of the Company's subsidiaries	–	11
Total audit fees	781	585
Audit related assurance services – half year review	141	141
Other assurance services	–	37
Total non-audit fees	141	178

The non-audit fees during 2024 constituted the half year review (2023: half year review and other assurance services associated primarily with the agreed upon procedures relating to the Vietnam region).

Ernst & Young LLP succeeded Deloitte LLP as external auditor with effect from 1 January 2024. During the second half of 2023 and the early part of 2024, Ernst & Young LLP "shadowed" Deloitte's work as external auditor, with a view to preserving know-how and experience and encouraging a seamless transition. Shareholders approved the appointment of Ernst & Young LLP as external auditor for the financial year commencing 1 January 2024 at the 2024 AGM.

All non-audit fees were fully approved by the Audit and Risk Committee, having concluded such services were compatible with auditor independence and were consistent with relevant ethical guidance in place.

Details of the Company's policy on the use of auditors for non-audit services are set out in the Audit and Risk Committee Report on pages 128 to 134.

Fees payable to Ernst & Young LLP for non-audit services to the Company are not required to be disclosed separately because the consolidated financial statements disclose such fees on a consolidated basis.

11. Staff costs

The average monthly number of employees of the Group including Executive Directors was 35 (2023: 38), of which 31 (2023: 34) were administrative personnel and 4 (2023: 4) were operations personnel. Their aggregate remuneration comprised:

	Group	
	2024 $ million	2023 $ million
Wages and salaries	6.1	6.1
Social security costs	0.8	0.6
Share-based payment expense (see Note 31)	1.2	1.3
Other pension costs under money purchase schemes	0.5	0.5
Other benefits	0.3	0.7
	8.9	9.2

In accordance with the Group's accounting policy $3.7m (2023: $3.3m) of the Group's staff costs above have been capitalised, of which $2.8m (2023: $2.5m) relates to our Vietnam assets and $0.9m (2023: $0.8m) relates to our Egypt assets.

In 2024, total staff costs were $8.9m (2023: $9.2m) and includes the costs of head office and Pharos' subsidiary employees. Excluding the impact of IFRS 2 share-based payment expense and bonuses paid to staff, the underlying costs have fallen 9% year on year to $5.3m (2023: $5.8m).

In 2024, redundancy costs of $0.4m for the Egypt office in Cairo were disclosed in other/restructuring expense in the income statement (see Note 8). A further $0.1m of redundancy costs were incurred for one employee as a result of the closure of the Group's US office and disclosed in Other operating expenses in the income statement (see Note 8).

12. Tax

	2024 $ million	2023 $ million
Current tax		
Corporation income tax	36.0	44.7
Adjustments in respect of prior years	1.8	(0.2)
	37.8	44.5
Deferred tax		
Deferred tax credit on operations (see Note 23)	(9.1)	(8.5)
Deferred tax charge/(credit) on impairment (see Note 16 and 23)	8.4	(16.2)
	(0.7)	(24.7)
Total tax charge	37.1	19.8

The Group's corporation tax is calculated at 50% (2023: 50%) of the estimated assessable profit for the year in Vietnam. In Egypt, under the terms of the concession, any local taxes arising are settled by EGPC. During 2024 and 2023, both current and deferred taxation have arisen in overseas jurisdictions only.

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2024 $ million	2023 $ million
Profit/(loss) before tax	60.7	(29.0)
Tax at 50% (2023: 50%)	30.4	(14.5)
Effects of:		
Non-taxable income	(5.8)	–
Non-deductible expenses	8.1	18.0
Egypt taxation at different rate to Vietnam effective tax rate	(2.0)	–
Tax losses not recognised	4.9	16.5
Utilisation of tax losses	(0.3)	–
Adjustments to tax charge in respect of prior periods	1.8	(0.2)
Tax charge for the year	37.1	19.8

The prevailing tax rate in Vietnam, where the Group produces oil and gas, is 50%. The tax charge in future periods may also be affected by the factors in the reconciliation above.

In 2024, non-taxable income relates to the tax impact of Vietnam impairment reversals of $(3.3)m in relation to the non-cost recovery pool and Egypt impairment reversal of $(2.5)m. Non-deductible expenses primarily relate to Vietnam DD&A charges for costs previously capitalised, which are non-deductible for Vietnamese tax purposes of $6.2m (2023: Vietnam impairment charges of $6.8m in respect of the non-cost recovery pool and DD&A charges for costs previously capitalised of $10.4m). A further $0.9m (2023: $0.8m) relates to non-deductible corporate costs including share scheme incentives and $1.0m (2023: $nil) in relation to impairment of Egypt intangible assets.

The Egypt concessions are subject to corporate income tax at the standard rate of 40.55%, however responsibility for payment of corporate income taxes falls upon EGPC on behalf of Pharos El Fayum (PEF). The Group records a tax charge, with a corresponding increase in revenue, for the tax paid by EGPC on its behalf. As PEF became profitable in 2024, reversing the historic tax loss position since first production, this led to a $1.9m tax charge being recorded.

The effect from tax losses not recognised in 2024 relates to costs, primarily of the Company, deductible for tax in the UK but not expected to be utilised in the foreseeable future.

13. Profit/(loss) attributable to Pharos Energy plc

The profit for the financial year in the accounts of the Company was $35.0m inclusive of dividends from subsidiary undertakings (2023: restated loss of $50.0m). As provided by section 408 of the Companies Act 2006, no income statement or statement of comprehensive income is presented in respect of the Company.

14. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Group	
	2024 $ million	2023 $ million
Gain/(loss) for the purposes of basic earnings per share	**23.6**	(48.8)
Effect of dilutive potential ordinary shares – Cash settled share awards and options	**(0.9)**	–
Gain/(loss) for the purposes of diluted earnings per share	**22.7**	(48.8)

	Number of shares (million)	
	2024	2023
Weighted average number of ordinary shares	**417.0**	427.2
Effect of dilutive potential ordinary shares – Share awards and options	**2.7**	–
Weighted average number of ordinary shares for the purpose of diluted profit/(loss) per share	**419.7**	427.2

In accordance with IAS 33 “Earnings per Share”, the effects of 2.9m antidilutive potential shares have not been included when calculating dilutive earnings per share for the year ended 31 December 2023, as the Group was loss making.

15. Intangible assets

	Group	
	2024 $ million	2023 $ million
Exploration and evaluation expenditure		
As at 1 January	**18.2**	16.5
Additions	**5.6**	11.1
Transfer to property, plant and equipment	**–**	(2.9)
Impairment – Intangibles	**(2.0)**	(6.5)
As at 31 December	**21.8**	18.2

Intangible assets at 2024 year-end comprise the Group’s exploration and evaluation projects which are pending determination. Included in the additions is Blocks 125 & 126 in Vietnam $2.8m (2023: $3.1m) and Egypt $2.8m (2023: $8.0m), of which $0.6m (2023: $6.7m) relates to North Beni Suef.

In 2020, an IFRS 6 impairment indicator was triggered following the Group’s decision to defer all non-essential investment in Vietnam and Egypt at this point. No substantive expenditure for its exploration areas in Vietnam and Egypt was either budgeted or planned in the near future. Exploration costs including costs associated with Blocks 125 & 126 in Vietnam of $17.9m and costs associated with Egypt projects in the amount of $5.3m ($2.4m share post-farm out) were written off in the income statement in accordance with the Group’s accounting policy on oil and gas exploration and evaluation expenditure.

During 2023, approval was received from the Vietnamese Government in June for the two-year extension to Phase One of the Exploration Period under Blocks 125 & 126 PSC to 8 November 2025. In July 2023, the Company published an independent report prepared by ERCE on Blocks 125 & 126 in Vietnam which makes estimates of prospective oil resources with an aggregated gross unrisked Mean of 13,328 MMstb, covering those Prospects and Leads already identified. The report supports the Company’s internal assessments and paves the way for further work to develop new Leads and mature Leads to Prospects. Detailed drilling engineering studies for the proposed well on Prospect A commenced in 3Q 2024, with long lead items ordered to progress the opportunity on Blocks 125 & 126. The Company is continuing its discussions with potential farm-in partners and rig contractors to complete all necessary work to drill the first exploration well on this basin-opening play. Whilst ongoing costs for exploration are therefore forecasted and funds are available for future exploration, there is insufficient certainty of full recovery to justify the reversal of the previous impairment charges in 2020. The accumulated impairment charges against Vietnam exploration and evaluation expenditure at 31 December 2024 therefore remains at $17.9m (2023: $17.9m).

In Egypt, as part of the planned work programme for 2024, an exploration well was drilled on El Fayum in August 2024. Testing of the well was carried out at the beginning of February 2025. IPR, the operator of the El Fayum Concession, applied to EGPC for commercial discovery declaration and early production permission in February 2025. There were total Exploration and evaluation expenditure impairment charges of $2.0m in the year (2023: $6.5m), which included $1.4m write-off of an El Fayum exploration well in the Abu Roash G and Upper Bahariya formations drilled during 2023 following expiration of the licence, and $0.6m relating to NBS, $0.3m of which was seismic processing carried out during 2024 and $0.3m related to a dry hole well, NBS-SW5X.

On NBS, the first exploration commitment well (NBS-SW1X) was declared a commercial discovery in September 2023 and put on production in December 2023. As a result, exploration costs of $2.9m relating to the development lease were reclassified to property, plant and equipment during the prior year.

16. Property, plant and equipment and right of use assets

	Group		
	Oil and gas properties $ million	Other $ million	Total $ million
Cost			
As at 1 January 2023	1,101.8	1.1	1,102.9
Additions	11.9	0.2	12.1
Transfer from intangible assets	2.9	–	2.9
Revision in decommissioning asset (see Note 26)	(2.5)	–	(2.5)
As at 1 January 2024	**1,114.1**	**1.3**	**1,115.4**
Additions	**17.8**	**–**	**17.8**
Revision in decommissioning asset (see Note 26)	**(4.9)**	**–**	**(4.9)**
As at 31 December 2024	**1,127.0**	**1.3**	**1,128.3**
Depreciation, depletion and impairment			
As at 1 January 2023	720.5	0.6	721.1
Charge for the year	55.4	0.2	55.6
Impairment charge	58.9	–	58.9
As at 1 January 2024	**834.8**	**0.8**	**835.6**
Charge for the year	**47.1**	**0.2**	**47.3**
Impairment reversal	**(28.3)**	**–**	**(28.3)**
As at 31 December 2024	**853.6**	**1.0**	**854.6**
Carrying amount			
As at 31 December 2024	**273.4**	**0.3**	**273.7**
As at 31 December 2023	279.3	0.5	279.8
Property, plant and equipment	**273.2**	**0.3**	**273.5**
Right of use asset (see Note 33)	**0.2**	**–**	**0.2**
As at 31 December 2024	**273.4**	**0.3**	**273.7**
Property, plant and equipment	278.8	0.5	279.3
Right of use assets (see Note 33)	0.5	–	0.5
As at 31 December 2023	279.3	0.5	279.8

As a result of previously recognised impairment losses, combined with the licence extensions, and movements in 2P reserves, we have tested each of our oil and gas producing properties for impairment. The results of these impairment tests are summarised on the next page. For each producing property, the recoverable amount has been determined using the value in use method. The recoverable amount is calculated using a discounted cash flow valuation of the 2P production profile.

Summary of Impairments - Oil and Gas properties	TGT $m	CNV $m	El Fayum $m	NBS $m	Total $m
2024					
Pre-tax impairment reversal	19.8	3.6	4.9	–	28.3
Deferred tax charge	(7.1)	(1.3)	–	–	(8.4)
Post-tax impairment reversal	12.7	2.3	4.9	–	19.9
Reconciliation of carrying amount:					
As at 1 January 2024	158.6	65.0	54.7	1.0	279.3
Additions	12.8	1.0	3.5	0.5	17.8
Changes in decommissioning asset[1]	(4.9)	–	–	–	(4.9)
DD&A	(32.7)	(9.4)	(4.6)	(0.4)	(47.1)
Impairment reversal	19.8	3.6	4.9	–	28.3
As at 31 December 2024	153.6	60.2	58.5	1.1	273.4
2023					
Pre-tax impairment (charge)/reversal	(46.3)	0.3	(11.0)	(1.9)	(58.9)
Deferred tax charge	16.5	(0.3)	–	–	16.2
Post-tax impairment charge	**(29.8)**	**–**	**(11.0)**	**(1.9)**	**(42.7)**
Reconciliation of carrying amount:					
As at 1 January 2023	242.4	76.4	62.5	–	381.3
Additions	1.3	3.0	7.6	–	11.9
Transfer from intangible assets	–	–	–	2.9	2.9
Changes in decommissioning asset[1]	–	(2.5)	–	–	(2.5)
DD&A	(38.8)	(12.2)	(4.4)	–	(55.4)
Impairment (charge)/reversal	(46.3)	0.3	(11.0)	(1.9)	(58.9)
As at 31 December 2023	**158.6**	**65.0**	**54.7**	**1.0**	**279.3**

1) Changes in decommissioning asset for TGT are due to a change in discount rate and field abandonment plan, including two new infill wells completed in October 2024. CNV reflects a change in discount rate, offset by a revision to the field abandonment plan (2023: immaterial change in discount rate only for TGT; change in field abandonment plan and discount rate for CNV)

Vietnam

The key assumptions to which the recoverable amount is most sensitive are oil price, discount rate and 2P reserves. In 2024, for both TGT and CNV, there was an upwards technical revision of 2P reserves following the granting of 5-year extensions to the Petroleum contracts and a decrease in discount rate, which has led to impairment reversals for both fields. As at 31 December 2024, the recoverable value of the assets are estimated based on a post-tax nominal discount rate of 10.7% (2023: 12.6%) and a Brent oil price of $74.2/bbl in 2025, $72.9/bbl in 2026, $74.0/bbl in 2027, $75.8/bbl in 2028 plus inflation of 2.0% thereafter (2023: Brent oil price of $81.5/bbl in 2024, $79.0/bbl in 2025, $79.2/bbl in 2026, $76.3/bbl in 2027 plus inflation of 2.0% thereafter).

Testing of sensitivity cases indicated that a $5/bbl reduction in long-term oil price used when determining the value in use method would result in post-tax impairment charges (compared to new NBV, post-impairment reversal) of $13.7m on TGT and $3.1m on CNV. A 1% increase in discount rate would result in post-tax impairments of $2.5m on TGT and $0.9m on CNV (compared to new NBV, post-impairment reversal).

We have also run sensitivities utilising the IEA (International Energy Agency) scenarios described as being consistent with achieving the COP26 agreement goal to reach net zero by 2050 (the "Net Zero price scenario"). The nominal Brent prices used in this scenario were as follows; $74.2/bbl in 2025, $72.9/bbl in 2026, $74.0/bbl in 2027, $65.8/bbl in 2028, $57.2/bbl in 2029, $48.2/bbl in 2030, $48.2/bbl in 2031, $48.2/bbl in 2032 and $48.1/bbl in 2033. Using these prices and a 10.7% discount rate would result in additional post-tax impairment charges (compared to new NBV, post-impairment reversal) of $20.5m on TGT and $5.2m on CNV.

Egypt

The key assumptions to which the recoverable amount is most sensitive are oil price, discount rate, capital spend and 2P reserves. In 2024, there was a decrease in the discount factor which has led to an impairment reversal for El Fayum, partially offset by a downwards technical revision of El Fayum 2P reserves due to change in the development plan. As at 31 December 2024, the recoverable value of El Fayum is estimated based on a post-tax nominal discount rate of 14.9% (2023: 18.0%) and a Brent oil price of $74.2/bbl in 2025, $72.9/bbl in 2026, $74.0/bbl in 2027, $75.8/bbl in 2028 plus inflation of 2.0% thereafter (2023: an oil price of $81.5/bbl in 2024, $79.0/bbl in 2025, $79.2/bbl in 2026, $76.3/bbl in 2027 plus inflation of 2.0% thereafter). For NBS, no material impairment arose as a result of the above impairment considerations.

Testing of sensitivity cases indicated that a $5/bbl reduction in long term oil price used when determining the value in use method would result in an impairment charge (compared to new NBV, post-impairment reversal) of $6.6m for El Fayum. A 1% increase in discount rate would result in impairment charges of $2.2m on El Fayum (compared to new NBV, post-impairment reversal). We have also run a sensitivity using 14.9% discount rate and the Net Zero price scenario which would result in an additional impairment of $30.2m on El Fayum (compared to new NBV, post-impairment reversal).

Other considerations

It is not considered possible to provide meaningful sensitivities in relation to 2P reserves for any of the Group's oil and gas producing properties, as the impact of any changes in 2P reserves on recoverable amount would depend on a variety of factors, including the timing of changes in production profile and the consequential effect on the expenditure required to both develop and extract the reserves.

Other fixed assets comprise office fixtures and fittings and computer equipment.

17. Fixed asset investments and joint arrangements

The Company and the Group had investments in the following subsidiary undertakings as at 31 December 2024.

	Country of incorporation	Country of operation	Principal activity	Percentage holding	Footnotes	Registered address
OPECO Vietnam Limited	Cook Islands	Vietnam	Oil and gas development and production	100	2,4	e
SOCO Vietnam Limited	Cayman Islands	Vietnam	Oil and gas development and production	100	2,3	d
Pharos Exploration Limited	Jersey	–	Investment holding	100	1	a
Pharos SEA Limited	Jersey	–	Investment holding	100	1	a
SOCO Exploration (Vietnam) Limited	Cayman Islands	Vietnam	Oil and gas exploration	100	2,5	d
OPECO, Inc	USA	–	Investment holding	100	2,4	c
Pharos El Fayum	Cayman Islands	Egypt	Oil and gas exploration, development and production	100	1,6	d
SOCO Management Services, Inc.	USA	USA	Management services	100	2	c
Pharos Energy Israel Limited	UK	Israel	Extraction of crude petroleum	100	1	b

Footnotes:

Group investments

1) Investments held directly by Pharos Energy Plc.
2) Investments held indirectly by Pharos Energy Plc.

Joint operations

3) SOCO Vietnam Ltd holds a 28.5% working interest in Block 16-1, TGT Field (reducing to a 23.67% working interest with effect from 8 December 2026). The Field operational base is development/production and is operated by Hoang Long Joint Operating Company which is registered in Vietnam. SOCO Vietnam Ltd holds a 25% working interest in Block 9-2, CNV Field (reducing to a 20% working interest with effect from 16 December 2027). The Field operational base is development/production and is operated by Hoan Vu Joint Operating Company which is registered in Vietnam.
4) OPECO Vietnam Limited holds a 2% working interest in Block 16-1, TGT Field (reducing to a 1.66% working interest with effect from 8 December 2026). The Field operational base is development/production and is operated by Hoang Long Joint Operating Company which is registered in Vietnam.
5) SOCO Exploration (Vietnam) Limited holds a 70% working interest in Blocks 125 & 126 and is the Operator. The operating office is registered in Vietnam. The main activity is exploration.
6) Pharos El Fayum holds a 45% working interest in the El Fayum Concession and a 45% working interest in the North Beni Suef Concession. Both Concessions are in their development/production phase. The remaining 55% working interest in each Concession is held by IPR Lake Qarun Petroleum Co ("IPR Lake Qarun"), a wholly owned subsidiary of IPR Energy AG. IPR Lake Qarun is nominally the operator of both Concessions, but development and production operations on the Concession are undertaken through the joint operating companies Petrosilah (in the case of El Fayum) and Petro Beni Suef (in the case of North Beni Suef). In practice, Petro Beni Suef subcontracts most or all of its operating activity to Petrosilah. Each joint operating company is an Egyptian joint stock company owned jointly by IPR Lake Qarun, Pharos El Fayum and the Egyptian state oil and gas company Egyptian General Petroleum Corporation (EGPC).

Registered addresses

a) c/o Gen II (Jersey) Limited (formerly Crestbridge Limited), 47 The Esplanade, St. Helier, Jersey, JE1 0BD
b) Eastcastle House, 27/28 Eastcastle Street, London W1W 8DH, United Kingdom
c) c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA
d) c/o Trident Trust Company (Cayman) Limited, One Capital Place, P.O. Box 847, Grand Cayman, KY1-1103, Cayman Islands
e) c/o Portcullis (Cook Islands) Ltd, Portcullis Chambers, Tutakimoa Road, Avarua, Rarotonga, Cook Islands

Divestments:

No subsidiary undertakings were dissolved during the year.

The Company's investments in subsidiary undertakings are held in the form of share capital.

	Investments	
	2024 $ million	2023 Restated[1] $ million
Subsidiary undertakings		
As at 1 January	**261.5**	305.7
Additions to investments	**0.9**	7.9
Impairment reversal/(charge)	**24.6**	(52.1)
As at 31 December	**287.0**	261.5

1) See Note 2(t)

At each year end, the carrying value of investments in subsidiaries is compared against recoverable amount determined using the net asset value method as proxy to fair value, which constitutes a level 3 valuation within the fair value hierarchy. During 2024, the Company recorded a net impairment reversal of $24.6m in investments in subsidiaries in relation to the underlying net asset values of Vietnam and Egypt operations (2023: net impairment charge of $52.1m in investments in subsidiaries in relation to the underlying net asset values of Vietnam and Egypt operations).

	Trigger for 2024 Impairment	2024 (Impairment)/ reversal $ million	2024 Remaining recoverable amount $ million	2023 (Impairment)/ reversal $ million	2023 Remaining recoverable amount $ million
Pharos Exploration Limited	1	(0.2)	21.8	0.1	21.1
Pharos SEA Limited	2	15.3	179.9	(33.7)	164.6
Pharos El Fayum	2	9.5	85.3	(18.5)	75.8
Pharos Energy Israel Limited		–	–	–	–
Total		24.6	287.0	(52.1)	261.5

1) Reduction in net asset value of direct and indirect subsidiaries

2) Increase in net asset value as a result of impairment reversal of producing assets in direct and indirect subsidiaries.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Sensitivities

As detailed in Note 16, the recoverable amount of property, plant and equipment supporting the investment value will be affected by the potential future changes to oil prices, discount rates and 2P reserves. All impairment assessments are prepared on a value in use basis using discounted future cash flows based on 2P reserves profiles. Testing of sensitivity cases indicated that a $5/bbl reduction in long-term oil price used when determining the value in use method would result in an investment impairment charge of $23.4m (compared to new carrying value, post-impairment reversal). A 1% increase in discount rate would result in an investment impairment charge of $5.6m (compared to new carrying value, post-impairment reversal).

The value of property, plant and equipment supporting the investment value will also be impacted by the potential future impact of climate change. Based on the Net Zero price scenario disclosed in Note 16, the potential write-off of investments would be $55.9m (compared to new carrying value, post-impairment reversal).

Loans to subsidiaries

The Company's loans to subsidiary undertakings of $18.4m (2023: $16.8m) include contributions of $1.8m to the Pharos Employee Benefit Trust (see Note 28), which is separate entity and not an extension of Pharos Energy plc. Loans to subsidiary undertakings are unsecured, non-interest bearing and payable on demand. There is no expectation that loans will be repaid in the next twelve months and have consequently been disclosed in non-current assets. The carrying value of the loans is compared to liquid assets held by the subsidiary and an assessment is made on the ability of the entity to settle the liability. For 2024, a loss allowance reversal of $1.2m was recognised in relation to loans to subsidiary undertakings during the year (2023: $0.3m loss).

Audit exemptions for subsidiary company

The Group has elected to take advantage of the exemption from audit available under section 479A of the Companies Act 2006 in respect of its wholly owned subsidiary, Pharos Energy Israel Limited (incorporated in England and Wales with company number 12645819), for the year ended 31 December 2024. The exemption is available for qualifying subsidiaries that fulfil a set of conditions. As a result, statutory financial statements will not be audited for Pharos Energy Israel Limited. In accordance with section 479C of the Companies Act 2006, the Company will guarantee the liabilities and commitments of Pharos Energy Israel Limited. As at 31 December 2024, there are no liabilities and commitments outstanding (2023: Nil).

18. Other non-current assets

	Group	
	2024 $ million	2023 $ million
Amounts falling due after one year:		
Abandonment security fund	56.0	53.7
Contingent consideration on Egypt farm-out (see Note 20)	1.8	4.9
	57.8	58.6

Other non-current assets mainly comprise the Group's share of cash contributions made into two abandonment security funds which were established to ensure that sufficient funds exist to meet future abandonment obligations on TGT and CNV fields. The funds are maintained in a bank account by PetroVietnam and the JOC partners retain the legal rights and obligations to all monies contributed to the abandonment funds, pending commencement of abandonment operations. The Group does not expect to receive cash or another financial asset from PetroVietnam. During 2024, the Group has contributed $2.3m (2023: $3.5m). As at 31 December 2024, the Group's total contribution to the funds was $56.0m (2023: $53.7m).

A further $1.8m (2023: $4.9m) relates to contingent consideration due from the farm-out with IPR in Egypt. The contingent consideration is dependent on the average Brent Price for 2025 (with floor and cap at $62/bbl and c.$90/bbl respectively). The contingent consideration is calculated yearly and is capped at a maximum total payment of $20.0m (see Note 20).

19. Inventories

	Group	
	2024 $ million	2023 $ million
Crude oil and condensate	**9.3**	3.3
	9.3	3.3

Crude oil and condensate are valued at net realisable value in line with well established industry practice with changes in hydrocarbon inventories adjusted through cost of sales (see Note 7).

20. Trade and other receivables

	Group		Company	
	2024 $ million	2023 $ million	**2024 $ million**	2023 $ million
Amounts falling due within one year				
Trade receivables	**40.5**	50.8	**–**	–
Other receivables	**4.5**	9.5	**–**	–
Prepayments and accrued income	**2.8**	1.9	**0.5**	0.4
Derivative financial instruments (see Note 25)	**0.1**	0.1	**–**	–
	47.9	62.3	**0.5**	0.4

There is no material difference between the carrying amount of trade and other receivables and their fair value.

Included in trade receivables arising from South East Asia and Egypt at 31 December 2024 are trade receivables of $12.4m and $28.1m (after risk factor provision of $1.4m for Egypt) respectively, which arose from the Group's two largest customers (2023: $17.4m and $33.4m, after risk factor provision of $4.0m for Egypt, from the Group's two largest customers in South East Asia and Egypt respectively).

In Vietnam, there are no amounts overdue or allowances for doubtful debts in respect of trade or other receivables (2023: nil). In Egypt, receivables due over one year at 31 December 2024 amount to $8.4m (2023: $13.7m). No interest is charged on outstanding trade receivables.

Trade and other receivables are financial assets and are measured at amortised cost. The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. As mentioned above, 100% (2023: 100%) of our trade receivables are concentrated with two largest customers, one of them being a subsidiary of a government regulated entity and the other being a major global oil & gas company. As of 31 December 2024, an ECL provision of $1.4m (2023: $4.0m) has been recorded against trade receivables in Egypt. Following the carry with IPR having been fully utilised by April 2024, the Group opted to accept the payment of part receivables balance in EGP in order to cover operational expenditure, cash calls and other expenses in local currency. These factors have accelerated the recovery of Egyptian trade receivables during 2024. For 2024, the movement in the ECL provision of $2.5m is recorded as "Impairment reversal – Financial asset" (2023: $2.2m charge) on the face of the Income Statement as part of Cost of Sales (see Note 7).

Included in other receivables in 2023 was the remaining balance of disproportionate funding contribution from IPR following completion of the farm-out transaction of Egyptian assets (carry). The carry decreases every month against the cash calls received from IPR. The total carry of $35.9m (2023: $31.0m) was utilised in full by April 2024. The movement during the year of $5.0m has been disclosed in "Consideration in relation to farm out of Egyptian assets" in the cash flow as part of investing activities. The final consideration is still being finalised between IPR and Pharos. The financial exposure from finalising the consideration to Pharos, reflecting the remaining amounts still under discussion, is considered immaterial to the financial statements.

A further $3.3m included in other receivables relates to current contingent consideration due from the farm-out with IPR. As at 31 December 2024, the contingent consideration receivable amounts to $5.1m, $3.3m in current trade and other receivables and $1.8m in other non-current assets (2023: $8.5m, $3.6m in current trade and other receivables and $4.9m in other non-current assets). Testing of sensitivity for a $5/bbl reduction in long-term oil price used would result in a $0.8m decrease in contingent consideration to $4.3m. On 1 June 2024, contingent consideration of $3.6m in respect of the average Brent price during 2023 was received from IPR.

The fair value movement of $0.3m, relating to revision of the contingent consideration, was credited to the income statement during 2024 (2023: $0.3m charge).

21. Cash and cash equivalents

As at 31 December 2024, cash and cash equivalents was $16.5m (2023: $32.6m). Of this balance, $0.1m (2023: $1.2m) were in Money Market Funds that are valued at quoted prices of the funds in the active markets for the financial instruments.

22. Trade and other payables

	Group		Company	
	2024 $ million	2023 Restated[1] $ million	**2024 $ million**	2023 Restated[1] $ million
Amounts falling due within one year:				
Other payables	**8.0**	9.6	**1.7**	1.8
Accruals and deferred income	**4.2**	2.9	**1.2**	0.5
Other taxation and social security	**2.1**	–	**0.9**	–
	14.3	12.5	**3.8**	2.3
Amounts falling due after one year:				
Other payables	**0.2**	0.5	**–**	–
	0.2	0.5	**–**	–

1) See Note 2(s)

There is no material difference between the carrying value of trade payables and their fair value. The above trade and other payables are financial liabilities, held at amortised cost and are not discounted as the impact would not be material.

The Group does not utilise any supplier financing (reverse factoring) arrangements. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Further information relating to financial risks and how the Group mitigates these risks are discussed in the Risk Management Report and Principle Risks and Mitigations on pages 45 to 56.

As at 31 December 2024, other payables includes $0.5m (2023: $0.8m) in relation to the assignment fee payable to EGPC for the sale of 55% of the Group's operated interest in each of our Egyptian Concessions, El Fayum and North Beni Suef, to IPR. $0.3m is booked as current other payable and $0.2m as non-current other payable. Following receipt of contingent consideration amounting to $3.6m, an assignment bonus of $0.4m was offset against trade receivables from EGPC. A further $6.1m (2023: $7.6m) of other payables relate to JOC and JV payables for Vietnam and Egypt operations respectively.

Accruals and deferred income include $0.6m (2023: $0.4m) in respect of a royalty provision for Egypt and reflects the amount payable in the next year. The royalty provision relates to a historical arrangement granting a 3% royalty on Pharos's share of profit oil and excess cost recovery from El Fayum in Egypt.

23. Deferred tax

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting period:

	Accelerated tax depreciation $ million	Other temporary differences $ million	Group $ million
As at 1 January 2023	89.2	3.7	92.9
Credit to income (see Note 12)	(22.8)	(1.9)	(24.7)
As at 1 January 2024	**66.4**	**1.8**	**68.2**
(Credit)/charge to income (see Note 12)	**(3.7)**	**3.0**	**(0.7)**
As at 31 December 2024	**62.7**	**4.8**	**67.5**

The credit to income includes a deferred tax charge of $8.4m (2023: $(16.2)m credit) that arises from the impairment reversal of the TGT and CNV producing assets as discussed in Note 16.

There are no unrecognised deferred taxation balances at either balance sheet date except in relation to gross losses that are not expected to be utilised in the amount of $214.0m (2023: $155.2m). The gross losses have no expiry date.

A UK entity in the Group has entered into commodity swaps designated as cash flow hedges. In accordance with IAS 12, a deferred tax asset has not been recognised in relation to the hedging losses of $0.1m (2023: $0.2m losses) recorded in the year as it is unlikely that the UK tax group will generate sufficient taxable profit in the future, against which the deductible temporary differences can be utilised.

There are no temporary differences relating to unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

24. Borrowings

Changes in liabilities arising from financing activities:

				Group
	2024 $ million	**2024 $ million**	**2024 $ million**	2023 $ million
	Credit facility	**RBL**	**Total Borrowings**	Total Borrowings
Borrowings:				
Carrying value as of 1 January	9.2	31.3	40.5	74.2
Proceeds from Uncommitted Revolving credit facility	2.2	–	2.2	9.2
Repayments of borrowings	(11.4)	(30.0)	(41.4)	(44.2)
Interest expense and similar fees (see Note 9)	0.4	0.7	1.1	7.7
Interest paid during the year	(0.4)	(2.0)	(2.4)	(6.4)
Carrying value as of 31 December	–	–	–	40.5
Current	–	–	–	29.5
Non-current	–	–	–	11.0
Carrying value as of 31 December	–	–	–	40.5

See Note 33 for movements in lease liabilities which, together with borrowings, represent the Group's financing related liabilities.

Reserve Based Lending facility (RBL)

In September 2018, the Group signed a $125m Reserve Based Lending facility secured against the Group's producing assets in Vietnam. The RBL had a five-year term and was due to mature in September 2023. In July 2021, the Group completed the refinancing of its RBL. The new RBL provides access up to a committed US$100m with a further US$50m available on an uncommitted "accordion" basis, has a four-year term that matures in July 2025 and bears a per annum interest rate of 5.25% plus Compound SOFR plus CAS (Credit Adjustment Spread). Until June 2023, the RBL bore a per annum interest of 4.75% plus USD LIBOR.

The maximum borrowing base available under the RBL is revised every six months via a redetermination process by the relevant banks, based on an estimate of the value of the Group's reserves from its producing interests in Vietnam.

The RBL loan facility was repaid in full on 17 September 2024 and it was agreed to voluntarily reduce the borrowing base to $0.1m.

The RBL is subject to a number of financial covenants, which will continue to apply up to the date of maturity, all of which have been complied with during the 2024 and 2023 reporting periods.

Uncommitted Revolving Credit facility - National Bank of Egypt (UK) Limited (NBE UK)

In November 2024, the Group renegotiated the uncommitted revolving credit facility with NBE UK for discounting (with recourse) of up to $10m until 5 November 2025 (2023: $18m).

Loans are available for up to one year from the date of utilisation. The loan bore a per annum interest rate of USD LIBOR plus 3.00% for initial advances and 3.50% for any extensions beyond 180 days from the date of the utilisation until 30 June 2023. From 1 July 2023, the loan bears a per annum interest rate of Term SOFR plus 3.50% for initial advances and 4.00% for any extensions beyond 180 days from the date of the utilisation.

The carrying amount of the trade receivables include receivables in Egypt which are subject to an Uncommitted Revolving Credit Facility for Discounting (with Recourse) arrangement. This facility was put in place to mitigate the risk of late payment. Under this arrangement, Pharos is able to access cash from the facility using the El Fayum oil sales invoices as evidence to support its ability to repay the facility. The oil sales invoices remain due to Pharos and it retains the credit risk. The Group therefore continues to recognise the receivables in their entirety in its balance sheet.

The facility was repaid in full in August 2024 (2023: $9.2m, presented as borrowing under current liabilities). Performance under the facility agreement was subject to a parent company guarantee from Pharos Energy plc.

25. Hedge transactions

During 2024, Pharos entered into zero cost collar hedges to protect the Brent component of forecast oil sales and to ensure future compliance with its obligations under the RBL over the producing assets in Vietnam and to provide downside protection to cash flows in the event of commodity prices falling.

At 31 December 2024, the commodity hedges run until June 2025 and are settled monthly. For full year 2024, 31% of the Group's total production was hedged, securing average floor and ceiling prices for the hedged volumes at $63.4/bbl and $89.2/bbl, respectively. The Group's RBL requires the Company to hedge at least 35% of Vietnam RBL production volumes and the current hedging programme meets this requirement through to June 2025, leaving 72% of 1H 2025 Group production unhedged as at 31 December 2024 (2023: 36% of the Group's total production was hedged, securing average floor and ceiling prices for the hedged volumes at $64.5/bbl and $100.8/bbl). Following the termination of the RBL agreement effective July 2025, the Group has decided to continue hedging to mitigate the risk of a sharp decline in Brent price. As a result, the company placed two further hedges in January 2025 through which the company has hedged 20% of total forecast group entitlement production for 2025.

A summary of hedges outstanding as at 31 December 2024 is presented below, which are all zero cost collar.

	1Q25	2Q25
Production hedge per quarter - 000/bbls	150	90
Min. Average value of hedge - $/bbl	63.60	64.00
Max. Average value of hedge - $/bbl	88.94	90.17

Pharos has designated the zero cost collars as cash flow hedges. This means that the effective portion of unrealised gains or losses on open positions will be reflected in other comprehensive income. Every month, the realised gain or loss will be reflected in the revenue line of the income statement. For the year end 31 December 2024, a loss of $0.1m was realised (2023: loss of $0.2m). The outstanding unrealised gain on open positions as at 31 December 2024 amounts to $0.1m (2023: $0.1m).

The carrying amount of the zero cost collars is based on the fair value determined by a financial institution. As all material inputs are observable, they are categorised within Level 2 in the fair value hierarchy. It is presented in "Trade and other receivables" or "Trade and other payables" in the consolidated statement of financial position. The receivable position as of December 2024 was $0.1m (2023: $0.1m).

26. Long-term provisions

	Group		Company	
	2024 $ million	2023 $ million	**2024 $ million**	2023 $ million
Decommissioning provision	**51.1**	53.8	**–**	–
	51.1	53.8	**–**	–

	Group	
Movement in decommissioning	**2024 $ million**	2023 $ million
As at 1 January	**53.8**	54.3
New provisions and changes in estimates	**(4.9)**	(2.5)
Unwinding of discount (see Note 9)	**2.2**	2.0
As at 31 December	**51.1**	53.8

The provision for decommissioning is based on the net present value of the Group's share of the expenditure which will be incurred at the end of the producing life of the TGT and CNV fields in Vietnam (currently estimated to be 7-8 years) in the removal and decommissioning of the facilities currently in place. The provision is calculated using an inflation rate of 2.0% (2023: 2.0%) and a discount rate of 4.6% (2023: 3.9%). The $4.9m decrease in the provision in 2024 was driven by the increase in discount rate from 3.9% to 4.6% for both fields and revised abandonment plans for both TGT and CNV. The $2.5m decrease in provision in 2023 was driven by a revision to the CNV field abandonment plan, which was formally agreed by all partners in April 2023.

27. Share capital and Share premium

Share capital

Ordinary Shares of £0.05 each

	Group and Company			
	2024 Shares	2023 Shares	**2024 $ million**	2023 $ million
Issued and fully paid	**424,178,662**	432,026,943	**33.1**	33.7

	Group and Company	
	2024 $ million	2023 $ million
As at 1 January	**33.7**	34.3
Share buy back	**(0.6)**	(0.6)
Issued and fully paid	**33.1**	33.7

Share premium

	Group and Company	
	2024 $ million	2023 $ million
As at 1 January and 31 December	**58.0**	58.0

As at 31 December 2024, authorised share capital comprised 600 million (2023: 600 million) ordinary shares of £0.05 each with a total nominal value of £30m (2023: £30m).

In December 2023, the Company announced the continuation of a further $3m share buyback programme, the Second Programme Extension, of which $2.7m had been incurred by the end of December 2024 and 8.9 million shares were bought at a daily average share price of 23.6p. The programme completed in full during January 2025. A further $0.2m outflow during the year was associated with completion of the First Programme Extension on 26 February 2024. During 2024, a total of 9.7 million shares were bought at a daily average share price of 23.4p.

28. Other reserves

	Group					
	Capital redemption reserve $ million	Merger reserve[1] $ million	Own shares $ million	Hedging reserve $ million	Share-based payments $ million	Total $ million
As at 1 January 2023	100.9	194.0	(42.7)	(0.7)	2.1	253.6
Other comprehensive income	–	–	–	0.8	–	0.8
Share buy back	0.6	–	–	–	–	0.6
Share-based payments	–	–	–	–	1.0	1.0
Transfer relating to share-based payments	–	–	0.1	–	(0.7)	(0.6)
As at 1 January 2024	**101.5**	**194.0**	**(42.6)**	**0.1**	**2.4**	**255.4**
Share buy back	**0.6**	**–**	**–**	**–**	**–**	**0.6**
Shares purchased	**–**	**–**	**(0.9)**	**–**	**–**	**(0.9)**
Share-based payments	**–**	**–**	**–**	**–**	**1.7**	**1.7**
Transfer relating to share-based payments	**–**	**–**	**2.2**	**–**	**(0.9)**	**1.3**
As at 31 December 2024	**102.1**	**194.0**	**(41.3)**	**0.1**	**3.2**	**258.1**

1) Merger reserve includes $138.1m (2023: $138.1m) which is distributable in accordance with the Companies Act 2006. Total distributable reserves at 31 December 2024 are $79.7m (2023: $66.2m).

	Capital redemption reserve $ million	Merger reserve $ million	Own shares $ million	Share-based payments $ million	Total $ million
					Company
As at 1 January 2023	100.9	137.1	(40.3)	2.0	199.7
Share buy back	0.6	–	–	–	0.6
Share-based payments	–	–	–	1.0	1.0
Transfer relating to share-based payments	–	–	–	(0.7)	(0.7)
As at 1 January 2024	**101.5**	**137.1**	**(40.3)**	**2.3**	**200.6**
Share buy back	**0.6**	**–**	**–**	**–**	**0.6**
Share-based payments	**–**	**–**	**–**	**1.7**	**1.7**
Transfer relating to share-based payments	**–**	**–**	**–**	**(0.9)**	**(0.9)**
As at 31 December 2024	**102.1**	**137.1**	**(40.3)**	**3.1**	**202.0**

The Group's other reserves comprise reserves arising in respect of merger relief, upon the purchase of the Company's own shares held in treasury and held by the Pharos Employee Benefit Trust ('the Trust'), as well as hedging and share-based payments.

The number of treasury shares held by Pharos Energy Plc and the number of shares held by the Trust at 31 December 2024 was 9,122,268 (2023: 9,122,268) and 3,784,406 (2023: 2,126,857) respectively. The market price of the shares at 31 December 2024 was £0.2430 (2023: £0.2130). The Trust, a discretionary trust, holds shares for the purpose of satisfying employee share schemes, details of which are set out in Note 31 and in the Directors' Remuneration Committee Report on pages 135 to 152.

The Group has an obligation to make regular contributions to the Trust to enable it to meet its financing costs. Rights to dividends on the shares held by the Trust have been waived by the trustees. The trustees purchase shares in the open market which are recognised by the Group as own shares within the Statement of Changes in Equity and by the Company as an intercompany receivable. When award conditions are met, the shares held by the Trust are transferred to Plan participants.

29. Distribution to shareholders

Amounts recognised as distributions to equity holders in the year:	**2024 $ million**	**2024 Pence per ordinary share**	2023 Restated[1] $ million	2023 Pence per ordinary share
Prior year interim dividend, paid in the year	**1.7**	**0.330**	–	–
Prior year final dividend, paid in the year	**4.2**	**0.770**	5.6	1.000
Total dividend, paid in year	**5.9**	**1.100**	5.6	1.000
Interim dividend for the year ended 31 December 2024	**1.8**	**0.363**		
Proposed final dividend for the year ended 31 December 2024	**4.4**	**0.847**		

1) See Note 2(s)

The proposed final dividend for the year ended 31 December 2024 of 0.847 pence per share takes the 2024 full-year dividend to 1.21 pence per share, in excess of the minimum 10% of Operating Cash Flow (OCF) per the Company's dividend policy and 10% higher than prior year.

The interim dividend for the year ended 31 December 2023 of 0.330 pence per share ($1.7m) was paid on 24 January 2024. The final dividend for the year ended 31 December 2023 of 0.770 pence per share ($4.2m) was approved by the shareholders at the Company's AGM in May 2024 and subsequently paid on 19 July 2024.

The interim dividend for the year ended 31 December 2024 of 0.363 pence per share ($1.8m) was paid on 22 January 2025 to shareholders on the register as at 20 December 2024. The proposed final dividend of 0.847 pence per share ($4.4m) in respect of the year ended 31 December 2024 is payable on 18 July 2025 to all shareholders on the register at the close of business on 13 June 2025, subject to approval at the Company's AGM in May 2025.

30. Retained (deficit) / earnings

			Group
	Retained (loss)/profit $ million	Unrealised currency translation differences $ million	Total $ million
As at 1 January 2023	(20.4)	5.1	(15.3)
Loss for the year	(48.8)	–	(48.8)
Share buy back	(2.8)	–	(2.8)
Distributions to shareholders (Restated[1])	(5.6)	–	(5.6)
Transfer relating to share-based payments	0.6	–	0.6
As at 1 January 2024 (Restated[1])	**(77.0)**	**5.1**	**(71.9)**
Profit for the year	**23.6**	**–**	**23.6**
Share buy back	**(2.9)**	**–**	**(2.9)**
Distributions to shareholders	**(5.9)**	**–**	**(5.9)**
Transfer relating to share-based payments	**(1.3)**	**–**	**(1.3)**
As at 31 December 2024	**(63.5)**	**5.1**	**(58.4)**

			Company
	Retained (loss)/profit $ million	Unrealised currency translation differences $ million	Total $ million
As at 1 January 2023 (Restated[1])	265.0	(222.1)	42.9
Loss for the year	(50.0)	–	(50.0)
Share buy back	(2.8)	–	(2.8)
Distributions to shareholders (Restated[1])	(5.6)	–	(5.6)
Transfer relating to share-based payments	0.6	–	0.6
As at 1 January 2024 (Restated[1])	**207.2**	**(222.1)**	**(14.9)**
Profit for the year	**35.0**	**–**	**35.0**
Share buy back	**(2.9)**	**–**	**(2.9)**
Distributions to shareholders	**(5.9)**	**–**	**(5.9)**
Transfer relating to share-based payments	**(1.3)**	**–**	**(1.3)**
As at 31 December 2024	**232.1**	**(222.1)**	**10.0**

1) See Notes 2(s) and 2(t)

31. Incentive plans

Details of the Group's employee incentive schemes are set out below. Additional information regarding the schemes is included in the Directors' Remuneration Committee Report on pages 135 to 152. The Group recognised total expenses of $1.2m (2023: $1.3m) in respect of the schemes during the year.

Long Term Incentive Plan

The Company operates a LTIP for employees of the Group. Awards vest over a period of three years, subject to criteria based on their individual performance. For Executive and senior management the LTIP measures and targets are based on relative TSR (35% weighting), absolute TSR (20% weighting), cash flow from operations (15% weighting), ROCE (15% weighting) and an ESG condition (15% weighting). Awards are normally forfeited if the employee leaves the Group before the award vests. Awards normally expire at the end of ten years following the date of grant, subject to the requirement to exercise certain awards prior to 15 March of the year following vesting.

The Board has a policy requiring Executive Directors to build a minimum shareholding of 200% of their annual salary. Additionally, LTIP awards to the Executive Directors have a two-year holding period following vesting. This is intended to emphasise a commitment to the alignment of Executive Directors with shareholders and a focus on long term stewardship. Please refer to Directors' Remuneration Committee Report for further details.

Awards would normally be part cash and part equity-settled through a transfer at nil consideration of the Company's ordinary shares. 3,525,696 awards were exercised during 2024 (2023: 267,779 shares exercised). The Company has no legal or constructive obligation to repurchase or settle awards in cash. Details of awards outstanding during the year are as follows:

	2024 No. of share awards	2023 No. of share awards
As at 1 January	20,153,833	17,642,212
Adjustments[1]	998,049	882,124
Granted	7,042,038	7,347,221
Exercised	(3,525,696)	(267,779)
Forfeited during the year	(2,553,573)	(5,449,945)
As at 31 December	22,114,651	20,153,833
Exercisable as at 31 December	2,893,353	664,243

1) In accordance with Share Scheme rules, adjustments were made for the payment of dividends.

The weighted average market price at the date of exercise during 2024 was £0.22 (2023: £0.23). The weighted average exercise price was Nil. Awards outstanding at the end of the year have a weighted average remaining contractual life of 1.13 years (2023: 1.4 years). The weighted average market price and estimated fair value of the 2024 grants (at grant date) were £0.22 and £0.19, respectively.

The fair value of the LTIPs granted during 2024 has been provided by a Remuneration Consultant, which estimates the Company's performance against the targets using a Stochastic and Black Scholes model. The future vesting proportion in 2024 was 90% (2023: 77%).

The main assumptions for the calculation are as follows:

	2024	2023
Volatility	3.04%	11.94%
Risk free rate of interest	4.53%	3.21%
Correlation with comparator group	n/a	n/a

Other Share Schemes

The Company operates a discretionary share option scheme for employees of the Group. Awards vest over a three-year period, and are normally forfeited if the employee leaves the Group before the option vests. Vested options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant and are expected to be equity-settled. The Company has no legal or constructive obligation to repurchase or settle options in cash. Unexercised options expire at the end of a ten-year period.

Other than to Directors, the Company can also grant options with a zero exercise price or with an exercise price which is set below the market price of the Company's shares on the date of grant. Such options, which are included in the table below, are granted by reference to the rules of the discretionary share option scheme and are expected to be equity-settled.

The Company can additionally grant awards under the Deferred Share Bonus Plan with a zero exercise price or with an exercise price which is set below the market price of the Company's shares on the date of grant. Awards vest over a two-year period, and are normally forfeited if the employee leaves the Group before the option vests. Such awards, which are also included in the table below, are expected to be cash-settled.

	No. of share awards	No. of share awards
As at 1 January	4,860,374	2,886,857
Adjustments[1]	233,075	148,069
Granted	1,501,418	1,875,448
Forfeited during the year	(27,413)	(50,000)
Exercised	(2,239,619)	–
As at 31 December	4,327,835	4,860,374
Exercisable as at 31 December	1,012,762	578,172

1) In accordance with Share Scheme rules, adjustments were made for the payment of dividends.

The weighted average market price at the date of exercise during 2024 was £0.23 (there were no share options exercised during 2023). The weighted average exercise price was Nil. Awards outstanding at the end of the year have a weighted average remaining contractual life of 7.6 years (2023: 8 years).

The fair value of the awards granted during 2024 and 2023 have been estimated using Black Scholes model, based on the market price at date of grant and a nil exercise price.

32. Reconciliation of operating profit/(loss) to operating cash flows

	Group		Company	
	2024 $ million	2023 $ million	**2024 $ million**	2023 Restated[1] $ million
Operating profit/(loss)	**64.3**	(18.1)	**20.6**	(61.6)
Share-based payments	**0.9**	0.9	**0.9**	0.9
Depletion, depreciation and amortisation	**47.3**	55.6	**–**	–
Impairment (reversal)/charge	**(26.3)**	65.4	**(31.2)**	52.4
Taxes paid-in-kind	**(1.9)**	–	**–**	–
Operating cash flows before movements in working capital	**84.3**	103.8	**(9.7)**	(8.3)
(Increase)/decrease in inventories	**(6.0)**	3.9	**–**	–
Decrease/(increase)/ in receivables[2]	**11.3**	(19.1)	**(1.7)**	(0.2)
(Decrease)/increase in payables	**(0.3)**	0.2	**(0.1)**	0.1
Cash generated by (used in) operations	**89.3**	88.8	**(11.5)**	(8.4)
Interest received	**0.4**	0.4	**0.3**	0.3
Other/restructuring expense outflow	**(0.4)**	–	**–**	–
Income taxes paid	**(35.3)**	(44.3)	**–**	–
Net cash from (used in) operating activities	**54.0**	44.9	**(11.2)**	(8.1)

1) See Notes 2(s) and 2(t)

2) Includes $2.5m decrease (2023: $2.2m increase) in expected credit losses in respect of Egypt trade receivables.

During the year, a total of $0.5m of trade receivables due from EGPC in Egypt were settled by way of non-cash offset, of which $0.4m relates to the assignment bonus settled upon receipt of contingent consideration in relation to IPR Farm out and $0.1m to the training bonuses settled with EGPC.

During 2023, a total of $3.2m of trade receivables due from EGPC in Egypt were settled by way of non-cash offset, out of which $2.2m relates to a second instalment of assignment bonus due to EGPC in relation to the IPR Farm out, $0.5m relates to a bonus due to EGPC for the NBS development lease and $0.5m relates to training bonuses and fees paid to EGPC for participation in a bid round process.

33. Lease arrangements

For short-term leases (lease term less than 12 months) and leases for which the underlying asset is of low value, the Group has opted to recognise a lease expense on a straight-line basis as permitted under IFRS 16.

	2024 $ million	2023 $ million
Lease liability recognised as at 1 January	**0.5**	0.8
Principal repayments	**(0.3)**	(0.3)
Lease liability recognised as at 31 December	**0.2**	0.5
Of which are:		
Current lease liabilities	**0.2**	0.3
Non-current lease liabilities	**–**	0.2
Right of use assets recognised as at 1 January	**0.5**	0.8
New leases	**–**	–
Depreciation	**(0.3)**	(0.3)
Right of use asset recognised as at 31 December	**0.2**	0.5
Of which are:		
Oil & Gas properties	**0.2**	0.5

During 2022, Pharos signed a new agreement for rental of gas generators in Egypt, the agreement is effective from August 2022 to October 2025 and is accounted for as a lease under IFRS 16. Pharos 45% share of the asset and liability which is applicable post completion of the Farm out (21 March 2022) has been recognised accordingly. The lease was measured at the present value of the lease payments, discounted using the incremental borrowing rate at the start of the lease, 6.3%.

The following table presents the amounts reported in the income statement for short-term leases:

Operating lease expenses by segment	2024 $ million	2023 $ million
SE Asia	9.9	10.1
Egypt	0.3	1.4
	10.2	11.5

At 31 December 2024, the Group is committed to its share of $9.6m (2023: $10.8m) for short-term leases of less than 12 months and which accordingly are not included in the above. Certain short-term leases contain discretionary options to extend the lease period. These future periods are only included in the assessment of the lease term after consideration of the economic incentives and if it is reasonably certain that the option will be exercised.

34. Capital commitments

At 31 December 2024, the Group had exploration licence commitments not accrued of approximately $24.8m (2023: $26.3m), out of which $0.2m related to NBS was already incurred and currently awaiting approval from EGPC.

35. Related party transactions

During 2024, there were no costs incurred by the Company in respect of services rendered between Group companies (2023: $0.01m).

Remuneration of key management personnel

The remuneration of the Directors of the Company, who are considered to be its key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Committee Report on pages 135 to 152.

	2024 $ million	2023 $ million
Short-term employee benefits	4.0	2.7
Post-employment benefits	0.2	0.1
Share-based payments	1.0	1.8
	5.2	4.6

36. Financial instruments

Financial Risk Management: Objectives and Policies

The main risks arising from the Group's financial instruments are commodity price risk, liquidity risk, credit risk, foreign currency risk, interest rate risk and capital risk management. The Board of Pharos regularly reviews and agrees policies for managing financial risks that may affect the Group. In certain cases, the Board delegates responsibility for such reviews and policy setting to the Audit Risk Committee. The management of these risks is carried out by monitoring of cash flows, investment and funding requirements using a variety of techniques. These potential exposures are managed while ensuring that the Company and the Group have adequate liquidity at all times in order to meet their immediate cash requirements. There are no significant concentrations of risks unless otherwise stated. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

The primary financial assets and liabilities comprise cash, short- and medium-term deposits, money market liquidity funds, intra group loans, trade receivables and other receivables and financial liabilities held at amortised cost. The Group's strategy has been to finance its operations through a mixture of retained profits and bank borrowings. Other alternatives such as equity issues are reviewed by the Board, when appropriate.

Commodity Price Risk

Commodity price risk arises principally from the Group's Vietnam and Egypt production, which could adversely affect revenue and debt availability due to changes in commodity prices. To reduce risk from Vietnam production, in 2023 the Company and its partners signed a three year sales contract for all TGT oil cargoes with BSR to cover the period 1 January 2024 to 7 December 2026. The premium on Brent for the Term Sales Period will continue to be agreed every six months, which provides the Group with significant downside price protection for production from our largest Vietnam field, and protects margins through eliminating export duty and additional transportation costs to overseas customers.

The Group measures commodity price risk through an analysis of the potential impact of changing commodity prices. Based on this analysis and considering materiality and the potential business impact, the Group may choose to hedge.

During 2024, Pharos entered into different zero cost collar hedges to protect the Brent component of forecast oil sales and to ensure future compliance with its obligations under the RBL over the producing assets in Vietnam. The current commodity hedges run until June 2025 and are settled monthly. Details of current hedging arrangements and the categorisation of the instruments in the fair value hierarchy can be found in Note 25.

Transacted derivatives are designated as cash flow hedge relationships to minimise accounting income statement volatility. The Group is required to assess the likely effectiveness of any proposed cash flow hedging relationship and demonstrate that the hedging relationship is expected to be highly effective prior to entering into a hedging instrument and at subsequent reporting dates.

Liquidity Risk

Pharos closely monitors and manages its liquidity risk using both short- and long-term cash flow projections, supplemented by debt and equity financing plans and active portfolio management. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in asset production profiles and cost schedules.

Details of the Group's borrowings and debt facilities can be found in Note 24. The Group is subject to half-yearly forecast liquidity tests as part of the redetermination process for the RBL facility agreement. The Group has complied with the liquidity requirements of this test at all times during the year, with the last redetermination taking place in June 2024. The RBL loan was repaid in full during September 2024 and the facility matures in July 2025.

The Group invests cash in a combination of money market liquidity funds and term deposits with a number of international and UK financial institutions, ensuring sufficient liquidity to enable the Group to meet its short- and medium-term expenditure requirements. This includes funding total shareholder returns in the form of dividends and share buy backs, which totalled $8.8m in the year (2023: $8.4m). A further interim dividend of $1.8m (2023: $1.7m) was paid in January 2025 and the latest $3.0m share buyback programme (the Second Programme Extension) completed in January 2025. The Group ensures that cash forecasts and sensitivity analyses are robust to meet these funding requirements. Further information can be found in Note 27 and Note 29.

Credit Risk

Credit risk arises from cash and cash equivalents, investments with banks and financial institutions, trade and other receivables and joint operation receivables.

Customers and joint operation partners are subject to a risk assessment using publicly available information and credit reference agencies, with follow-up due diligence and monitoring if required.

Investment credit risk for investments with banks and other financial institutions is managed by the Group Treasury function in accordance with the Board-approved policies of the Group. These policies limit counterparty exposure, maturity, collateral and take account of published ratings, market measures and other market information.

The Company's policy is to invest with banks or other financial institutions that, firstly, offer the greatest degree of security in the view of the Group and, secondly, the most competitive interest rates. The Board continually re-assesses the Group's policy and updates as required.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date. The Group's trade receivables in Note 20, although 100% (2023: 100%) concentrated with two customers across both Vietnam and Egypt producing assets, are predominantly with a major oil & gas company and the subsidiary of a government regulated entity. The credit default risk is therefore deemed to be low and there is no history of default, despite the payment delays from EGPC and significant devaluation of the Egyptian Pound against the US Dollar discussed in the following section.

Foreign Currency Risk

Pharos manages exposures that arise from non-functional currency receipts and payments by matching receipts and payments in the same currency and actively managing the residual net position. The Group does not hedge any foreign exchange exposure.

The Group also aims where possible to hold surplus cash, debt and working capital balances in the functional currency of the subsidiary, thereby matching the reporting currency and functional currency of most companies in the Group. This minimises the impact of foreign exchange movements on the Group's Balance Sheet. Oil and gas sales in Vietnam are raised and settled through a combination of Vietnamese Dong (VND) and US Dollars (USD), along with associated tax and royalty payments. The Group holds a number of VND and USD bank accounts that provide a natural hedge against foreign exchange movements.

In the Egypt business, macroeconomic volatility has seen both a significant devaluation of the Egyptian Pound and continued restrictions on outgoing US Dollar transfers by the Central Bank of Egypt. The Company has opted not to accept the payment of trade receivables balance in Egyptian Pounds unless required for operations. The progressive devaluation of EGP against USD, which has continued since the Egyptian government decided to fully float EGP currency in March 2024, means that it remains preferable to hold USD denominated receivables. However, as a result of the carry with IPR having been fully utilised, the Group opted to accept the payment of part receivables balance in EGP from April 2024 in order to cover operational expenditure and other expenses in local currencies. As a result, Pharos' receivables have decreased to $28.1m at 31 December 2024, after expected credit loss provision of $1.4m (2023: $33.4m receivables after credit loss provision of $4.0m).

Positive announcements by the Egyptian Government highlighted in the CFO Statement, combined with the Company agreeing with the operator of the Egypt concessions, IPR, to pay a significant proportion of post-carry cash calls in EGP, means that the Group is optimistic that its receivables position and liquidity will continue to improve during 2025.

The Group's UK head office contributes the majority of administrative costs which are denominated in GBP. The level of monetary working capital balances denominated in GBP is relatively low and therefore the Group's exposure to foreign currency changes for all currencies is not considered to be material.

Interest Rate Risk

The replacement of benchmark interest rates such as LIBOR and other IBORs has been a priority for global regulators. The Group has closely monitored the market and output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including the Financial Conduct Authority (FCA) and the US Commodity Futures Trading Commission regarding the transition away from LIBOR (including GBP LIBOR and USD LIBOR)). The Company's principal borrowings, in the form of the RBL loan and the NBE UK Uncommitted Revolving Credit facility, both switched from USD LIBOR to SOFR plus CAS interest rates from 1 July 2023.

As at 31 December 2024, the Group's principal borrowings have been repaid in full as described in Note 24 and the Group is debt free (2023: $40.5m). The Group has therefore reduced its interest rate risk and is not currently exposed to future interest rate volatility. The Group's interest received on cash and cash equivalents is immaterial.

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balances. To this extent, following a period of improved commodity prices, the Group committed to shareholder returns during 2024 in the form of both share buybacks and dividends to shareholders. The Group's overall strategy remains unchanged from 2023.

The capital structure of the Group consists of net cash (cash and borrowings disclosed in Note 20 and 24, respectively) and equity (comprising issued share capital, reserves and retained earnings as disclosed in Notes 27 to 28). Management reviews the capital structure on a semi-annual basis, and most of the capital expenditure incurred is discretionary. The Group is not subject to any externally imposed capital requirements and is in a net cash, debt free financial position as at 31 December 2024.

Please see Non-IFRS Measures (Unaudited) for net cash and gearing ratios as at 31 December 2024 and 31 December 2023.

NON-IFRS MEASURES (UNAUDITED)

Non-IFRS measures

The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. These non-IFRS measures include cash operating costs per barrel, DD&A per barrel, gearing, free cash flow, operating cash per share and return on capital employed.

For the RBL covenant compliance, three Non-IFRS measures are included: Net debt, EBITDAX and Net debt/EBITDAX.

Cash operating costs per barrel

Cash operating costs are defined as cost of sales less DD&A, production based taxes, movement in inventories and certain other immaterial cost of sales.

Cash operating costs for the period are then divided by barrels of oil equivalent produced. This is a useful indicator of cash operating costs incurred to produce oil and gas from the Group's producing assets.

	2024 $ million	2023 $ million
Cost of sales	**87.3**	111.2
(Less)/add:		
Depreciation, depletion and amortisation	**(47.1)**	(55.4)
Production based taxes	**(9.2)**	(10.5)
Change in inventories	**6.0**	(4.0)
Trade receivables expected credit loss	**2.5**	(2.2)
Other cost of sales	**(1.7)**	(1.8)
Cash operating costs	**37.8**	37.3
Production (BOEPD)	**5,801**	6,508
Cash operating cost per BOE ($)	**17.80**	15.70

Cash operating cost per barrel by segment (2024)

	Vietnam $ million	Egypt $ million	**Total $ million**
Cost of sales	75.6	11.7	**87.3**
Depreciation, depletion and amortisation	(42.1)	(5.0)	**(47.1)**
Production based taxes	(9.1)	(0.1)	**(9.2)**
Change in inventories	6.0	–	**6.0**
Trade receivables expected credit loss	–	2.5	**2.5**
Other cost of sales	(1.3)	(0.4)	**(1.7)**
Cash operating costs	29.1	8.7	**37.8**
Production (BOEPD)	4,361	1,440	**5,801**
Cash operating cost per BOE ($)	18.23	16.51	**17.80**

DD&A per barrel

DD&A per barrel is calculated as net book value of oil and gas assets in production, together with estimated future development costs over the remaining 2P reserves. This is a useful indicator of ongoing rates of depreciation and amortisation of the Group's producing assets.

	2024 $ million	2023 $ million
Depreciation, depletion and amortisation	**47.1**	55.4
Production (BOEPD)	**5,801**	6,508
DD&A per BOE ($)	**22.18**	23.32

DD&A per barrel by segment (2024)

	Vietnam $ million	Egypt $ million	**Total $ million**
Depreciation, depletion and amortisation	42.1	5.0	**47.1**
Production (BOEPD)	4,361	1,440	**5,801**
DD&A per BOE ($)	26.38	9.49	**22.18**

Net cash/(debt)

Net cash/(debt) comprises interest-bearing bank loans, less cash and cash equivalents.

	2024 $ million	2023 $ million
Cash and cash equivalents	**16.5**	32.6
Borrowings *	**–**	(39.2)
Net cash/(debt)	**16.5**	(6.6)

* Excludes unamortised capitalised set up costs

EBITDAX

EBITDAX is earnings from continuing activities before interest, tax, DD&A, impairment (reversal)/ charge of PP&E and intangibles, exploration expenditure, pre-licence costs and Other/restructuring expense items in the current year.

	2024 $ million	2023 $ million
Operating profit/(loss)	**64.3**	(18.1)
Depreciation, depletion and amortisation	**47.3**	55.6
Pre-licence costs	**0.8**	0.4
Impairment (reversal)/charge	**(26.3)**	65.4
EBITDAX	**86.1**	103.3

Net debt/EBITDAX

Net Debt/EBITDAX ratio expresses how many years it would take to repay the debt, if net debt and EBITDAX stay constant. For 2024, the Group is in a net cash position overall and no data has therefore been presented.

	2024 $ million	2023 $ million
Net Debt	–	(6.6)
EBITDAX	86.1	103.3
Net Debt/EBITDAX	–	(0.06)

Gearing

Debt to equity ratio is calculated by dividing interest-bearing bank loans by stockholder equity. The debt to equity ratio expresses the relationship between external equity (liabilities) and internal equity (stockholder equity).

	2024 $ million	2023 Restated[1] $ million
Total Debt *	–	39.2
Total Equity	290.8	275.2
Debt to Equity	–	0.14

* Exclude unamortised capitalised set up costs

1) See Note 2(s)

Free cash flow

Free cash flow is calculated by subtracting capital cash expenditure from net cash from operating activities.

	2024 $ million	2023 $ million
Net cash from operating activities	54.0	44.9
Capital cash expenditure	(26.1)	(26.7)
Free cash flow	27.9	18.2

Operating cash per share

Operating cash per share is calculated by dividing net cash from (used in) continuing operations by number of shares in the year.

	2024 $ million	2023 $ million
Net cash from operating activities	54.0	44.9
Weighted number of shares in the year	417,019,506	427,170,044
Operating cash per share	0.13	0.11

Return on capital employed (ROCE)

ROCE is calculated by dividing operating profit/(loss) by total assets less current liabilities. ROCE measures a company's profitability and the efficiency with which its capital is employed.

	2024 $ million	2023 $ million
Operating profit/(loss)	64.3	(18.1)
Total assets less current liabilities	409.6	408.9
ROCE	15.7%	(4.4)%

Five Year Summary (Unaudited)

FIVE YEAR SUMMARY (UNAUDITED)

	Year to 31 Dec 2024 $ million	Year to 31 Dec 2023 $ million	Year to 31 Dec 2022 $ million	Year to 31 Dec 2021 $ million	Year to 31 Dec 2020 $ million
Consolidated Income Statement					
Oil and gas revenues	**136.1**	168.1	221.6	163.8	118.3
Commodity hedge (losses)/gains	**(0.1)**	(0.2)	(22.5)	(29.7)	23.7
Gross profit	**48.7**	56.7	82.3	19.5	18.2
Operating profit/(loss)	**64.3**	(18.1)	100.2	48.3	(231.3)
Profit/(loss) for the year	**23.6**	(48.8)	24.4	(4.7)	(215.8)

	2024 $ million	2023 Restated[1] $ million	2022 $ million	2021 $ million	2020 $ million
Consolidated Balance Sheet					
Non-current assets	**353.3**	356.6	457.4	460.3	483.2
Net current assets	**56.3**	52.3	56.4	51.6	10.4
Non-current liabilities	**(118.8)**	(133.7)	(183.2)	(207.5)	(199.9)
Net assets	**290.8**	275.2	330.6	304.4	293.7
Share capital	**91.1**	91.7	92.3	92.9	87.3
Other reserves	**258.1**	255.4	253.6	250.5	243.0
Retained deficit	**(58.4)**	(71.9)	(15.3)	(39.0)	(36.6)
Total equity	**290.8**	275.2	330.6	304.4	293.7

1) See Note 2(s)

	Year to 31 Dec 2024 $ million	Year to 31 Dec 2023 $ million	Year to 31 Dec 2022 $ million	Year to 31 Dec 2021 $ million	Year to 31 Dec 2020 $ million
Consolidated cash flow statement					
Net cash from operating activities	**54.0**	44.9	53.4	10.8	56.4
Capital expenditure	**26.1**	26.7	31.9	41.8	41.3
Distributions	**5.9**	5.6	–	–	–

RESERVES STATISTICS (UNAUDITED)

Net working interest, MMBOE

	TGT	CNV	Vietnam[3]	El Fayum	NBS	Egypt[3]	Group
Oil and Gas 2P Commercial Reserves[1,2]							
As at 1 January 2024	6.3	2.8	9.1	13.6	0.8	14.4	23.5
Production	(1.2)	(0.4)	(1.6)	(0.5)	-	(0.5)	(2.1)
Revision	1.0	0.4	1.4	(1.6)	0.1	(1.5)	(0.1)
2P Commercial Reserves as at 31 December 2024	**6.1**	**2.8**	**8.9**	**11.5**	**0.9**	**12.4**	**21.3**
Oil and Gas 2C Contingent Resources[1,2]							
As at 1 January 2024	6.3	5.6	11.9	9.6	-	9.6	21.5
Revision	(0.8)	(3.3)	(4.1)	(1.3)	-	(1.3)	(5.4)
2C Contingent Resources as at 31 December 2024	**5.5**	**2.3**	**7.8**	**8.3**	**-**	**8.3**	**16.1**
Total of 2P Reserves and 2C Contingent Resources as at 31 December 2024	**11.6**	**5.1**	**16.7**	**19.8**	**0.9**	**20.7**	**37.4**

1) Reserves and Contingent Resources are categorised in line with 2018 SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System.
2) Assumes oil equivalent conversion factor of 6,000 standard cubic feet per barrel of oil equivalent
3) Reserves and Contingent Resources have been independently audited by McDaniel.

Risks associated with reserves evaluation and estimation uncertainty are discussed in Note 4(b) to the Financial Statements.

REPORT ON PAYMENTS TO GOVERNMENTS (UNAUDITED)

Disclosure

In accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 4.3A in respect of payments made by the Company to governments for the year ended 31 December 2024 and in compliance with The Reports on Payments to Governments Regulations 2014 (SI 2014/3209), Pharos presents its disclosure for the year ending 31 December 2024.

Basis for preparation

Legislation

This report is prepared in accordance with the Reports on Payments to Governments Regulations 2014 as enacted in the UK in December 2014 and as amended in December 2015.

The Reports on Payments to Government Regulations (UK Regulations) were enacted on 1 December 2014 and require UK companies in extractive industries to publicly disclose payments they have made to Governments where they undertake extractive operations. The aim of the regulations is to enhance the transparency of the payments made by companies in the extractive sector to host governments in the form of taxes, bonuses, royalties, fees and support for infrastructure improvements. The UK Regulations came into effect on 1 January 2015.

The payments disclosed for 2024 are in line with the EU Directive and UK Regulations and we have provided additional voluntary disclosures on payroll taxes, export duty, withholding tax and other taxes.

In line with the UK Regulations, a payment of a series of related payments which do not exceed $106,941 (£86,000) has not been disclosed. Where the aggregate payments made in the period for a project or country are less than $106,941, payments are not disclosed for the project or country.

All of the payments disclosed in accordance with the EU Directive have been made to National Governments, either directly or through a Ministry or Department, or to a national oil company, who have a working interest in a particular licence.

Payment

The information is reported under the following payment types:

Production entitlements in barrels

These are the host government's total share of production in the reporting period derived from projects operated by Pharos. This includes the government's non-cash royalties as a sovereign entity or through its participation as an equity or interest holder in projects within its home country. The figures produced are on a paid lifting basis valued at realised sale prices.

Income Taxes

This represents cash tax calculated on the basis of profits including income or capital gains. Income taxes are usually reflected in corporate income tax returns. The cash payment of income taxes occurs in the year in which the tax has arisen or up to one year later. Income taxes also include any cash tax rebates received from the government or revenue authority during the year. Income taxes do not include fines and penalties. Consumption taxes including value added taxes, personal income taxes, sales taxes and property taxes are excluded.

Royalties

These represent royalties during the year to governments for the right to extract oil or gas. The terms of these royalties are set within the individual Production Sharing Contracts & Agreements and can vary from project to project within a country. The cash payment of royalties occurs in the year in which the tax has arisen.

Dividends

These are dividend payments, other than dividends paid to a government as an ordinary shareholder of an entity, in lieu of production entitlements or royalties. For the year ending 31 December 2024, there were no reportable dividend payments to governments.

Bonuses

This represents any bonus paid to governments during the year on achievement of commercial milestones such as signing of a petroleum agreement or contract, achieving commercial discovery, or after first production.

Licence Fees

This represents licence fees, rental fees, entry fees and other consideration for licences and/or concessions paid for access to an area during the year (with the exception of signature bonuses which are captured within bonus payments).

Infrastructure improvement payments

This represents payments made in respect of infrastructure improvements for projects that are not directly related to oil and gas activities during the year. This can be a contractually obligated payment in a Production Sharing Contract or a discretionary payment for building/improving local infrastructure such as roads, bridges, ports, schools and hospitals.

Payroll Taxes

This represents payroll and employer taxes including PAYE and national insurance paid by Pharos as a direct employer.

Export Duty

This represents payments made to governments during the year in relation to the exportation of petroleum products.

Withholding Tax

This represents the amount of tax deducted at source from third party service providers during the year and paid to respective governments.

Other Taxes

This represents business rates paid during the year on non-domestic properties.

Transparency Disclosure 2024 (Unaudited)

TRANSPARENCY DISCLOSURE 2024 (UNAUDITED)

	UK Regulations									Voluntary Disclosure				
	Production entitlements	Production entitlements	Income Taxes	Royalties	Dividends	Bonus Payments	Licence fees	Infrastructure improvement payments	Total EU Transparency Directive	Payroll Taxes	Export Duty	With-holding Tax	Other Taxes	Total
Licence/ Corporate/ Area	bbls (000)	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
Vietnam*														
Block 16–1	805	65,679	26,943	7,506	–	–	78	–	100,206	–	–	–	–	–
Block 9-2	426	27,237	9,653	1,564	–	–	75	–	38,529	–	–	–	–	–
Total Vietnam	**1,231**	**92,916**	**36,596**	**9,070**	**–**	**–**	**153**	**–**	**138,735**	**–**	**–**	**–**	**–**	**–**
Egypt														
El Fayum	229	17,132	–	–	–	230	–	–	17,362	232	–	7	18	257
North Beni Suef	19	1,349	–	–	–	159	–	–	1,508	–	–	–	–	–
Total Egypt	**248**	**18,481**	**–**	**–**	**–**	**389**	**–**	**–**	**18,870**	**232**	**–**	**7**	**18**	**257**
United Kingdom (UK)														
Corporate	–	–	–	–	–	–	–	–	–	2,356	–	–	–	2,356
Total UK	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,356**	**–**	**–**	**–**	**2,356**
United States of America (US)														
Corporate	–	–	–	–	–	–	–	–	–	41	–	–	–	41
Total US	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**41**	**–**	**–**	**–**	**41**
Pharos Total	**1,479**	**111,397**	**36,596**	**9,070**	**–**	**389**	**153**	**–**	**157,605**	**2,629**	**–**	**7**	**18**	**2,654**

	UK Regulations									Voluntary Disclosure				
	Production entitlements	Production entitlements	Income Taxes	Royalties	Dividends	Bonus Payments	Licence fees	Infrastructure improvement payments	Total	Payroll Taxes	Export Duty	With-holding Tax	Other Taxes	Total
Country/ Government	bbls (000)	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
Vietnam*														
Ho Chi Minh City Tax Dept	–	–	36,596	9,070	–	–	–	–	45,666	–	–	–	–	–
Customs Office	–	–	–	–	–	–	–	–	–	–	–	–	–	–
PetroVietnam E&P Corp (PVEP)	1,231	92,916	–	–	–	–	153	–	93,069	–	–	–	–	–
Total Vietnam	**1,231**	**92,916**	**36,596**	**9,070**	**–**	**–**	**153**	**–**	**138,735**	**–**	**–**	**–**	**–**	**–**
Egypt														
Egyptian General Petroleum Corporation (EGPC)	248	18,481	–	–	–	389	–	–	18,870	–	–	–	–	–
Tax department	–	–	–	–	–	–	–	–	–	232	–	7	18	257
Total Egypt	**248**	**18,481**	**–**	**–**	**–**	**389**	**–**	**–**	**18,870**	**232**	**–**	**7**	**18**	**257**
United Kingdom (UK)														
HMRC	–	–	–	–	–	–	–	–	–	2,356	–	–	–	2,356
Total UK	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,356**	**–**	**–**	**–**	**2,356**
United States of America (US)														
Internal Revenue Service	–	–	–	–	–	–	–	–	–	41	–	–	–	41
Total US	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**41**	**–**	**–**	**–**	**41**
Pharos Total	**1,479**	**111,397**	**36,596**	**9,070**	**–**	**389**	**153**	**–**	**157,605**	**2,629**	**–**	**7**	**18**	**2,654**

* Joint Operating Company Project's tax payments reported on Pharos Net Working Interest Basis.

Glossary of Terms

DEFINITIONS

A

AGM
Annual General Meeting

B

bbl
Barrel

boe or BOE
Barrels of oil equivalent

boepd or BOEPD
Barrels of oil equivalent per day

bopd
Barrels of oil per day

BSR
Binh Son Refining and Petrochemical JSC, the operator of the Dung Quat refinery, Quang Ngai Province, Vietnam

C

cash
Cash, cash equivalent and liquid investments

capex
Capital expenditure

CEO
Chief Executive Officer

CPR
Competent person's report or equivalent (e.g. mineral expert's report)

CNV
Ca Ngu Vang field located in Block 9-2, Vietnam

Company or Pharos
Pharos Energy plc

Contingent Resources or contingent resources
Those quantities of petroleum to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies

Contractor
The party or parties identified as being, or forming part of, the "CONTRACTOR" as defined in the El Fayum Concession or, as the case may be, the North Beni Suef Concession

D

DD&A
Depreciation, depletion and amortisation

E

EBITDAX
Earnings before interest, tax, DD&A, impairment of PP&E and intangibles, exploration expenditure and other/restructuring items in the current year

EGP
Egyptian Pounds, the lawful currency of the Arab Republic of Egypt

EGPC
Egyptian General Petroleum Corporation, an Egyptian state oil and gas company and the industry regulator

El Fayum or the El Fayum Concession
The concession agreement for petroleum exploration and exploitation entered into on 15 July 2004 between the Arab Republic of Egypt, EGPC and Pharos El Fayum in respect of the El Fayum area, Western Desert, as amended from time to time

ERCE
ERC Equipoise Limited, an independent energy consulting group

ESG
Environmental, social and governance

F

Financial Statements
The preliminary financial statements of the Company and the Group for the year ended 31 December 2024

FPSO
Floating, production, storage and offloading Vessel

G

G&A
General and administrative expenses

GHG
Greenhouse gas

Group
Pharos and its direct and indirect subsidiary undertakings

H

1H
The first half of a calendar year

2H
The second half of a calendar year

HLJOC
Hoang Long Joint Operating Company, the operator of the TGT field on Block 16-1, Vietnam

HVJOC
Hoan Vu Joint Operating Company, the operator of the CNV field on Block 9-2, Vietnam

I

IFRS
International Financial Reporting Standards

IMF
The International Monetary Fund

IPR or IPR Energy Group
The IPR Energy group of companies, including IPR Lake Qarun and IPR Energy AG, or such of them as the context may require

IPR Lake Qarun
IPR Lake Qarun Petroleum Co, an exempted company with limited liability organised and existing under the laws of the Cayman Islands (registration number 379306), a wholly owned subsidiary of IPR Energy AG

J

JOC
Joint operating company

JV
Joint venture

K

km
Kilometre

km^2
Square kilometre

L

LTI
Lost Time Injury

LTIP
Long Term Incentive Plan

M

m
Million (where used to describe a monetary amount)

McDaniel
McDaniel & Associates Consultants Ltd

mmboe
Million barrels of oil equivalent

MMstb
Millions of stock tank barrels

MOIT
The Vietnamese Ministry of Industry and Trade

N

NAV
Net asset value

NBE or NBE UK
the National Bank of Egypt (UK) Limited, a subsidiary of National Bank of Egypt, the largest Egyptian commercial bank and owned by the state of Egypt

NBS, North Beni Suef or the North Beni Suef Concession
The concession agreement for petroleum exploration and exploitation entered into on 24 December 2019 between the Arab Republic of Egypt, EGPC and Pharos El Fayum in respect of the North Beni Suef area, Nile Valley

Net Zero Roadmap
The Group's detailed net zero roadmap to achieve net zero GHG emissions by 2050, originally published in December 2023 and as updated from time to time

O

OCF
Operating cash flow

opex
Operational expenditure

P

PEF
Pharos El Fayum, a wholly owned subsidiary of the Company holding the Group's participating interest in El Fayum and North Beni Suef

Petrosilah
An Egyptian joint stock company held 50/50 between EGPC and the Contractor parties under the El Fayum Concession (being IPR Lake Qarun and PEF)

Petrovietnam
Vietnam Oil and Gas Group, the Vietnamese state-owned integrated oil and gas company

PP&E
Property, plant and equipment

prospect
An identified trap that may contain hydrocarbons. A potential hydrocarbon accumulation may be described as a lead or prospect depending on the degree of certainty in that accumulation. A prospect generally is mature enough to be considered for drilling

PSC
Production sharing contract or production sharing agreement

R

Reserves or reserves
Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial and remaining based on the development projects applied

RBL
Reserve-based lending or, as the context may require, reserve-based lending facility

RFDP
Revised field development plan

T

TCFD
Task Force on Climate-related Financial Disclosures

TGT
Te Giac Trang field located in Block 16-1, Vietnam

TLJOC
Thang Long Joint Operating Company, the operator of Block 15-2/01, Vietnam, with which the HLJOC shares access to the FPSO used for TGT production

U

UK
United Kingdom

USD, US dollars, US$ or $
United States dollars, the lawful currency of the United States of America

£ or GBP
UK Pound Sterling

1C
Low estimate scenario of Contingent Resources

1P
Equivalent to proved Reserves; denotes low estimate scenario of Reserves

2018 Code
The 2018 UK Corporate Governance Code

2C or 2C Contingent Resources
Best estimate scenario of Contingent Resources

2P, 2P Reserves or 2P Commercial Reserves
Equivalent to the sum of proved plus probable Reserves; denotes best estimate scenario of Reserves

3C
High estimate scenario of Contingent Resources

3P
Equivalent to the sum of proved, probable and possible Reserves; denotes high estimate scenario of Reserves

Company Information

COMPANY INFORMATION

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W1W 8DH, United Kingdom
Registered in England
T +44 (0)20 7747 2000
Company No. 3300821
www.pharos.energy

Company Secretary

Tony Hunter

Financial Calendar

Group results for the year to 31 December are announced in March. The Annual General Meeting is held during the second quarter. Interim Results to 30 June are announced in September.

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HSBC UK Bank plc

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EC4N 4TR United Kingdom

BNP Paribas – Singapore Branch

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