22 May 2025

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

Trading and operations update

Serica Energy plc (AIM: SQZ) issues the following trading and operations update, ahead of the Company's Annual General Meeting ('AGM') to be held later today.

Serica will issue 2024 half-year results on Tuesday 5 August 2025.

Chris Cox, Serica's CEO, stated:
"Maintenance work at Triton remains on track to restart production around the end of June, with the addition of new wells from the Guillemot North West and Evelyn fields providing the potential for production from the Triton Hub alone to surpass the 25,000 boepd net to Serica delivered earlier in the year. This should support significant cash generation in the second half of the year and beyond.

The drilling performance and subsurface results of those new wells have been outstanding, and the BE01 well on Belinda was also completed ahead of time and under budget. The impressive flow test rate of 7,500 boepd announced today is another demonstration of our ability to identify and deliver subsurface opportunities, and Belinda (in which we have 100% working interest) will add to our production early next year after the requisite subsea infrastructure is completed.

As we continue to focus on creating shareholder value both organically and through accretive M&A, our subsurface team is now focused on converting Kyle and future Bruce well volumes from resources to reserves. However, in order to take FID on these growth investments we will need a regulatory and fiscal regime that supports the delivery of projects in the UK North Sea, and the production of vital homegrown energy."

Performance

- Zero lost time injuries ('LTI') in 2025 to date, now over five years since the last LTI at Serica production operations
- Production of 26,500 boepd in the first four months of 2025
- Cash of $129 million as at 30 April (31 December 2024: $148 million), a cash outflow of $19 million due to the lack of production from Triton since January, a $10 million payment made on completion of the acquisition of Parkmead (E&P) Limited, and capital expenditure predominantly on the Triton well programme of $80 million
    - Net debt of $102 million as at 30 April (31 December 2024: net debt of $83 million)
    - Free cash flow for the year set to be boosted by future receipt of the previously announced tax rebate of $71 million relating to 2024
- Serica maintains a robust hedging book, with c.40% of estimated 2025 production and 20% of 2026 hedged. Hedges are weighted towards oil, with the floor price of $69/bbl for 2025 being in excess of current market prices for Brent

Operational update

- Repairs to Triton following issues discovered in the aftermath of Storm Éowyn have now been completed and production will resume once the annual maintenance programme, brought forward to reduce overall downtime in the year, is complete. The resumption of production remains on track to occur around the end of June

- The Triton Hub was producing at a rate of approximately 25,000 boepd net to Serica immediately prior to the shutdown. Following restart, both the W7z well on the Guillemot North West field (Serica: 10%) and the EV02 well on the Evelyn field (Serica: 100%), which were delivered on schedule and under budget during the Triton downtime, will be brought onto production for the first time
- The BE01 well on the Belinda field (Serica 100%) was also drilled and completed ahead of schedule and under budget. The well has now been flow tested through the COSL Innovator rig this week, delivering rates of 7,500 boepd, constrained by the surface well test equipment design specifications. Work is underway on the installation of subsea infrastructure, and Belinda is expected to be tied in to Triton and to enter production in early 2026
- Serica continues progressing plans to convert material 2C resources into reserves, should the appropriate fiscal and regulatory environment allow
  - Subsurface work to date has confirmed the attractiveness of the Kyle redevelopment (Serica 100%), and subsurface and front-end design work tenders are set to be issued later this year, with the potential for FID in early 2026
  - Analysis of opportunities for drilling on the Bruce field has resulted in the identification of over 20 potential infill targets. These will be high-graded over the remainder of 2025, with a view to selecting the best possible opportunities for a future drilling campaign

M&A

- Following the receipt of all relevant approvals the acquisition of 100% of the shares in Parkmead (E&P) Limited completed at the end of April
  - The transaction provides optionality regarding future projects, simplifies decision making, and provides strategic flexibility relating to the existing position in Skerryvore
  - Through the transaction, Serica has acquired an additional £197 million of ring-fence corporation tax ('CT') losses, £181 million of supplementary charge tax ('SCT') losses, £1 million of Energy Profits Levy ('EPL') losses and £12 million of activated investment allowances
  - This brings our total ring-fence tax loss balances in USD to over $1.3 billion CT, $1.2 billion SCT, and $63 million EPL
- The Company continues to take a disciplined approach to M&A and is active in screening a broad range of cash-generative and value accretive opportunities in both the North Sea and other geographies

Outlook and unchanged 2025 guidance

- Final dividend of 10 pence per share (2023: 14 pence per share) announced, subject to approval at today's AGM
  - The final dividend is payable on 25 July 2025 to shareholders registered on 27 June 2025, with an ex-dividend date of 26 June 2025
- Production guidance reiterated at 33,000-37,000 boepd
- Capital expenditure and opex guidance unchanged, at $220-250 million and c.$330 million respectively
- In order to enhance Serica's corporate profile and broaden the Company's access to a wider pool of UK and global investors, Serica has initiated workstreams to facilitate a move from the AIM to the Main Market of the London Stock Exchange in Q4 2025. Further updates on this process will be provided in due course

2025 AGM statement

- The full text of the statement to be delivered at the AGM later today by David Latin, Chair of Serica, is below:

“Good afternoon everyone. I am grateful and very honoured to be addressing you once again as the Chair of Serica Energy.

It has been another eventful year, as we continue to manage in a challenging political environment which lacks the consistency and clarity that our North Sea industry so badly needs and deserves – more about which I will talk later.

It has also been a busy year of operational activity. The drilling programme around the Triton Hub has seen exceptional subsurface and drilling results, reinforced by the latest flow test result on Belinda announced today, undermined by disappointing facilities performance. The team is confident however, that we will have seen the back of these issues very soon.

Stable delivery from Triton, with the potential to produce well over 25,000 boepd net to Serica as new wells come online, is one of the numerous catalysts that we have to create value. Our strategy for shareholder value creation is clear and unchanged. It entails using our subsurface expertise to unlock reserves and optimise production from unloved mid-to-late life assets acquired from the ‘majors’, combined with disciplined investment in new opportunities. In this way, we aim to deliver a mixture of growth and resilient cash generation that supports material long-term shareholder returns.

Given the unstable environment in which we are operating, discipline is the key word. As you may have noticed, our recent actions demonstrate that we will remain disciplined when it comes to mergers and acquisitions – any acquisition has to pass a high bar, and we need to be certain that it would give a clearer route to building shareholder value than Serica could achieve as a standalone company. Given current market volatility this can be challenging, but we have a fantastic team in place who continually assess the numerous opportunities available to us.

We are also disciplined when it comes to shareholder returns. Serica remains in robust financial health, with a strong balance sheet and the potential for material cash generation. We are in a strong position and we are committed to staying that way. Our dividend is material and sustainable, and our financial strength positions us to take advantage of the opportunities ahead, both organic and inorganic. And there are plenty of both, even at a lower oil price.

I share management’s excitement regarding the potential for the conversion of a material portion of our 2C resources, and look forward to seeing the progression of Kyle and opportunities around BKR, as they are developed into firm drilling plans.

Of course, committing to invest in such growth opportunities will only be possible with an appropriate regulatory and fiscal environment. It is absolutely vital for the future of the UK North Sea that the outcome of the current government consultations is resolved quickly and in a manner that supports a homegrown industry with the potential to deliver significant benefits to the UK for many years to come.

The impact of the inappropriate fiscal environment, and the years of uncertainty, is already taking a heavy toll. Production across the basin fell 5% in 2024, drilling activity is at a record low, 10,000 jobs have been lost, and companies continue to exit the UK North Sea. All of this will reduce tax receipts going forward and, given demand which will not go away any time soon, lost production will have to be imported – imports which are worse for the environment since they involve significantly increased emissions.

Current commodity prices very clearly do not represent windfall conditions, and the tax rate of 78% is entirely inappropriate at a time when the government should be doing everything in its power to boost vital energy security and to support economic growth.

It is so very frustrating to see the UK North Sea industry becoming embroiled in a wrongly polarised discussion about Net Zero. The reality is the UK needs oil and gas and renewables, it is not either/or, and we should be investing at pace in all forms of energy. However quickly the UK proceeds with its transition to an increased share of renewables in the mix, we will require oil and gas for decades to come. North Sea production does not just provide vital domestic energy, it also is the lifeblood for a world class domestic supply chain which includes the very same companies needed to deliver energy transition projects.

The Climate Change Committee's energy transition pathway to net zero in 2050 estimates that the UK will need between 13 and 15 billion barrels of oil equivalent between now and then. Our homegrown oil and gas industry could deliver roughly half of this amount – which is materially more than the estimates which accompany the recent consultation document from the Department of Energy Security and Net Zero ('DESNZ'). Delivering on this potential would also bring an economic benefit of £350 billion. The demand is not going to go away, and making the fiscal and regulatory environment impossible for homegrown oil and gas simply increases the amount that we will need to import. This has a triple bottom line of being bad for jobs, bad for communities, and bad for the economy. It is also very clearly worse for the environment, given that the UK North Sea emissions are an average of one quarter those of high emission imports – with new fields one fifteenth the emissions of LNG imports. All of the facts suggest that our industry should be supported by the government.

The retention of first year investment allowances in the Autumn Budget indicated that there are receptive ears in some parts of government, and that people are looking at the facts and not being swayed by an increasingly irrational debate. This is encouraging. Less so is the absence of a government response to the consultation about environmental guidance which closed in early January. When such lack of clarity is added to the uncertainties about licensing and the future tax price mechanism, the result is stalled investment and erosion our world class supply chain capability.

As we navigate these challenges, your Board will continue to ensure that Serica is as well positioned as possible to thrive whatever the external environment. At the AGM last year we welcomed Chris Cox as CEO. Since then we have had a stable Board and have been strengthening the management team so that we have the right mix of expertise and focus to drive Serica going forward.

In order to continue moving the Board towards a smaller size, Jérôme Schmitt (Independent Non-Executive Director) is not standing for re-election today. Jérôme has been a deeply valued member of the Board, and has been a tremendous support to me personally for the last three years, and will remain on hand to provide advice to the Board going forward.

Finally, as you will have seen in the trading update today, we are looking ahead to a bright future on the Main Market of the London Stock Exchange. It has been 20 years since we first listed and we are now making clear our intention to move up from AIM this year. The move will increase the visibility of the company and broaden our access to investors, supporting us in taking our investment story to the widest possible audience."

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.