26 November 2024

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 third quarter and first nine months of 2024.

Chris Cox, Serica's CEO, stated:

"Our ability to unlock production from mature fields has been illustrated through the positive drilling campaign at Triton and well work on Bruce. With the successful results from the B-6 well on Bittern expected to be followed shortly by the Gannet GE-05 well, our key focus is now working to translate these results into more robust production performance than we have seen in recent months.

The Autumn Budget has provided much needed clarity over future investment allowances. The remainder of the Triton well campaign will continue to benefit from full tax relief, and the retention of allowances opens up opportunities in the wider portfolio. Our subsurface team are continuing to work up options for the untapped potential around the Bruce Hub.

Our portfolio is set to provide material cash generation going forward and we are confident of growing both organically and through acquisitions, delivering significant returns to shareholders."

Update on operations

(boepd)	**Q1**	**Q2**	**Q3**	**Average**
Bruce Hub	22,700	24,200	18,000	21,600
Triton Hub	16,100	12,300	4,300	10,900
Other Assets	6,300	5,900	3,700	5,300
Total	**45,100**	**42,400**	**26,000**	**37,800**

- Production of 37,800 boepd in the first nine months of 2024 (31,500[1] boepd in first nine months of 2023)
    - Production of 26,000 boepd in Q3, (Q3 2023: 16,300 boepd), impacted by the previously announced annual maintenance programme at Triton and short scheduled maintenance at BKR
- Following the suspension of production at Triton on 26 October, there has been an extended outage which again resulted from problems with the gas export compression availability. The

[1] Serica equity production excluding Tailwind volumes prior to completion of the acquisition on 23 March 2023

necessary repairs on the compressor have been completed and production is anticipated to begin this week. The operational vulnerability remains until the ongoing maintenance works are completed, which is likely to be in Q1 2025

- The Gannet GE-05 (SQZ: 100%) well was tied in to the Triton FPSO on 25 October, under budget and ahead of time, and is now set to start production in the coming days, with a stable flow rate expected to be achieved shortly afterwards
- The COSL Innovator rig has now reached target depth on the next well in the campaign, the EC1 well on the Guillemot NW field (SQZ: 10%), with a similarly positive outcome to the B-6 and GE-05 wells. The EC1 well is expected to start production in Q1 2025
- The high-impact drilling campaign for Serica will continue with wells on Evelyn and Belinda (SQZ: 100% in both) in H1 2025

Key figures

- Realised gas price of 77p/therm in Q3 (average NBP price: 82p/therm), with the current NBP gas price of c.120p/therm meaning Q4 realisations expected to be significantly higher
- Realised oil price of $71/bbl (average Brent price: $80/bbl), impacted by hedging positions that are set to unwind in Q4, allowing realisation of price closer to Brent
- Revenue of $139 million in Q3 (Q3 2023: $135 million)
- Cash of $258 million as of 30 September 2024 (30 June 2024: $362 million)
    - Debt drawn of $231 million, resulting in a net cash position of $27 million as of 30 September 2024
    - The cash change in Q3 was in line with expectations, reflecting the timing of certain cash payments, including the final dividend totalling $70 million paid in July 2024, and a cash tax payment of $40 million made in the same month
- Capex of $78 million in Q3, with a total of $202 million spent in the first nine months of 2024

Impact of UK fiscal environment on future investment

- The Chancellor’s announcement in the Autumn Budget that First Year Allowances against the Energy Profits Levy (‘EPL’) would be retained at 100%, along with confirmation that there would be no further changes to the EPL or to associated reliefs, removed significant uncertainty
- Accordingly, Serica will receive full tax relief against EPL on the costs of the remainder of the Triton drilling programme
- The increase in the rate of EPL and extension until March 2030, combined with uncertainty about the longer term fiscal regime, however, has increased the economic threshold for longer cycle investments
- Serica is reviewing its Bruce infill drilling plans both in terms of costs and priortisation of specific targets. This work, which includes additional subsurface studies, has identified potentially attractive new opportunities around Bruce, where no wells have been drilled since 2012
- As previously announced by Neo, the operator of the Buchan Horst field (SQZ: 30%), activities on this project were slowed pending clarity regarding the long term fiscal regime and guidance for environmental statements (‘ESs’). Together with the Autumn Budget, the government announced consultations on the post EPL tax regime after and on the ESs. The timetable for the former has not been announced and the latter is due to close in January 2025

Outlook

- Production for 2024 expected to be around 37,000 boepd
- Full-year 2024 pre-tax capital expenditure guidance unchanged at around $260 million
- 2024 operating costs expected to be around $330 million, in line with forecast expenditure at the start of the year
- Serica expects to end the year in a modest net debt position, following a further cash tax payment of $41 million made in October, the interim dividend payment of $45 million which was paid to shareholders on 21 November, and the expected pattern of liftings and cash receipts from Triton following its unscheduled outage
- BKR on track to have lowest carbon intensity since 2018, 20% below North Sea average
- 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
- The Company is continuing to explore a potential move from the AIM to the Main Market in 2025
- Guidance for 2025 will be provided in a trading and operations update in late January 2025

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.

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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.