CHAIRMAN'S SCRIPT

SERICA GENERAL MEETING 27 JANUARY 2023

CHAIRMAN’S INTRODUCTION

Ladies and gentlemen, welcome to this General Meeting of Serica Energy plc. Since it is now a little after 11.00 a.m. and I am informed that there is a quorum of at least two shareholders present in person or by proxy and entitled to vote, the meeting may commence.

Before moving to the formal business of the day I would like to say a few words as Chair and will kick-off by introducing myself and my other Board colleagues:

My name is Tony Craven Walker and I am your Chairman.

With me are:

- Mitch Flegg (Chief Executive Officer);
- Andy Bell (Chief Financial Officer);
- Malcolm Webb (Non-Executive Director);
- Trevor Garlick (Non-Executive Director);
- Kate Coppinger (Non-Executive Director);
- David Latin (Non-Executive Director); and
- Jérôme Schmitt (Non-Executive Director).

Amanda Bateman and Pooja Panchmatia are both here as Company Secretary as is Shaun Hand of Link Group who are acting as Registrars for the purpose of the meeting.

I am delighted that we have the full Board here today.

Thank you to all of the shareholders who have attended today, and to all shareholders who have taken the time to engage with the Board over the last few weeks. The Board welcomes this engagement and dialogue with shareholders. We will all be equally happy to field questions today as well as to meet informally at the end of the formal meeting when I hope as many of you as are able to will stay behind over tea and coffee.

The purpose of today's meeting is to seek your authority to allot shares in the Company which will be issued to Tailwind Energy Holdings LLP (and ultimately Mercuria and the four Founders) as part of the consideration for the Company's acquisition of Tailwind Energy Investments Ltd, as detailed in the circular sent to shareholders on 9 January 2023.

First a few comments to set the scene.

Serica has done extremely well on all fronts in 2022 and Mitch and his team should be congratulated for continuing to meet the very high standards we have set and deliver a strong performance for the year. However, 2022 has also been a difficult year to navigate for the UK offshore energy sector as a whole, and although Serica has done well, we now enter a new year with new challenges and new opportunities.

We are essentially a gas company so first on gas prices. Contrary to popular belief, the rise in gas prices, which started in the late 3rd quarter of 2021, was not caused by the Russian/Ukraine war but more as the result of economies coming out of the Covid shutdown following a period when we had to contend with very low gas prices and significantly reduced investment. Gas prices were already hitting high points when Russia invaded Ukraine.

Since then they have declined significantly and, today, are more or less the same as they were 16 months ago – not a fact universally recognised and hardly the massive increase described by commentators and other pundits. This is due to the relatively mild winter so far but also due to increased LNG imports during the year together with steps taken by consumers to reduce use. The volatility of prices in the meantime and the impact of that volatility on normal industry hedging instruments has put considerable strains on industry balance sheets.

Secondly, we have had to contend with inconsistent and confusing messaging from government combined with two very significant and unsettling tax rises. In April last year shortly after the Russian invasion of Ukraine, the Government published the British Energy Security Strategy putting a long-needed and long-requested framework on the UK's future energy policy and stressing the strategic importance of North Sea oil and gas. However, this was upturned in May when the Government slapped a 25% Energy Profits Levy on offshore producers in response to wildly oscillating energy prices. In November that was suddenly increased to 35% and extended until 2028 with no floor on commodity prices – essentially becoming a full-time tax and this at a time when gas prices were already falling. The concept of a windfall tax was forgotten.

Combined, that has put huge strains on the UK offshore industry just at the time when that industry was needed but Serica has managed to come though this difficult period well. Our balance sheet was stretched at times but, with no debt and relatively low levels of hedging, we were better placed than many of our peers and have come through the year strongly.

However, the forward challenges facing companies like Serica at the moment, and how to maintain shareholder growth, are significant. The illogical implementation of two very significant tax rises in six months in particular has hit the offshore producers very hard. At a combined 75% tax rate Serica, with limited carried forward tax allowances, is now probably one of the highest taxed companies in the UK if not the actual highest. The market response to these tax rises has obviously been to reduce the share price of the Company over the past six months to the levels we are now seeing but we are not the only one hit – all others in the sector have been equally hit.

Going forward, we now have to contend with much uncertainty as the result of confusing government policies. We are faced with strong anti-oil and gas sentiment made worse by a government who ask for one thing (energy security with a low carbon footprint) but introduce tax measures which have the opposite effect (reduced investment with increased higher carbon intensity imports).

Serica is strong but these headwinds in our sector are also strong and the question is how should companies like Serica reposition to be able to not only absorb the headwinds but also be able to continue to build and grow and deliver value for shareholders and other stakeholders alike.

With BKR our main asset we are essentially a single asset company focused very much on gas production for the UK domestic market. That has worked very well for us and the Serica team under Mitch has rewarded shareholders massively over the past few years with growth, both in asset value and cash return, which way outstrips many others. Exposure to a single asset though is a high risk strategy and being overdependent on a particular commodity (gas), with real volatility and unpredictability, is not sensible. The opportunity to diversify those risks and provide a platform for further growth is therefore something that any responsible management should pursue. Gas prices, in particular, have fallen from the extreme highs of a few months ago whilst oil prices have strengthened. We have high exposure to gas but low exposure to oil.

The Tailwind transaction which we are here to discuss today and, hopefully, support provides that opportunity. It diversifies the single asset risk and it increases our exposure to oil without reducing our exposure to gas - in essence creating balance.

The combination is already showing benefits. Since the Tailwind transaction was announced on 20th December, there has a been a significant fall in UK day ahead gas prices but a strengthening in oil prices. Given that the relative valuation behind the proposed transaction was fixed at the point the deal was signed on 20th December and was based off market projections at that point in time the subsequent changes demonstrate the fickleness and unpredictability of the markets and the benefits that can accrue to Serica shareholders in such a short period through a transaction such as that proposed with Tailwind. We do believe this acquisition is already demonstrating that it will make us much more resilient with greater scope for growth than if Serica kept all its eggs in one basket and relied wholly on the integrity of the BKR platform and the sustainability of gas prices.

Hopefully that gives you a bit more background but, essentially, the Board, after many months of due diligence and input from experts on all aspects of the transaction, believes that the proposed transaction with Tailwind strengthens the Company in the current environment and results in a much stronger platform for further growth and shareholder return. The future will only tell if we are right but it is our role to invest in growth and the future.

None of this affects our determination to maintain strong shareholder returns through both dividends and the potential for capital distribution. We believe that we can achieve this growth while continuing to strengthen the returns currently enjoyed by shareholders. Paramount to both though is the need to retain a strong balance sheet without which we would have had great difficulty navigating a year as complex as the last.

I, and all my colleagues on the Board, appreciate that the transaction with Tailwind and the introduction of Mercuria as a major shareholder is complex and set in a complex environment and I have received many letters from individual shareholders raising sensible questions. I have personally replied to all the letters received and we are here today to try to resolve any further questions as well as to vote on the Resolution to be put to the Board. These questions will, no doubt, relate to how we came to the relative valuations as well as the role of Mercuria as a major shareholder. We endeavoured to address those questions in the presentation that is already on our website but I hope we can put further flesh on those answers before we get to the main business of the Meeting.