21 January 2025

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

Trading and operations update

Serica Energy plc (AIM: SQZ) issues the following trading and operations update in respect of the year ending 31 December 2024. Serica will issue 2024 full-year results on Tuesday 1 April 2025.

Chris Cox, Serica's CEO, stated:
"The outlook for 2025 is promising, with ongoing work to increase asset reliability and further positive results from the Triton drilling programme expected to boost production and help deliver material free cash flow. We demonstrated our commitment to shareholder distributions in 2024 and we expect substantial cash generation in 2025 to allow us to continue delivering material direct returns to our shareholders, while simultaneously continuing investment in our portfolio to unlock further value.

The five-well drilling campaign at Triton is now half-way through and delivering excellent results, with the Gannet GE05 well performing ahead of expectations. This is a further example of the opportunities that our subsurface team are able to find on mature fields, offsetting natural decline. We look forward to the results of the remaining three wells in the campaign, and the same team are now maturing new opportunities on the Bruce field. While we continue to deliver value from our existing portfolio, we are also actively screening multiple M&A opportunities to grow and diversify our business."

2024 performance[1]

- Production of 34,600 boepd in 2024 (2023 pro forma: 40,100 boepd), impacted by unscheduled downtime at the Triton FPSO
- Revenue of $726 million (2023 pro forma: $920 million)
  - Average Brent oil price of $81/bbl (2023: $81/bbl)
  - Average NBP gas price of 83p/therm (2023: 99p/therm)
- Capital expenditure of $260 million (2023: $98 million), in line with guidance, the majority of which was spent on the Triton drilling programme
- Opex of $330 million (2023: $273 million), in line with guidance
- Cash tax paid of $152 million in 2024 (2023: $348 million), a significant reduction due in part to the lower gas price in 2024 as well as benefitting from a full year of Triton loss shelter
- Free cash outflow of $1 million (2023: positive free cash flow of $17 million)
- Capital returns of $133 million alongside material portfolio investment, comprising dividends paid of $114 million, equating to 23p/share in 2024 (2023: 23p/share), and a share buy-back of $19 million
- Cash of $148 million as at 31 December 2024 (31 December 2023: $335 million)
  - Borrowings of $219 million (31 December 2023: $271 million), resulting in a net debt position of $71 million as of 31 December 2024
  - Total liquidity of $442 million as of 31 December 2024, comprising cash and undrawn committed RBL facility availability of $294 million

Operational update

- Following the resumption of production into the Triton FPSO on 27 December 2024, production has been ramping up. It has been boosted by commencement of production from the GE05 well on the Gannet field (SQZ: 100%) on 11 January. The well flowed 9,000 bopd with a 0% water cut on test, and has been brought onto stable production at a rate of over 6,000 bopd

- The next well set to add to production is the W7Z well on the Guillemot North West field (SQZ: 10%). Drilling showed similarly positive initial data to that seen on the B6 and GE05 wells, and the well is expected to enter production in February
- The COSL Innovator rig has now commenced drilling operations on the next potentially high-impact well, EV02 on the Evelyn field (SQZ: 100%), with first production expected in Q2 2025
- The five well Triton drilling programme will then conclude with the BE01 well on the Belinda field (SQZ: 100%). Drilling is scheduled to begin in April and the well is forecast to enter production in early Q1 2026, following the installation of subsea infrastructure
- Further work is ongoing to identify and mature additional opportunities in the BKR area and in particular on the Bruce field, which is expected to add to 2C resources in our forthcoming CPR update
- Work is also ongoing across the portfolio to increase operational efficiency
    - At Triton, the operating mode of the operational compressor has been amended to reduce an identified vulnerability, and the resumption of operations with two-compressors, which will support increased asset reliability, remains on schedule to be achieved before the end of March 2025
    - At Bruce we have amended the operating mode of oil export pumps, while at Rhum changes to the subsea pipeline system have been carried out, which should increase reliability. These changes involved a pause in production for around three weeks from the R3 well (c.7,000 boepd net to Serica) at the start of 2025

2025 outlook and guidance[2]

- Increased asset reliability and production from new wells expected to result in a significant year-on-year increase in average annual production to around 40,000 boepd in 2025, with a broadly even mix of oil and gas
    - Production weighted to H1, with annual maintenance programmes at the Bruce Hub and Triton FPSO expected to take production offline in Q3 for 12 and 45 days respectively
    - Our base case production figure includes P90 production from new wells (the B6 and GE05 well have both tested at levels outperforming the P90 expectation) and 80% operational efficiency outside Q3 maintenance
- Opex of c.$330 million in 2025, in line with 2024
- Capital expenditure expected to be $220-250 million, with the majority of spend focused on the ongoing Triton drilling programme and subsequent work at Belinda
    - Given the retention of First Year Allowances in the Autumn Budget, Serica has accelerated spend on resilience enhancement measures at both the Bruce Hub and Triton FPSO
    - Serica will also undertake a Flare Gas Recovery project at Bruce, with the c.$10 million cost expected to qualify for the Decarbonisation Allowance and hence more than fully offsettable against tax and not included in the 2025 guidance
    - Limited forecast spend on Buchan Horst, as the Company awaits clarity regarding the long term fiscal regime and guidance for environmental impact statements
- Material cash flows to support Serica's strategy and track record of delivering direct returns of capital to investors through a mixture of a material dividend and share buy backs remains unchanged
- Preparatory work is ongoing regarding a move from the AIM to the Main Market of the LSE in 2025, on which further updates will be provided in due course
- The Company continues to be very active in screening a broad range of cash-generative and value accretive M&A opportunities in both the North Sea and other geographies

Serica will host a live presentation on the Investor Meet Company platform today at 0900 GMT. The presentation is open to all existing and potential shareholders. Questions can be submitted at any time during the live presentation. Investors can sign up to Investor Meet Company for free and add to meet Serica Energy plc via: https://www.investormeetcompany.com/serica-energy-plc/register-investor.

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

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

[1] *All figures are unaudited and subject to amendment at the full-year results*

[2] *Where forward looking GBP spend has been converted to USD, an exchange rate of £1:$1.25 has been used*

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NOTES TO EDITORS

Serica Energy is a British independent oil and gas exploration and production company with a portfolio of UKCS assets. Serica has a balance of gas and oil production. The Company is responsible for about 5% of the natural gas produced in the UK, a key element in the UK's energy transition.

Serica's producing assets are focused around two main hubs: the Bruce, Keith and Rhum fields in the UK Northern North Sea, which it operates, and a mix of operated and non-operated fields tied back to the Triton FPSO. Serica also has operated interests in the producing Columbus (UK Central North Sea) and Orlando (UK Northern North Sea) fields and a non-operated interest in the producing Erskine field in the UK Central North Sea.

Serica has a two-pronged strategy for growth comprising investment in its existing portfolio and M&A. Further information on the Company can be found at www.serica-energy.com. The Company's shares are traded on the AIM market of the London Stock Exchange under the ticker SQZ and the Company is a designated foreign issuer on the TSX. To receive Company news releases via email, please subscribe via the Company website.