SERICAENERGY

DELIVERING ENERGY

2022 Interim Results

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First Half 2022

Investing in growth

- Recent campaigns (Columbus and BKR well interventions) have added significant production capacity
- North Eigg currently drilling, future investment opportunities being pursued

Increased production

- **41% increase** in net 1H 2022 Serica production to **26,600 boe/d** (1H 2021: 18,855boe/d)
- 2022 FY guidance narrowed to 26,000 – 28,000 boe/d net

Improved cash flow

- Increased Sales Revenue 1H 2022: **£353.5 million** (1H 2021: £100.8 million)
- Operating cash flow 1H 2022: £312.0 million after adjustment for hedging security advances (1H 2021: £72.8 million)

Financial strength

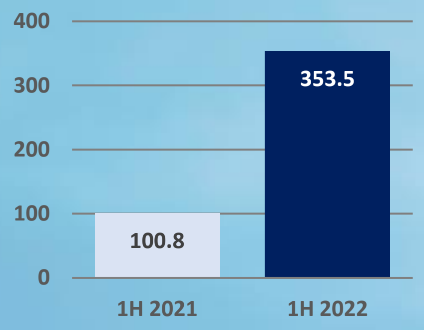
- Cash plus hedging advances **£418.7 million** on 30-Jun-22, no borrowings, limited decommissioning liabilities
- Increased dividend of 9p/share paid in July 2022 and **maiden interim dividend of 8p/share** to be paid in November

ESG success

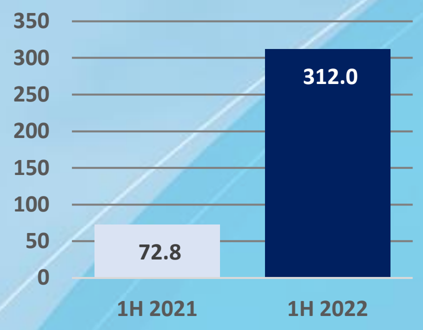
- **15% reduction** in Bruce carbon intensity YTD
- Early and continued supporter of the Energy Services Agreement, helping protect supply chain resilience

First Half 2022 Financial highlights

Sales revenue (£million)

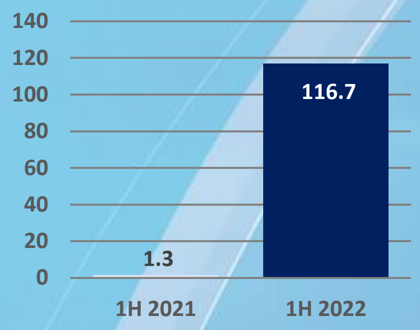


Operating cash flow* (£million)

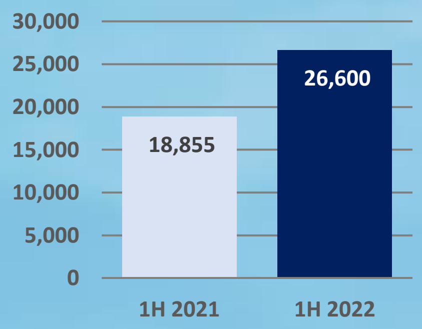


* After adjustment for hedging security advances

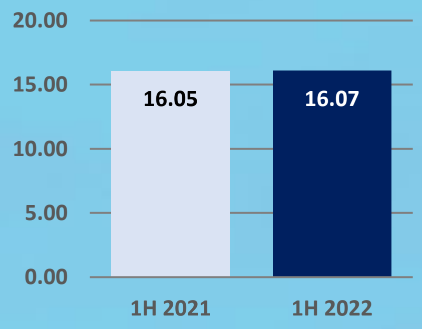
Profit after taxation (£million)



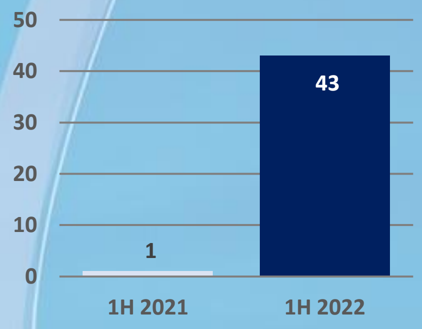
Net production (boe/d)



Operating costs ($/boe)



Earnings per share (p)



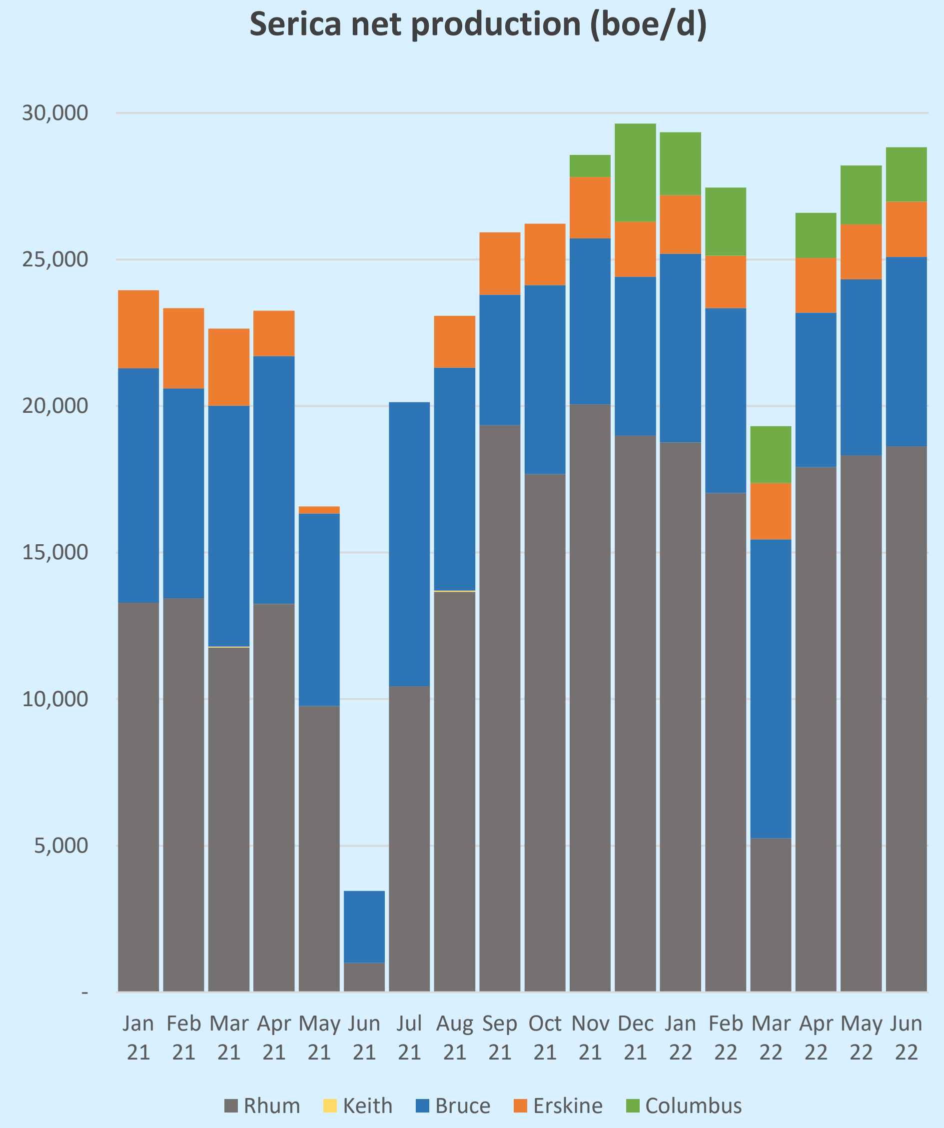
FINANCIAL PERFORMANCE

Strong production growth

- Production increased significantly in 2H 2021 due to increased uptime on BKR and new production from Rhum R3 well and Columbus
- 2022 production levels have remained strong although impacted by a short Rhum outage in March 2022
- Average net production of 26,600 boe/d in H1 2022
- Full year 2022 guidance narrowed to 26,000 – 28,000 boe/d net to Serica

41% net production increase

H1 2022 (26,600 boe/d) vs H1 2021 (18,855 boe/d)

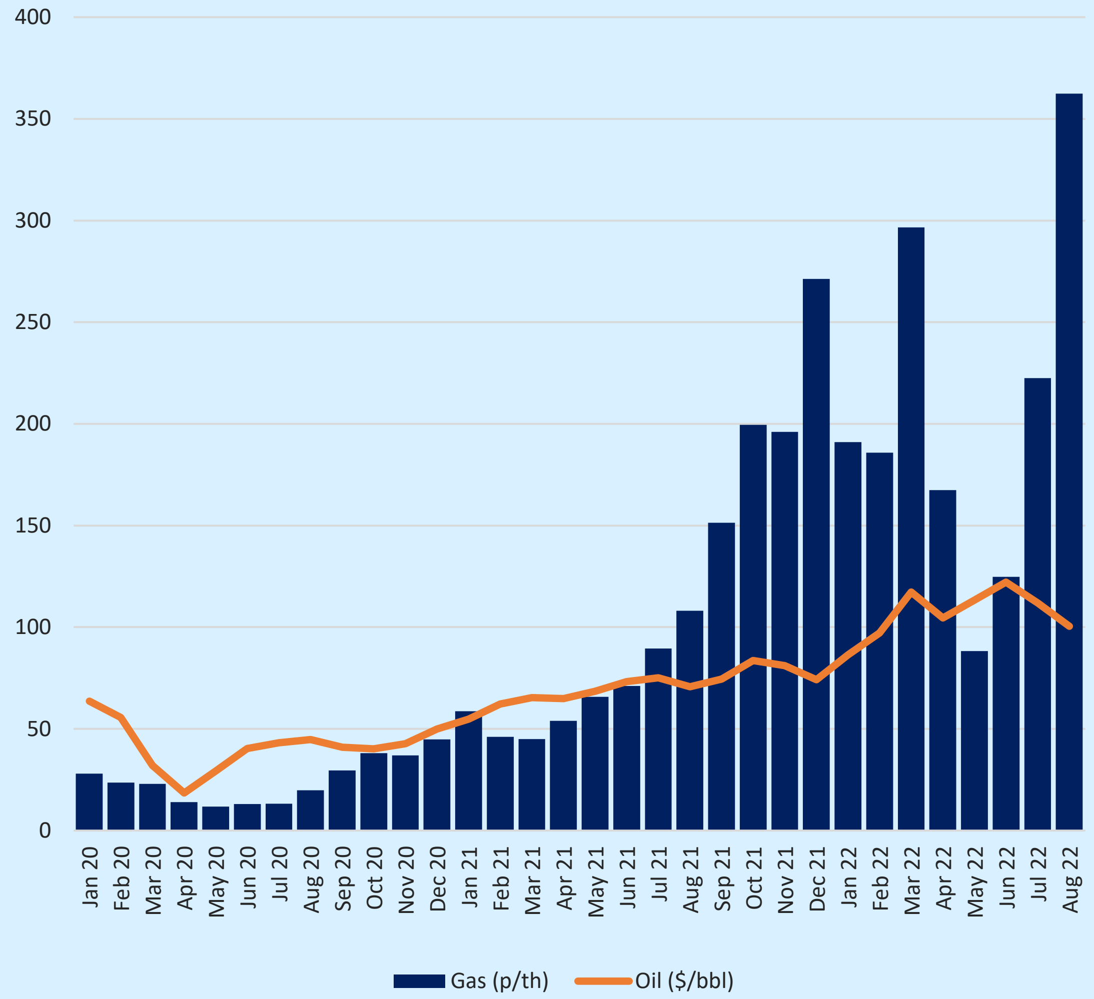


Intense commodity price fluctuation

- In mid-2020 UK gas prices were at historic lows
- The rise in average market gas prices since then has been unprecedented
    - 2020: 25p/th
    - 2021: 113p/th*
    - 2022: 205p/th (YTD end Aug)
- Realised oil prices have also risen but not as quickly as gas prices

* 2021 average gas price of 113p/th equates to approx. $88/boe
(exact conversion depends on calorific value of gas and £/$ exchange rate)

Heren NBP day-ahead gas prices (p/th)
(Brent spot shown as comparison)



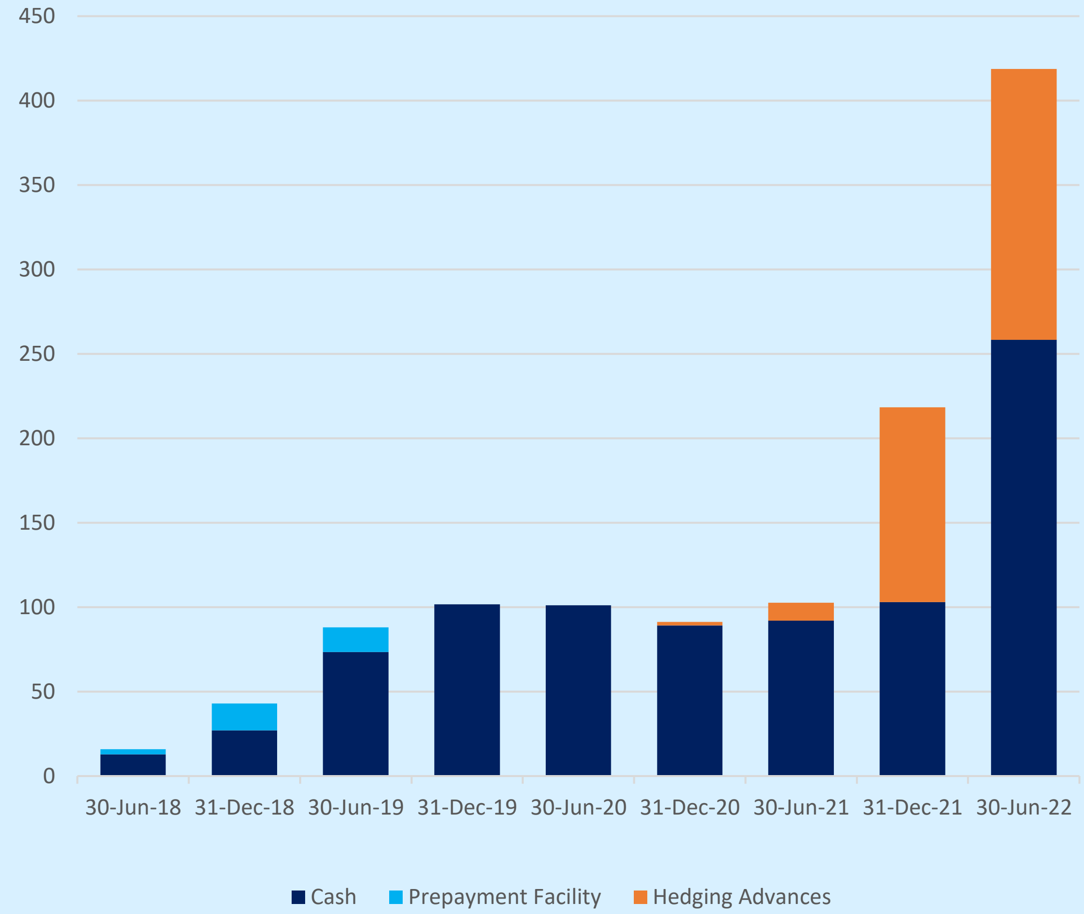
Strong and growing cash position

- As a result of the increased production levels coupled with increased commodity prices, Serica has seen an improving cash position
- At 30 June 2022, £258.3 million was held in cash and deposits (30 June 2021: £92.0 million) plus a further £160.4 million lodged as security with gas price hedge counterparties (30 June 2021: £10.7 million)
- By 23 September 2022 cash and deposits had risen to £482 million* of which £200 million was lodged as hedge security
- Security is required to cover future period gas price hedge valuations which reflect the impact of high forecast forward prices on hedged volumes but not the far greater revenues that would be realised should actual prices match those forward prices
- Surplus security is returned to Serica should forward prices fall and when monthly contracts expire

£418.7 million

Cash, cash equivalents and hedging advances at 30 June 2022 (£102.7 million 30 June 2021)

Cash, cash equivalents and hedging advances* / £ million



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* During the period from 30 June 2022 to 23 September 2022 a tax payment of £66 million and a dividend payment of £24 million were made

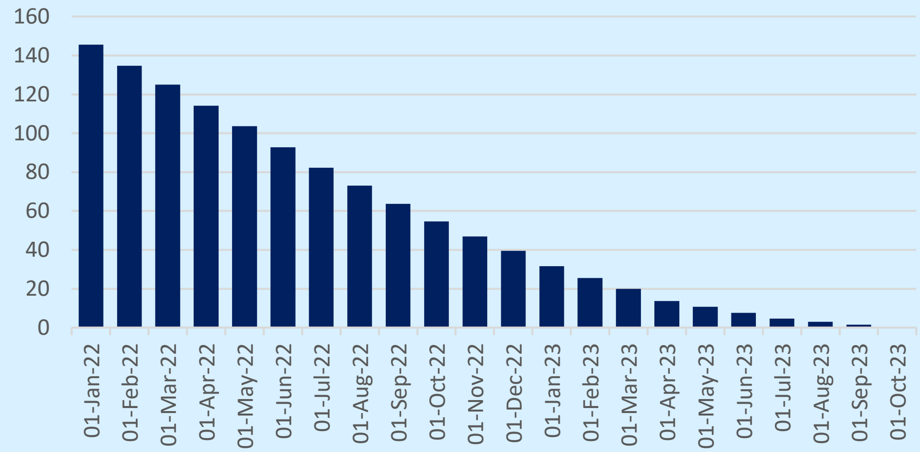
Remaining hedging volumes declining

- Due to Serica's increasing financial strength, the company has not entered into any new hedging since July 2021 and has no immediate plans to enter into any new hedges
- At the start of 2022 Serica held hedges covering a total of 146 million therms – structured as part swaps* and part fixed pricing under GSA's
- By 1 August 2022, 50% of these hedges have expired and by the end of September 2023 all of the remaining hedges will have expired (see upper chart)
- However, extreme gas price volatility has led to continued requirement for significant margin calls (see lower chart)

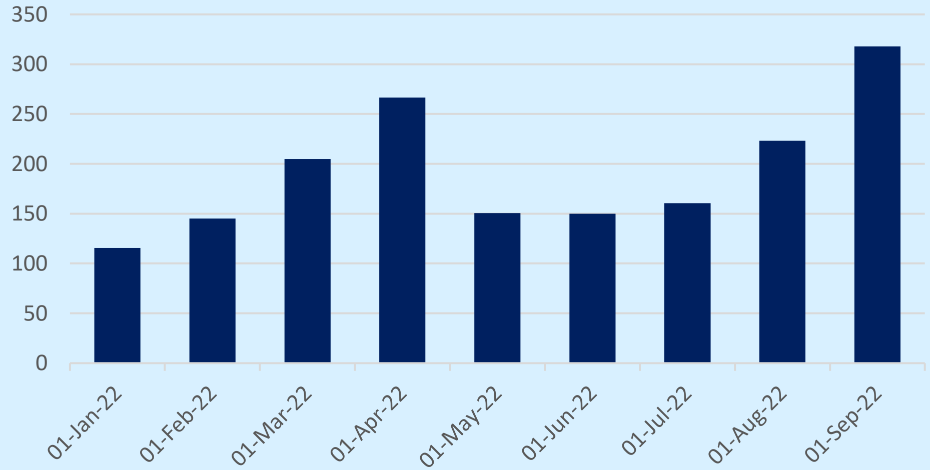
Margin call requirement has exceeded £300 million at times during 2022

*A 'swap' is a synthetic product replicating forward sales with counterparties compensating each other for variations between strike price and actual market price. These effectively fix sales price, for no upfront cost, at the agreed forward curve level with either party compensating the other for price deviations, with Serica receiving the differential for prices lower than the swap price and the counterparty receiving the differential for prices higher than the swap price

Remaining volume of hedges (million therms)



Outstanding Margin Calls (£millions)



Capital returns – Growing dividends

2021 Dividend

- Serica's financial performance supported the introduction of a dividend policy in 2020 despite a challenging environment at that time
- 3p per share was paid in respect of full year 2019
- 3.5p per share was paid for 2020 maintaining yield level
- Increased cashflow during 2021 allowed Serica to pay a dividend of **9p per share** for the year

2022 Interim Dividend

- Strong profitability and cash generation during 1H 2022 enable payment of maiden interim dividend
- The interim dividend will be **8p per share** to reflect the strength of Serica's year-to-date performance whilst leaving scope for a material final dividend
- The interim dividend will be paid in November 2022
- This will bring combined dividend payments in 2022 to **17p per share**

Capital returns – Potential for share buy-backs

- At the July AGM a resolution was passed in order to enable Serica to make possible future repurchases of our share capital
- This facility will be utilised when we see benefit to shareholders
- Before any share buy-back can be commenced we will ensure that we retain sufficient funds in order to:
  - execute ongoing capital expenditure programmes (e.g. North Eigg, future well interventions)
  - enable swift investment decisions to be made in case of success at the North Eigg exploration well
  - cover hedging security requirements
  - pursue attractive (and value accretive) M&A opportunities that will help diversify Serica's asset base
  - react to political / fiscal changes
- After taking account of the factors described above the Board does not consider the timing is right to initiate an immediate buy-back programme. However, it will continue to monitor the scope for buybacks as each of these matters evolves and balance this against retaining funds for further investment


Drilling rig, Paul B Loyd Jr

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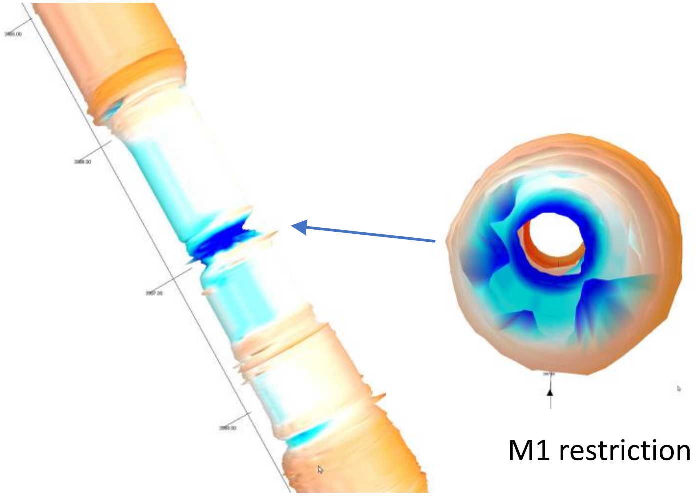
OPERATIONS

Our investment strategy is to use technology and innovation to maximise the productive life of our assets while improving the environmental impact of our operations

Bruce Light Well Intervention Vessel (LWIV) campaign already delivering results

Low risk – short payback

- ✓ Boosting production
- ✓ Adding reserves
- ✓ Prolonging field life


M1 restriction

- Serica's first ever Light Well Intervention Vessel campaign has been successfully completed
- Operations on the first well (Bruce M1) which had been underperforming:
  - Identified and removed a severe restriction caused by produced water scaling
  - Set a 'Water Shut Off' plug
  - Re-perforated existing producing zones
  - Added new perforations
- Well M1 was returned to production and rates have increased by ~1,500 boe/d as a direct result of these operations
- Logging and re-perforating were was performed on the second well (Bruce M4) and increased production by a further ~1,900 boe/d
- Results from first two wells are being used to identify and accelerate candidate wells for future intervention campaigns (both subsea and from the platform)
- A vessel has been contracted for a 60 day LWIV campaign in 2023



North Eigg – Infrastructure-led exploration

- ✓ 100% Serica
- ✓ Close to infrastructure
- ✓ Significant volumes

- If successful, the North Eigg exploration prospect is estimated to contain 60 mmboe (P50) and potentially over 236 mmboe (P10) of recoverable resources (unrisked)
- Well spudded by the Transocean Paul B. Loyd Jr. harsh environment semi-submersible in July 2022
- Drilling problems related to the formations being drilled were encountered in the top sections of the well, necessitating two re-spuds and a subsequent rig equipment failure also delayed progress
- The rig is now back to drilling operations
- The problems encountered so far will have no impact on the ultimate geological outcome of the well
- It is now expected that results from the well will be available in December 2022

Development Opportunity

- North Eigg shares many geological similarities with the adjacent Rhum field. It is clearly defined on 3D seismic and forms a structural trap sealed against the East Shetland bounding fault
- If the exploration well is successful, development concepts include a subsea tie-back to the nearby Serica operated and 98% owned Bruce facilities
- Tying back to Bruce will minimise development emissions, reduce overall carbon intensity of Bruce facilities and extend infrastructure life
- Success at North Eigg may significantly de-risk the South Eigg exploration prospect

Skerryvore exploration prospect offers further exploration upside

Licence update

- The Skerryvore prospect consists of a target in the Mey formation (analogous to the adjacent Talbot discovery which Harbour Energy is developing with first oil planned end 2024) and a Chalk target
- The licence operator (Parkmead) states that if successful, these prospects could contain 157 mmboe in the P50, most likely case. The licence also contains additional prospectivity at the Ekofisk and Jurassic levels
- Modelling shows a Skerryvore prospect discovery could be developed economically through the Talbot/Judy system
- Parkmead (operator) 50%, Cal Energy 30%, and Serica 20% have elected to proceed to the next Licence Phase (3 years from 1 October 2022)
- An exploration well will be drilled to test Skerryvore Mey and Chalk targets before October 2025

Bruce Hub strategy focused on low-carbon extension to asset life

- Current estimate for permanent cessation of Bruce Hub production is end 2030 compared to 2026 when Serica acquired operatorship
- Serica is aiming to extend production further through sustaining hydrocarbon throughput, reducing carbon intensity and boosting investment in facilities
- Recent operational achievements such as the R3 project and first LWIV campaign have provided significant encouragement
- Vessel secured for second LWIV campaign in 2023 and infill drilling targets for 2024 onwards being matured
- The results of past work and the potential identified for the future encouraged the launch internally of Project 2035+
- Project 2035+ brings together all the workstreams necessary to achieve the objective of safe and profitable production from the Bruce Hub until 2035 and beyond
- The objectives of Project 2035+ will be furthered by but do not depend on North Eigg exploration success

PROJECT
2035+
OUR ASSET > OUR FUTURE

OUTLOOK

Serica is making a significant contribution to UK security of supply

With the introduction of R3 and Columbus,
Serica’s production is now

>85% GAS

- The UK’s new Energy Security Strategy recognises the importance of domestic production to our energy security, and that producing gas in the UK has a significantly lower carbon footprint than LNG imports
- Serica is responsible for over 5% of the UK’s gas production
- As BKR operator we continue to invest to maintain production whilst reducing greenhouse gases

Serica's business development focus is on opportunities to spread risk and enhance returns

Principles of our M&A Strategy

- ✓ Value before volume
- ✓ ESG commitment
- ✓ Resilient portfolio
- ✓ Not constrained to UK

- The UKCS presents a wide range of merger and acquisition opportunities
- The recent imposition of the Energy Profits Levy (EPL) adds complexity to the UKCS M&A market
- Recent commodity price volatility has added further uncertainty
- Despite these challenges, Serica continues to see significant opportunities to grow our UKCS portfolio through M&A
- Increasingly though, Serica sees the benefit of considering growth options outside of the UK and is already investigating non-UKCS M&A opportunities
- The Company employs a rigorous screening process, building on operating efficiencies, reducing costs, exploiting synergies, improving environmental performance and managing risk

Serica is in a strong position and looking to grow further

Well positioned for the future

Production > 85% gas

- Investing to provide essential low carbon energy for the UK market
- Benefitting from sustained high wholesale gas prices
- Reducing the country’s reliance on higher emission hydrocarbon imports

Competitively advantaged to exploit attractive M&A opportunities

- Significant cash resources
- No borrowings, limited decommissioning liability
- Retained share of BKR net cash flow now increased to 100%
- Fully funded to make capital investments

Ongoing and future investment benefits from EPL Investment Allowance

- North Eigg exploration well drilling now
- Recent Bruce LWIV project illustrates potential benefit of low-risk, short payback investment on existing facilities
- Progressing multiple Bruce investment opportunities
- Acquisitions of new assets requiring investment under consideration

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