SERICA ENERGY PLC (AIM: SQZ)

August 22, 2025

Share price: £1.70
Target: £2.70

High production at Triton. More to come

- Net production at Triton has averaged 20 mboe/d over the past two weeks. This reflects the progressive restart of all the fields, with further upside expected as additional wells are brought online. These include (1) productive wells from Bittern and Gannet E, and (2) newly drilled wells at Guillemot North West and Evelyn, which have yet to commence production.
- As a reminder, Serica has a 100% interest in the Evelyn field, and has already stated that the well showed 'encouraging results' when drilled.
- Total net production across Serica's portfolio averaged over 50 mboe/d in the lead-up to the scheduled 12-day maintenance shutdown at Bruce, delivering on the stated objective of achieving this level of output in August.
- At current Brent and NBP pricing, and assuming 43 mboe/d production in 2H25, we estimate Serica could generate ~US$100 mm in free cash flow during 2H25. This comfortably covers the combined final dividend for 2024 and preliminary dividend for 2025 (~US$82 mm).
- We reiterate our target price of £2.70 per share. The current dividend yield is ~9.5%. With lower capex and higher production volumes anticipated in 2026, Serica could generate free cash flow in excess of US$300 mm.

Valuation

Our forecasts are unchanged. Our Core NAV and ReNAV are £2.41 per share and £2.71 per share respectively.

Rating & target		Old	New
Target		£2.70	n.c.
Yield			9%
Implied total return			72%
Share data	**2024**	**2025e**	**2026e**
Shares dil., mm	404	404	404
Mkt cap, US$mm	$866	$897	$893
EV, US$mm	$936	$927	$665
Financial Data	**2024**	**2025e**	**2026e**
Gas, mmcf/d	111.4	105.2	115.5
Liquids, bbl/d	15,394	15,825	23,303
Total boe/d (6:1)	34,600	33,967	43,216
CFO, US$mm	$243	$373	$445
Net capex, US$mm	$254	$261	$104
Net debt, US$mm*	$71	$30	($229)
CFPS dil., US$/shr	$0.53	$1.09	$1.19
EPS dil., US$/shr	$0.24	$0.18	$0.83
Valuation	**2024**	**2025e**	**2026e**
Share price, £/shr	£1.70	£1.70	£1.70
EV/DACF	3.3x	2.3x	1.4x
EV per boe/d (US$)	$27,063	$27,289	$15,382
Net asset value			
CNAV, £/shr			£2.41
RENAV, £/shr			£2.71
Unrisked NAV, £/shr			£4.04
P/CNAV			0.7x
P/RENAV			0.6x
P/ENAV			0.4x

All figures in US$ unless otherwise noted
** based on cash rather than working capital*

Contact details

Analyst:
Stephane Foucaud
sf@auctusadvisors.co.uk
+44 7854 891249

Figure 1. Financial & operating information

Serica Energy (SQZ LN)			Historical & Auctus Outlook						
Financial & Operating Information			**2023**	**2024**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**
Commodity Prices									
Brent		US$/bbl	$82.99	$79.90	$68.73	$70.00	$70.00	$70.00	$70.00
UK NBP		p/th	GBp114	GBp84	GBp90	GBp82	GBp82	GBp82	GBp82
UK NBP		US$/mcf	$14.26	$10.55	$11.80	$10.72	$10.72	$10.72	$10.72
USD / GBP		US$/£	$1.25	$1.26	$1.31	$1.30	$1.30	$1.30	$1.30
Production									
Oil and Liquids		bbl/d	20,318	15,394	15,825	23,303	19,000	16,063	13,899
Natural Gas		mmcf/d	103.0	111.4	105.2	115.5	119.1	113.0	102.3
Total (6 mcf = 1 boe)		boe/d	40,121	34,600	33,967	43,216	39,539	35,547	31,530
% Oil and Liquids		%	51%	44%	47%	54%	48%	45%	44%
Netbacks									
Revenue		US$/boe	$61.46	$57.58	$64.28	$62.56	$61.76	$61.17	$60.97
Royalties		US$/boe	$0.63	$0.54	$0.53	$0.64	$0.56	$0.47	$0.53
Production & Transport Costs		US$/boe	$21.05	$24.54	$26.83	$19.84	$20.30	$22.58	$25.46
Operating Netback		US$/boe	$43.20	$34.98	$41.73	$42.07	$40.90	$38.12	$34.99
Taxes		US$/boe	$17.80	$1.10	$1.71	$12.28	$12.18	$19.68	$19.27
Cash Flow Netback		US$/boe	$9.45	$22.30	$31.95	$29.58	$26.79	$18.79	$12.83
Government Take		%	29%	2%	3%	20%	20%	32%	32%
Financials									
Cash Flow from Ops. before tax and fin. Costs		US$mm	$469	$434	$417	$642	$568	$473	$381
CFO less current tax		US$mm	$240	$420	$280	$448	$393	$217	$159
CFO less cash tax and fin. Costs		US$mm	$98	$243	$373	$445	$365	$222	$126
CFPS - diluted		US$/shr	$0.10	$0.53	$1.09	$1.19	$0.98	$0.62	$0.38
EBITDAX	a	US$mm	$512	$373	$494	$642	$568	$473	$381
E&D Capex (incl. decom.)		US$mm	$78	$251	$250	$100	$116	$0	$0
A&D Capex, Net		US$mm	$57	$3	$11	$4	$4	$0	$0
Total Net Capex		US$mm	$135	$254	$261	$104	$120	$0	$0
Total Net Capex/CFO		x	1.4x	1.0x	0.7x	0.2x	0.3x	0.0x	0.0x
Leverage									
Net Debt		US$mm	($92)	$71	$30	($229)	($392)	($511)	($555)
Entry Net Debt/CFO		x	n.a.	n.a.	0.2x	0.1x	n.a.	n.a.	n.a.
Capital Structure									
Basic Shares o/s @ YE		mm	391	393	394	394	394	394	394
Diluted Shares o/s @ YE		mm	402	404	404	404	404	404	404
Market Capitalization		US$mm	$1,166	$866	$897	$893	$893	$893	$893
Enterprise Value		US$mm	$1,074	$936	$927	$665	$502	$382	$338
Dividends & Sustainability									
Dividends		US$mm	$110	$113	$82	$82	$82	$102	$82
Dividends		£/sh	£0.23	£0.19	£0.16	£0.16	£0.20	£0.16	£0.16
Dividend Yield		%	13.5%	11.2%	9.4%	9.4%	11.8%	9.4%	9.4%
Share Buybacks		US$mm	$0	$19	$0	$0	$0	$0	$0
Free Cash Flow		US$mm	$19	($8)	$123	$345	$249	$222	$126
Cash returned to shareholders as % of CFO		%	113.0%	54.5%	21.9%	18.4%	22.5%	46.1%	65.1%
Cash invested/CFO		%	138%	104%	70%	23%	33%	0%	0%
Performance									
Prod. Per Shr Growth (Y/Y) - dil.		%		-27%	-2%	27%	-9%	-10%	-11%
PPS Growth (Y/Y) DDA - dil.	b	%		-32%	-2%	73%	23%	11%	3%
CFPS Growth (Y/Y) - dil.		%		444%	105%	9%	-17%	-37%	-39%
CFPS Growth (Y/Y) DDA - dil.	b	%		330%	105%	49%	11%	-22%	-30%
ROCE		%		13%	10%	43%	34%	26%	18%
Net Asset Value	c								
CNAV (Atax) - diluted		£/shr	£2.41						
RENAV (Atax) - diluted		£/shr	£2.71						
Unrisked NAV (Atax) - diluted		£/shr	£4.04						
P/CNAV		x	0.7x						
P/RENAV		x	0.6x						
P/Unrisked NAV		x	0.4x						
Valuation			**2023**	**2024**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**
Share Price, YE/Current		£/shr	£2.32	£1.70	£1.70	£1.70	£1.70	£1.70	£1.70
P/CF		x	29.9x	4.1x	2.0x	1.9x	2.2x	3.6x	5.9x
EV/DACF		x	8.9x	3.3x	2.3x	1.4x	1.3x	1.6x	2.3x
Target EV/DACF		x	39.2x	7.0x	3.4x	2.6x	2.7x	3.7x	5.8x
EV per boe/d		$/boepd	$26,761	$27,063	$27,289	$15,382	$12,684	$10,748	$10,728
EV per 2P boe		US$/boe	$7.65	$7.33	$8.04	$6.68	$5.04	$3.84	$3.40

c) CNAV incl. 2P reserves, RENAV incl. 2P reserves + Risked LT inventory upside, ENAV incl. 2P reserves + Unrisked LT inventory upside

Source: Auctus Advisors, Company Disclosures **Futures strip as of 21-Aug-25

Figure 2. NAV Table

Asset Valuation	2P/2C/P50 (mmboe)	CoS (%)	Unrisked (US$ mm)	EMV (US$ mm)	Risked £/Share	Unrisked £/Share	% Total
Net Cash + Div 2025 (YE25)			52	52	0.10	0.10	4%
G&A			-77	-77	-0.15	-0.15	-5%
Bruce Hub 2P (NNS)	70		**382**	**382**	**0.73**	**0.73**	**27%**
Triton Hub 2P (CNS)	42		**661**	**661**	**1.26**	**1.26**	**46%**
Other assets							
Orlando 2P (NNS)	2		33	33	0.06	0.06	2%
Columbus 2P (CNS)	2		15	15	0.03	0.03	1%
Erskine 2P (CNS)	3		20	20	0.04	0.04	1%
Bruce Hub 2C Resources (NNS)							
BKR 2C resources	33	75%	183	137	0.26	0.35	10%
Triton Hub 2C Resources (CNS)							
Kyle redevelopment 2C	11	75%	61	46	0.09	0.12	3%
Total Core NAV			**1,328**	**1,267**	**2.41**	**2.53**	**89%**
Buchan area (OMF)							
Buchan main 2C	21	60%	115	69	0.13	0.22	5%
J2 2C	3	30%	16	5	0.01	0.03	0%
Verbier 2C	6	30%	33	10	0.02	0.06	1%
Triton Hub (CNS)							
Remaining 2C Resources	5	20%	29	6	0.01	0.06	0%
Other assets							
Skerryvore Exploration Mey target (Shallow)	37	7%	200	14	0.03	0.38	1%
Skerryvore Exploration Chalk target (Deep)	73	14%	400	54	0.10	0.76	4%
Total Risked Appraisal & Exploration			**793**	**157**	**0.30**	**1.51**	**11%**
Total NAV			**2121**	**1424**	**2.71**	**4.04**	**100%**
P/Core NAV				**65%**			
P/NAV				**58%**			
P/Unrisked NAV				**39%**			

Source: Auctus Advisors, Company Disclosures

Copyright and Risk Warnings

Serica Energy Plc ("Serica" or the "Company") is a corporate client of Auctus Advisors LLP ("Auctus").
Auctus receives, and has received in the past 12 months, compensation for providing corporate broking and/or investment banking services to the Company, including the publication and dissemination of marketing material from time to time.

MiFID II Disclosures
This document, being paid for by a corporate issuer, is believed by Auctus to be an 'acceptable minor non-monetary benefit' as set out in Article 12 (3) of the Commission Delegated Act C(2016) 2031 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. It is produced solely in support of our corporate broking and corporate finance business. Auctus does not offer a secondary execution service in the UK.
This note is a marketing communication and NOT independent research. As such, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and this note is NOT subject to the prohibition on dealing ahead of the dissemination of investment research.

Author
The research analyst who prepared this research report was Stephane Foucaud, a partner of Auctus.

Not an offer to buy or sell
Under no circumstances is this note to be construed to be an offer to buy or sell or deal in any security and/or derivative instruments. It is not an invitation or an inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000.

Note prepared in good faith and in reliance on publicly available information
Comments made in this note have been arrived at in good faith and are based, at least in part, on current public information that Auctus considers reliable, but which it does not represent to be accurate or complete, and it should not be relied on as such. The information, opinions, forecasts and estimates contained in this document are current as of the date of this document and are subject to change without prior notification. No representation or warranty either actual or implied is made as to the accuracy, precision, completeness or correctness of the statements, opinions and judgements contained in this document.

Auctus' and related interests
The persons who produced this note may be partners, employees and/or associates of Auctus. Auctus and/or its employees and/or partners and associates may or may not hold shares, warrants, options, other derivative instruments or other financial interests in the Company and reserve the right to acquire, hold or dispose of such positions in the future and without prior notification to the Company or any other person.

Information purposes only
This document is intended to be for background information purposes only and should be treated as such. This note is furnished on the basis and understanding that Auctus is under no responsibility or liability whatsoever in respect thereof, whether to the Company or any other person.

Investment Risk Warning
The value of any potential investment made in relation to companies mentioned in this document may rise or fall and sums realised may be less than those originally invested. Any reference to past performance should not be construed as being a guide to future performance. Investment in small companies, and especially upstream oil & gas companies, carries a high degree of risk and investment in the companies or commodities mentioned in this document may be affected by related currency variations. Changes in the pricing of related currencies and or commodities mentioned in this document may have an adverse effect on the value, price or income of the investment.

Distribution
This document is directed at persons having professional experience in matters relating to investments to whom Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO") applies, or high net worth organisations to whom Article 49 of the FPO applies. The investment or investment activity to which this communication relates is available only to such persons and other persons to whom this communication may lawfully be made ("relevant persons") and will be engaged in only with such persons. This Document must not be acted upon or relied upon by persons who are not relevant persons. Without limiting the foregoing, this note may not be distributed to any persons (or groups of persons), to whom such distribution would contravene the UK Financial Services and Markets Act 2000 or would constitute a contravention of the corresponding statute or statutory instrument in any other jurisdiction.

Disclaimer
This note has been forwarded to you solely for information purposes only and should not be considered as an offer or solicitation of an offer to sell, buy or subscribe to any securities or any derivative instrument or any other rights pertaining thereto ("financial instruments"). This note is intended for use by professional and business investors only. This note may not be reproduced without the prior written consent of Auctus.
The information and opinions expressed in this note have been compiled from sources believed to be reliable but, neither Auctus, nor any of its partners, officers, or employees accept liability from any loss arising from the use hereof or makes any representations as to its accuracy and completeness. Any opinions, forecasts or estimates herein constitute a judgement as at the date of this note. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied is made regarding future performance. This information is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company and its subsidiaries. Auctus is not agreeing to nor is it required to update the opinions, forecasts or estimates contained herein.
The value of any securities or financial instruments mentioned in this note can fall as well as rise. Foreign currency denominated securities and financial instruments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such securities or financial instruments. Certain transactions, including those involving futures, options and other derivative instruments, can give rise to substantial risk and are not suitable for all investors. This note does not have regard to the specific instrument objectives, financial situation and the particular needs of any specific person who may receive this note.
Auctus (or its partners, officers or employees) may, to the extent permitted by law, own or have a position in the securities or financial instruments (including derivative instruments or any other rights pertaining thereto) of the Company or any related or other company referred to herein, and may add to or dispose of any such position or may make a market or act as principle

in any transaction in such securities or financial instruments. Partners of Auctus may also be directors of the Company or any other of the companies mentioned in this note. Auctus may, from time to time, provide or solicit investment banking or other financial services to, for or from the Company or any other company referred to herein. Auctus (or its partners, officers or employees) may, to the extent permitted by law, act upon or use the information or opinions presented herein, or research or analysis on which they are based prior to the material being published.

Further Disclosures for the United Kingdom

This note has been issued by Auctus Advisors LLP, which is authorised and regulated by the Financial Conduct Authority. This note is not for distribution to private customers. This note is not intended for use by, or distribution to, US corporations that do not meet the definition of a major US institutional investor in the United States or for use by any citizen or resident of the United States.

This publication is confidential and may not be reproduced in whole or in part or disclosed to another party, without the prior written consent of Auctus. Securities referred to in this note may not be eligible for sale in those jurisdictions where Auctus is not authorised or permitted by local law to do so. In particular, Auctus does not permit the distribution or redistribution of this note to non-professional investors or other persons to whom disclosure would contravene local securities laws. Auctus expressly disclaims and will not be held responsible in any way, for third parties who affect such redistribution.

© Auctus Advisors LLP All rights reserved 2025