EnQuest PLC, 15 February 2024

Full year 2023 operations update and 2024 guidance

Strong free cash flow drives reduction in debt; capital structure primed for growth

Unless otherwise stated, all figures are unaudited, on a Business performance basis and are in US Dollars

EnQuest Chief Executive, Amjad Bseisu, commented:

"EnQuest delivered another good year of operational performance in 2023, with production averaging 43.8 Kboed (in line with the mid-point of guidance). Having de-levered the business and with debt maturities reset to 2027, we now aim to build on that strong foundation, utilising our differentiated operating capability and tax assets as we pivot the business to refocus on future growth during 2024.

"We continue to achieve top quartile production efficiencies across the portfolio, while maintaining discipline in our cost management and investment decisions drove expenditure lower than 2023 guidance. Our differentiated operating capability now extends to decommissioning activities, with 2023 representing another record year of northern North Sea well plug and abandonments as 25 wells were completed at Heather and Thistle.

"Having de-levered by c. $1.5 billion since 2017, and with net debt at the end of 2023 reduced to $481 million, the Group is focused on delivering continued strong performance from the existing portfolio and the pursuit of value-accretion and transformational production acquisitions, both in the North Sea and internationally. The farm down of a 15% interest in Bressay and the EnQuest Producer FPSO was completed in December and represents an important step in moving the project forward.

"Building on this excellent operational performance and by remaining disciplined in our investment decisions, we have set the foundation for a pivot to growth during 2024. The Group will provide an update on shareholder return plans when we announce our final audited results in March."

2023 performance

- Group production averaged 43,812 Boepd (guidance 42,000 Boepd to 46,000 Boepd), reflecting high levels of uptime and maintenance schedule optimisation.
- New energy business re-launched as Veri Energy, with new energy and decarbonisation projects being progressed at Sullom Voe Terminal, boosted by the award of four carbon storage licences.
- Expected cash expenditure: Operating costs c. $370 million (guidance $400 million); Capital costs c. $160 million (guidance $160 million); Decommissioning costs c. $60 million (guidance $60 million).
- Net debt c. $481 million at 31 December 2023; a c. $236 million reduction versus 31 December 2022.
- Gross debt $795 million at 31 December 2023; a c. $1.4 billion reduction since end-2017. All maturities have been extended to 2027.
- c. $500 million liquidity at 31 December 2023, providing a platform for transformational transactional growth, enhanced by EnQuest's advantaged UK tax position.
- Sale of 15% interest in Bressay and EnQuest Producer FPSO which closed in 2023. Cash settlement realised in January 2024.
- Leadership team and Board refreshed – focused on the exciting next phase of EnQuest's journey.

2024 guidance

- Production guidance: 41,000 Boepd to 45,000 Boepd.
- Cash capital expenditure to total c. $200 million; operating expenditure to total c. $415 million; and decommissioning expenditure to total c. $70 million.
- Investment is scaled to maintain production, maximise cash flow, drive capital efficiency and reduce future emissions and operating costs.

Outlook – 2025 and beyond

- Capital-efficient investment programme; targets organic production growth in 2025.
- Kraken FPSO lease rate reduces by c. 70% from 1 April 2025 and major projects at SVT are expected to crystallise significant operating cost and emission reductions in 2026 and beyond.

Further Detail:

Production:

In 2023 Group production averaged 43,812 Boepd, with strong production uptimes across the portfolio and the Group's investment in low-cost, quick-payback drilling and wellwork campaigns partially offsetting the impact of natural field declines (2022: 47,259 Boepd).

Upstream:

Production at **Magnus** averaged 15,933 Boepd, 26% up on 2022. This was driven by improved production efficiency (88%) and the completion of a well programme that included the North West Magnus injector (May) and two further infill wells (online in August and December). The planned annual maintenance shutdown was completed in 20 days, versus the original planned duration of 24 days, with all major scopes executed.

Kraken net production averaged 13,580 Boepd. This reflected high uptime before and after the failure of HSP transformer units during the first half of the year. Full production was restored in early August, with production and water injection efficiencies averaging 98% and 99%, respectively, in the final four months of the year. Further 2023 production gains were achieved by the acceleration and early completion of planned maintenance work while production at the FPSO was shut-in, and deployment of new transformers provides increased resilience to future production capacity.

Golden Eagle net production averaged 4,199 Boepd, with asset production efficiency in excess of 90%. Drilling of the first well in the 2023/24 platform drilling programme commenced in October 2023 and the well was brought online in January 2024. This is the first well of an anticipated four well programme, which is due to be completed in mid-2024.

Production from **other UK upstream assets** averaged 2,663 Boepd, reflecting strong uptime of 83% at the Greater Kittiwake Area. **Midstream activity** at the Sullom Voe Terminal ('SVT') and its related infrastructure continued to maintain safe and reliable performance, with 100% export service availability achieved during 2023.

In **Malaysia** production averaged 7,437 Boepd; 15% up on 2022, underpinned by strong operational performance (90% production uptime). Production also includes 604 Boepd associated with Seligi 1a gas (produced and handled by EnQuest on behalf of Petronas, in exchange for a gas handling and delivery fee).

Decommissioning:

EnQuest continued to demonstrate top quartile decommissioning capability though another year of record-breaking performance across its Heather and Thistle projects. In total, 25 platform wells were plugged and abandoned ('P&A'), including 12 wells at Heather and 13 wells at Thistle. Delivery of this extensive programme of activity has been conducted at a peer-leading cost, and the level of activity exceeds the record for the most prolific multi-asset P&A campaign in the northern North Sea, previously set by EnQuest in 2022.

Veri Energy:

Following the establishment of the New Energy business in 2021 and having progressed three significant new energy and decarbonisation opportunities at Sullom Voe Terminal, the Group launched Veri Energy ('Veri'), a wholly owned subsidiary of EnQuest. Veri represents the logical next step in the strategic evolution of EnQuest's new energy and decarbonisation ambitions, enabling the project team to move forward with a focused management structure and the potential to leverage financial and strategic partnerships.

Sale of 15% of Bressay and the EnQuest Producer FPSO

In December, EnQuest announced the sale of a 15% equity share in the Bressay licence and the EnQuest Producer FPSO to RockRose UKCS 10 Ltd for a total consideration of £46 million (c.$57 million). The transaction was net debt neutral at 31 December 2023, with cash settlement realised in January 2024.

Liquidity and net debt

During 2023, EnQuest maintained its focus on de-leverage and, at 31 December 2023, net debt of $481 million represented a decrease of $236 million versus 31 December 2022. The 2023 year end net debt figure incorporated c. $40 million of positive working capital movements, including the timing of cargo receipts. Gross debt at 31 December totalled $794 million (31 December 2022: $1,019 million) and cash drawings under the RBL were reduced in the year to $140 million (from $400m at 31 December 2022).

In August 2023, the Group widened its sources of finance, agreeing a term loan facility which was drawn in full to $150 million at year end. The Group also aligned all outstanding debt maturities to 2027, having settled its 2023 7% Sterling bond of £111.3 million ($138.1 million) at maturity in October 2023.

Total cash and available facilities at the end of 2023 were $499 million (31 December 2022: $349 million), including restricted funds and ring-fenced funds held in joint venture operational accounts totalling $173 million (31 December 2022: $174 million).

Environmental, Social and Governance

Reduced flaring, and lower fuel gas and diesel consumption lowered EnQuest's absolute Scope 1 and 2 emissions to 1,032 kt CO2e. The Group's UK emissions have fallen by more than 40% since 2018 (significantly ahead of the UK Government's North Sea Transition Deal target of a 10% reduction in Scope 1 and 2 CO_2 equivalent emissions by 2025) and are close to the NSTD's 2030 reduction targeted of 50%.

The health, safety and wellbeing of our employees remains our top priority. In 2023, EnQuest achieved Lost Time Incident ('LTI') frequency[1] rate of 0.52. Whilst this was an improvement versus 2022, the Group will not be complacent as it strives to deliver SAFE results with no harm to our people.

EnQuest's 2024 strategic focus is to deliver a step-change in operational growth, diversification and carbon reduction, around which the Group has repositioned both its Board and Senior Management. In the year, Salman Malik (previously Chief Financial Officer ('CFO') and Managing Director, Infrastructure and New Energy) has assumed the role of Chief Executive Officer of Veri Energy; Jonathan Copus was appointed EnQuest CFO; and Steve Bowyer has joined EnQuest as North Sea General Manager.

2024 guidance and 2025 outlook

EnQuest remains focused on maintaining its track record of upstream operational excellence and utilising its skills, tax position and significantly de-leveraged balance sheet to drive growth through acquisition.

Group net production averaged c. 43,000 Boepd in January, and 2024 net production is expected to be between 41,000 and 45,000 Boepd. At current foreign exchange rates and oil prices, operating expenditures are expected to be c. $415 million.

Cash capital expenditure is expected to be around $200 million. The Group plans to execute a two-well drilling campaign at Magnus in the second half of the year, following the five-yearly rig recertification, and expects to complete the ongoing four-well platform drilling campaign at Golden Eagle in mid-2024. In Malaysia, three infill wells and three workovers are planned during 2024. Ahead of a return to drilling at Kraken in 2025, EnQuest will purchase selected long lead equipment required to facilitate the two-well sidetrack programme. Capital investments are also planned to lower operating costs and reduce future carbon emissions. These projects include a new stabilisation facility and an electricity power grid connection at SVT, as well as preparation for a future tieback of the Bressay field's gas cap to Kraken; displacing diesel that currently powers Kraken operations.

Decommissioning expenditure is expected to total approximately $70 million, primarily reflecting ongoing well P&A programmes at the Heather and Thistle/Deveron fields.

The Group is due to make its first full year payment under the Energy Profits Levy in October 2024.

For 2024, EnQuest has hedged c. 5.3 MMbbls of oil, predominantly through the use of put options with an average floor price of c. $60/bbl. The Group has hedged a total of c. 1.6 MMbbls for 2025 using put options at an average floor price of c. $60/bbl.

Looking ahead to 2025, the Group expects capital-efficient investment to grow production versus 2024, driven by continued low-cost, quick payback platform drilling and wellwork at Magnus and PM8/Seligi, as well as a return to drilling at Kraken, where two sidetrack wells are planned.

Work is expected to continue to develop a technical solution in order to access the c. 115 MMbbls of 2C resources at Bressay, which remains one of the largest undeveloped fields in the UK North Sea, including the potential for a gas tieback to Kraken as an initial development phase. The Group will continue to consider options around the full Bressay development, including incorporation of an additional partner to lower the Group's equity share of development cost.

The Group also expects unit margins to improve as the Kraken FPSO lease rate reduces by c. 70% from 1 April 2025, while the culmination of major projects at SVT will crystallise significant operating cost reductions and emission reductions in 2026 and beyond.

[1] Lost Time Incident frequency represents the number of incidents per million exposure hours worked (based on 12 hours for offshore and eight hours for onshore)

EnQuest expects to announce its 2023 full year results on 28 March 2024.

Ends

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Notes to editors

ENQUEST

EnQuest is providing creative solutions through the energy transition. As an independent energy company with operations in the UK North Sea and Malaysia, the Group's strategic vision is to be the partner of choice for the responsible management of existing energy assets, applying its core capabilities to create value through the transition.

EnQuest PLC trades the London Stock Exchange.

Please visit our website www.enquest.com for more information on our global operations.

Forward-looking statements: This announcement may contain certain forward-looking statements with respect to EnQuest's expectations and plans, strategy, management's objectives, future performance, production, reserves, costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this announcement should be construed as a profit forecast. Past share performance cannot be relied upon as a guide to future performance.