

SERICA ENERGY PLC (AIM: SQZ)

October 21, 2025

Share price: £1.78

Target: £3.05

25 mboe/d net production at Triton

- Triton production has ramped to over 25,000 boed net to Serica. This elevated level of output could be sustained until the commencement of the Bittern pipework in November.
- The pace of ramp-up has exceeded forecasts. For 4Q25, we currently model average production at Triton of approximately 7 mboe/d net to Serica. Our FY25 corporate production estimate stands at ~27.5 mboe/d.
- Serica remains well-positioned for inorganic growth, supported by a robust balance sheet and substantial tax loss carryforwards. The recent decline in oil prices may unlock further acquisition opportunities. A confirmed acquisition of bp's interests in Culzean—assuming TotalEnergies and NEO NEXT do not exercise their pre-emption rights by 12 November 2025—would be transformational for Serica. Notably, our valuation does not yet reflect any contribution from this potential transaction.
- We maintain our target price of £3.05 per share. Based on the current share price, we project a FY25 dividend yield of approximately 9%.

Rating & target	Old	New	
Target	£3.05	n.c.	
Yield		9%	
Implied total return		84%	
Share data	2024	2025e	2026e
Shares dil., mm	404	404	404
Mkt cap, US\$mm	\$687	\$954	\$964
EV, US\$mm	\$758	\$1,121	\$758
Financial Data	2024	2025e	2026e
Gas, mmcf/d	111.4	94.3	118.0
Liquids, bbl/d	15,394	11,244	24,967
Total boe/d (6:1)	34,600	27,499	45,307
CFO, US\$mm	\$243	\$240	\$496
Net capex, US\$mm	\$254	\$263	\$37
Net debt, US\$mm*	\$71	\$168	(\$207)
CFPS dil., US\$/shr	\$0.53	\$0.75	\$1.32
EPS dil., US\$/shr	\$0.24	(\$0.13)	\$1.05
Valuation	2024	2025e	2026e
Share price, £/shr	£1.35	£1.78	£1.78
EV/DACF	2.7x	4.3x	1.5x
EV per boe/d (US\$)	\$21,912	\$40,777	\$16,723
Net asset value			
CNAV, £/shr			£2.79
RENAV, £/shr			£3.03
Unrisked NAV, £/shr			£4.27
P/CNAV			0.6x
P/RENAV			0.6x
P/ENAV			0.4x

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

Resilient to lower oil price

Our Core NAV and ReNAV remain unchanged at £2.80 and £3.05 per share, respectively. These valuations are based on Brent crude assumptions of US\$69.5/bbl for 2025, US\$68.8/bbl for 2026, and US\$70/bbl thereafter (with no escalation), alongside NBP gas price assumptions of approximately £0.90/therm for 2025 and £0.82/therm from 2026 onward.

Under a more conservative scenario—assuming Brent averages US\$60/bbl from Q4 2025 onward—our Core NAV and ReNAV would adjust to £2.35 and £2.44 per share, respectively. In this case, we project net cash of ~US\$137 mm at YE26, US\$350 mm at YE27, and US\$520 mm at YE28. These forecasts exclude exploration capex and any future acquisitions, and assume that the proposed acquisition of bp's interests in Culzean does not proceed. Regular dividend payments, consistent with FY25 levels, have been netted-off from the net cash calculations.

Cumulatively, free cash flow over the 2026–2028 period under this conservative pricing scenario is estimated at ~US\$900 mm—nearly equivalent to the company's current market capitalization.

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Figure 1. Financial & operating information

Serica Energy (SQZ LN)		Historical & Auctus Outlook					
Financial & Operating Information		2024	2025e	2026e	2027e	2028e	2029e
Commodity Prices							
Brent	US\$/bbl	\$79.90	\$69.47	\$68.77	\$70.00	\$70.00	\$70.00
UK NBP	p/th	GBp84	GBp90	GBp82	GBp82	GBp82	GBp82
UK NBP	US\$/mcf	\$10.55	\$11.97	\$11.05	\$11.05	\$11.05	\$11.05
USD / GBP	US\$/£	\$1.26	\$1.33	\$1.34	\$1.34	\$1.34	\$1.34
Production							
Oil and Liquids	bbl/d	15,394	11,244	24,967	20,572	18,286	15,812
Natural Gas	mmcf/d	111.4	94.3	118.0	132.4	129.7	118.1
Total (6 mcf = 1 boe)	boe/d	34,600	27,499	45,307	43,403	40,655	36,169
% Oil and Liquids	%	44%	41%	55%	47%	45%	44%
Netbacks							
Revenue	US\$/boe	\$57.58	\$64.47	\$62.68	\$62.80	\$62.31	\$62.09
Royalties	US\$/boe	\$0.54	\$0.66	\$0.61	\$0.51	\$0.41	\$0.46
Production & Transport Costs	US\$/boe	\$24.54	\$33.15	\$25.48	\$21.71	\$23.18	\$26.06
Operating Netback	US\$/boe	\$34.98	\$36.78	\$36.71	\$40.58	\$38.72	\$35.57
Taxes	US\$/boe	\$1.10	\$0.62	\$2.63	\$7.16	\$19.73	\$18.33
Cash Flow Netback	US\$/boe	\$22.30	\$26.18	\$31.31	\$33.50	\$21.54	\$14.29
Government Take	%	2%	1%	4%	11%	32%	30%
Financials							
Cash Flow from Ops. before tax and fin. Costs	US\$mm	\$434	\$269	\$585	\$621	\$553	\$448
CFO less current tax	US\$mm	\$420	\$154	\$542	\$507	\$260	\$206
CFO less cash tax and fin. Costs	US\$mm	\$243	\$240	\$496	\$509	\$298	\$167
CFPS - diluted	US\$/shr	\$0.53	\$0.75	\$1.32	\$1.35	\$0.81	\$0.48
EBITDAX	US\$mm	\$373	\$346	\$585	\$621	\$553	\$448
E&D Capex (incl. decom.)	US\$mm	\$251	\$250	\$108	\$178	\$2	\$2
A&D Capex, Net	US\$mm	\$3	\$13	(\$71)	\$4	\$0	\$0
Total Net Capex	US\$mm	\$254	\$263	\$37	\$182	\$2	\$2
Total Net Capex/CFO	x	1.0x	1.1x	0.1x	0.4x	0.0x	0.0x
Leverage							
Net Debt	US\$mm	\$71	\$168	(\$207)	(\$449)	(\$640)	(\$720)
Entry Net Debt/CFO	x	n.a.	0.3x	0.3x	n.a.	n.a.	n.a.
Capital Structure							
Basic Shares o/s @ YE	mm	393	394	394	394	394	394
Diluted Shares o/s @ YE	mm	404	404	404	404	404	404
Market Capitalization	US\$mm	\$687	\$954	\$964	\$964	\$964	\$964
Enterprise Value	US\$mm	\$758	\$1,121	\$758	\$515	\$325	\$244
Dividends & Sustainability							
Dividends	US\$mm	\$113	\$84	\$84	\$84	\$105	\$84
Dividends	£/shr	£0.19	£0.16	£0.16	£0.20	£0.16	£0.16
Dividend Yield	%	10.7%	9.0%	9.0%	11.2%	9.0%	9.0%
Share Buybacks	US\$mm	\$19	\$0	\$0	\$0	\$0	\$0
Free Cash Flow	US\$mm	(\$8)	(\$10)	\$388	\$331	\$296	\$165
Cash returned to shareholders as % of CFO	%	54.5%	35.1%	17.0%	16.6%	35.4%	50.6%
Cash invested/CFO	%	104%	109%	7%	36%	1%	1%
Performance							
Prod. Per Shr Growth (Y/Y) - dil.	%	-27%	-21%	65%	-4%	-6%	-11%
PPS Growth (Y/Y) DDA - dil.	%	-32%	-30%	159%	40%	28%	23%
CFPS Growth (Y/Y) - dil.	%	444%	41%	76%	3%	-40%	-41%
CFPS Growth (Y/Y) DDA - dil.	%	327%	25%	177%	49%	-17%	-18%
ROCE	%	13%	-8%	57%	45%	34%	26%
Net Asset Value							
CNAV (Atax) - diluted	£/shr	£2.79					
RENAV (Atax) - diluted	£/shr	£3.03					
Unrisked NAV (Atax) - diluted	£/shr	£4.27					
P/CNAV	x	0.6x					
P/RENAV	x	0.6x					
P/Unrisked NAV	x	0.4x					
Valuation							
Share Price, YE/Current	£/shr	£1.35	£1.78	£1.78	£1.78	£1.78	£1.78
P/CF	x	3.2x	3.2x	1.8x	1.8x	2.9x	5.0x
EV/DACF	x	2.7x	4.3x	1.5x	1.0x	1.0x	1.3x
Target EV/DACF	x	7.8x	6.1x	2.8x	2.3x	3.2x	4.9x
EV per boe/d	\$/boepd	\$21,912	\$40,777	\$16,723	\$11,861	\$7,987	\$6,757
EV per 2P boe	US\$/boe	\$5.94	\$9.53	\$7.49	\$5.09	\$3.21	\$2.42

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 20-Oct-25

Figure 2. NAV Table

Asset Valuation	2P/2C/P50 (mmboe)	CoS (%)	Unrisked (US\$ mm)	EMV (US\$ mm)	Riskd £/Share	Unriskd £/Share	% Total
Net Cash + Div 2025 (YE25)			-81	-81	-0.15	-0.15	-5%
G&A			-77	-77	-0.14	-0.14	-5%
NPV of UK Tax Losses			738	738	1.36	1.36	45%
Bruce Hub 2P (NNS)	70		424	424	0.78	0.78	26%
Triton Hub 2P (CNS)	42		283	283	0.52	0.52	17%
Greater Laggan Area 2P (NNS)	5		-7	-7	-0.01	-0.01	0%
Other assets							
Orlando 2P (NNS)	2		18	18	0.03	0.03	1%
Columbus 2P (CNS)	2		6	6	0.01	0.01	0%
Erskine 2P (CNS)	3		8	8	0.01	0.01	0%
Lancaster 2P (NNS)	3		-26	-26	-0.05	-0.05	-2%
Catcher and Golden Eagle Area 2P (CNS)	4		5	5	0.01	0.01	0%
Bruce Hub 2C Resources (NNS)							
BKR 2C resources	33	75%	203	152	0.28	0.37	9%
Triton Hub 2C Resources (CNS)							
Kyle redevelopment 2C	11	75%	67	51	0.09	0.12	3%
Greater Laggan Area 2C Resources (NNS)							
Tormore infill and Glendronach discovery	5	75%	33	25	0.05	0.06	1%
Total Core NAV			1,593	1,517	2.80	2.94	92%
Buchan area (OMF)							
Buchan main 2C	21	50%	104	52	0.10	0.19	3%
J2 2C	3	25%	15	4	0.01	0.03	0%
Verbier 2C	6	25%	30	7	0.01	0.06	0%
Triton Hub (CNS)							
Remaining 2C Resources	5	20%	32	6	0.01	0.06	0%
Greater Laggan Area (NNS)							
Prospective Resources	475	0%	0	0	0.00	0.00	0%
Other assets							
Skerryvore Exploration Mey target (Shallow)	37	7%	182	12	0.02	0.34	1%
Skerryvore Exploration Chalk target (Deep)	73	14%	364	49	0.09	0.67	3%
Total Risked Appraisal & Exploration			727	131	0.24	1.34	8%
Total NAV			2320	1648	3.04	4.28	100%
P/Core NAV				64%			
P/NAV				59%			
P/Unrisked NAV				42%			

Source: Auctus Advisors, Company Disclosures

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