SERICA ENERGY

Corporate Update

21 January 2021

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2020 PERFORMANCE

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Serica has experienced no interruption in production due to the COVID-19 outbreak

As a response to the outbreak we reduced manning levels on the Bruce platform from over 130, initially to below 90 but now to around 100 in order to:

- Reduce the risk of an outbreak
- Allow social distancing offshore
- Provide isolation areas for suspected cases

Operating the Bruce platform with fewer staff has resulted in:

- Requirement to prioritise Safety Critical activities over production enhancement programmes
- Improved ways of working
- Implementation of new technology

HSE performance has improved: over a year since the last recordable injury on Bruce

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BKR

- BKR production impacted by 45 day shut down for C18 caisson repairs in Q1 2020
- Adjusted BKR net production for non-shutdown period is equivalent to 24,600 boe/d
- (Net FY 2019 production 27,300 boe/d)

FY 2020
21,500
boe/d

ERSKINE

- (Net FY 2019 production 2,700 boe/d)

FY 2020
2,300
boe/d

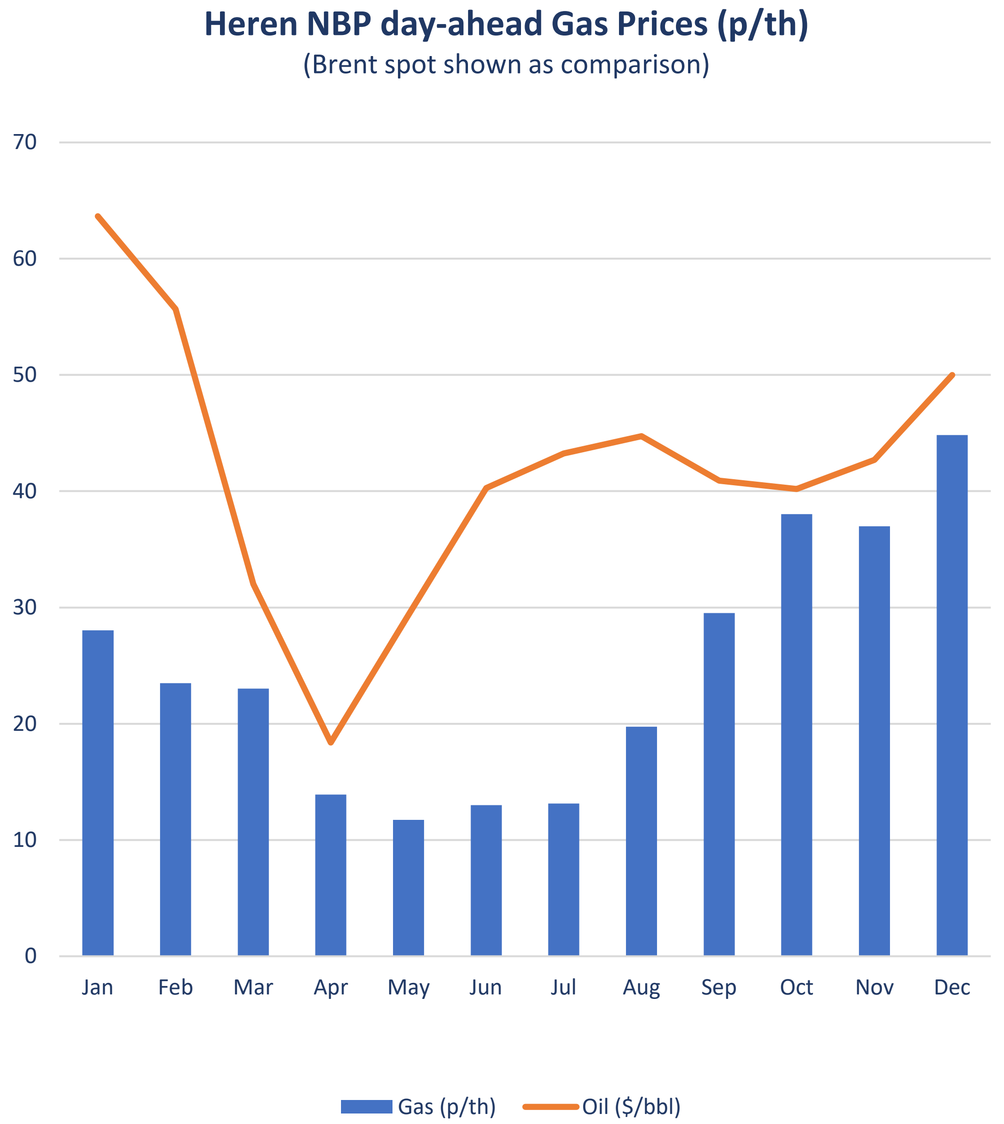
Daily net production FY 2020:

23,800

boe/d

(FY 2019: 30,000 boe/d)

Commodity prices

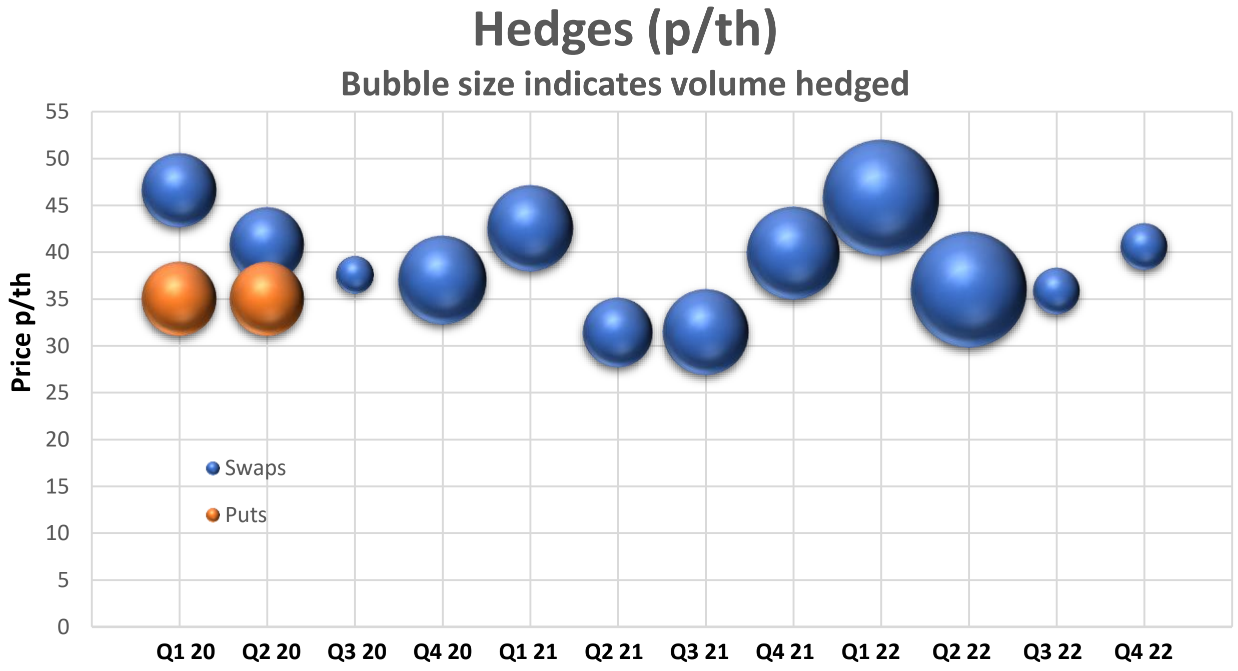


- Commodity prices have been depressed during 2020
- Serica's production is over 80% gas
- The recovery in gas prices in Q4 2020 was spectacular with year-end gas prices significantly higher than the start of the year
- Oil prices have recovered from the lows encountered in Q1/Q2 but have not returned to levels encountered at the start of the year

Gas price hedging

- Actual hedging cash income for 2020 was approximately **£12.3 million**
- For 2021 & 2022 Serica has swaps in place covering up to 25% of retained gas sales after adjustment for 2021 net cash flow sharing
- This protects against severe downside gas prices while allowing most of the upside benefit
- Serica continues to increase and extend its hedging position. At present the total gas hedging position is as follows

	Swaps*		Puts**	
	Weighted Average Price (p/th)	Volume of gas covered (th/day)	Price (p/th)	Volume of gas covered (th/day)
Q1 20	46.6	160,000	35.0	160,000
Q2 20	40.8	160,000	35.0	160,000
Q3 20	37.6	80,000		
Q4 20	37.0	190,000		
Q1 21	42.5	185,000		
Q2 21	31.4	150,000		
Q3 21	31.5	185,000		
Q4 21	39.9	200,000		
Q1 22	45.8	250,000		
Q2 22	36.0	250,000		
Q3 22	35.8	100,000		
Q4 22	40.6	100,000		



*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 level 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

**A 'put' option covers downside at strike price with no restriction on upside. The upfront cost is related to a forward curve benchmark and reflects both the level of discount to the curve and also the time elapsed until the cover period

2020 – Financial performance

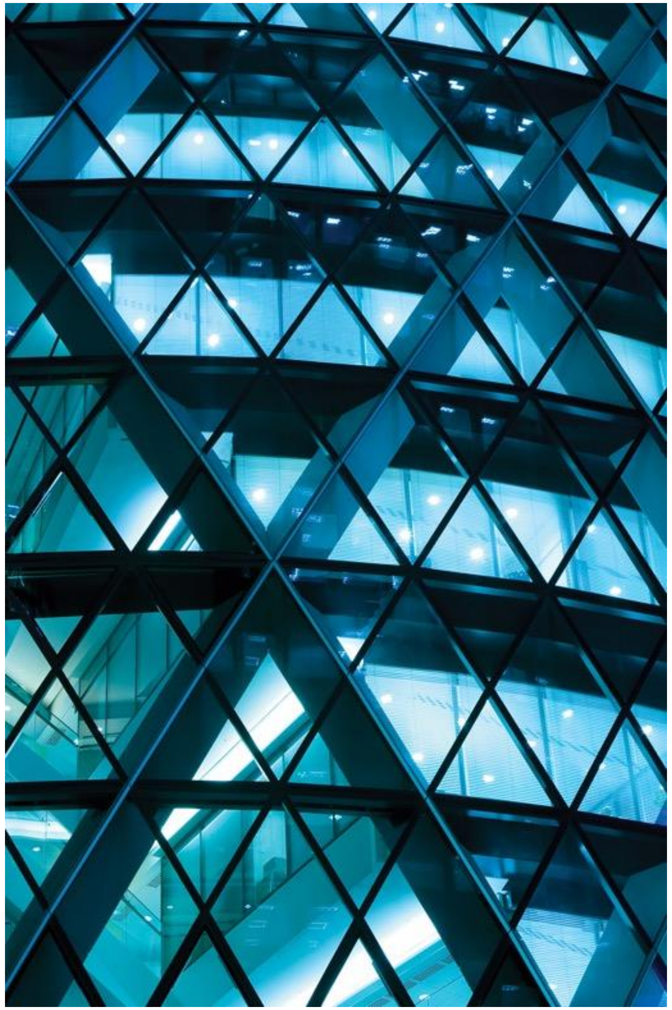
- Reductions in 2020 absolute operating costs were achieved
- Unaudited FY operating costs* are estimated at $14/boe (2019: $12.60/boe)
- 2020 production was lower than 2019 and the pound strengthened against the US dollar

*operating costs (including production, processing, transportation and insurance) before non-cash depletion charges

- FY 2020 average market gas price** was ~ 25p/th and average market oil price was ~$42/bbl equating to a price of ~ $20/boe (before the benefit of hedging)
- By comparison average prices in January 2021 have been ~60p/th and ~$55/bbl equating to a price of ~$43/boe (again before hedging)

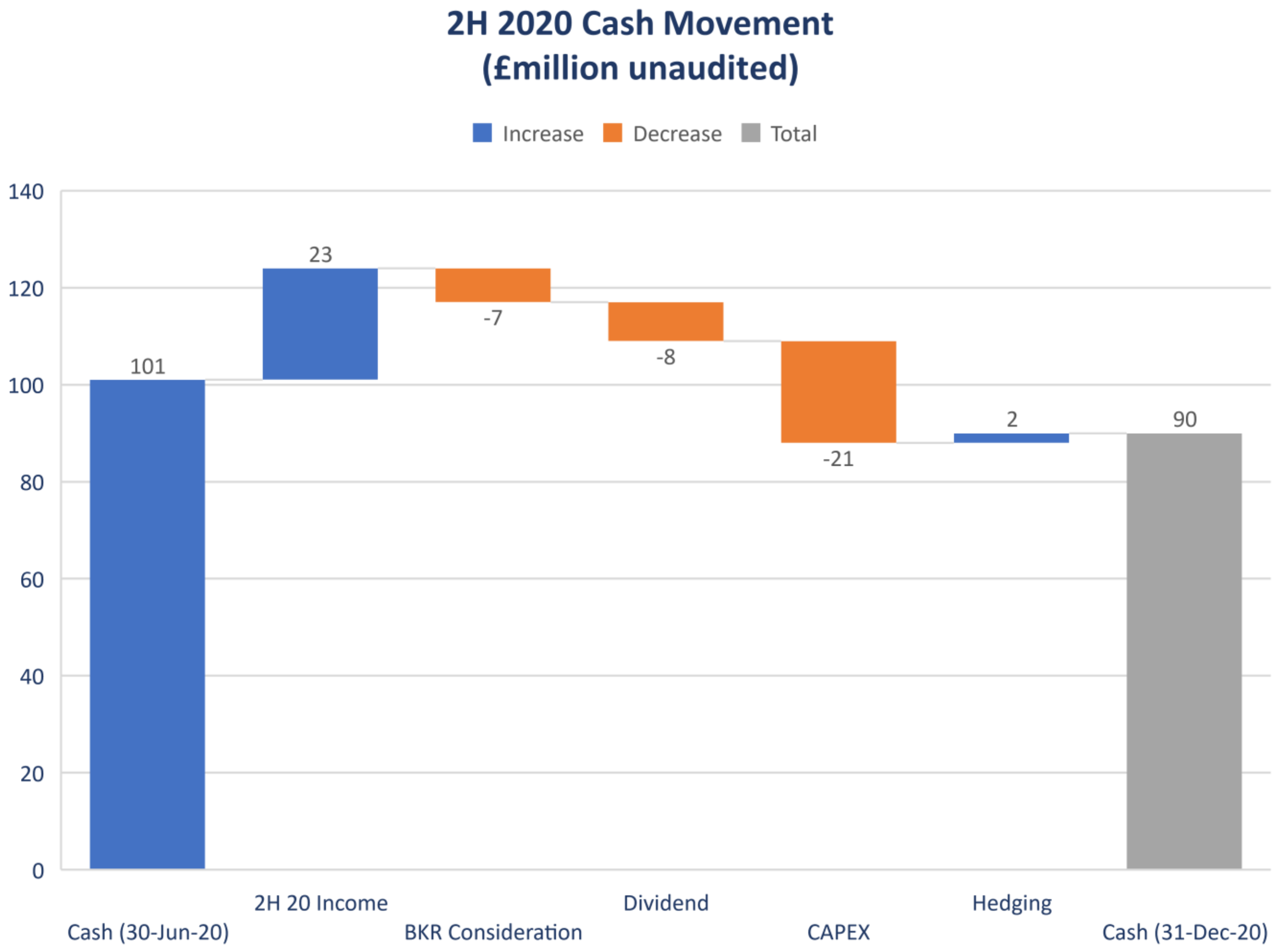
** before system charges

Maiden dividend paid in July 2020



- Our prime objective is to increase shareholder value both through technical excellence and acquisition in order to diversify risk, grow our asset base and fully utilise the Company's operational and financial strengths
- **We remain in an extremely robust financial position**
- Although 2020 presented a number of unexpected challenges (Bruce caisson issue, COVID-19 and commodity price fluctuations) Serica has demonstrated the resilience to overcome these issues and so the Board recommended the payment of a maiden dividend at the 2020 AGM
- **A dividend of 3p/share was approved at the AGM and paid in July 2020**
- Serica remains in growth mode as it looks for new investment opportunities but this still leaves room for a measured distribution policy to reward shareholders for their continuing support
- The Board aims to offer investors an attractive combination of growth, risk management and total shareholder return. If Serica's financial position remains favourable then it is the intention that a dividend will be paid annually

2H 2020 – cash focused on investment



- Net cash income returned to growth in 2H 2020 after being around breakeven in 1H 2020
- BKR consideration included final US$5 million payment to Total E&P
- Consideration payments flexed down in 2020 and likely to flex upwards in 2021
- Dividend announced in April and paid in July
- Significant investment (CAPEX) in growth projects, R3 and Columbus
- Lower gas hedging receipts in 2H 2020 as prices rose

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ESG PEDIGREE

ESG performance

Emissions

- Daily flaring reduced and 'start-up' flare drastically reduced
- Emissions reduction group hopper of opportunities
- New focus on drilling and supply chain

Waste

- Zero general waste to landfill
- New waste reduction targets

Monitoring

- Improved metering and sampling to improve flare measurements
- Daily targets on flare
- Emissions reporting on drilling and project support vessels

Social

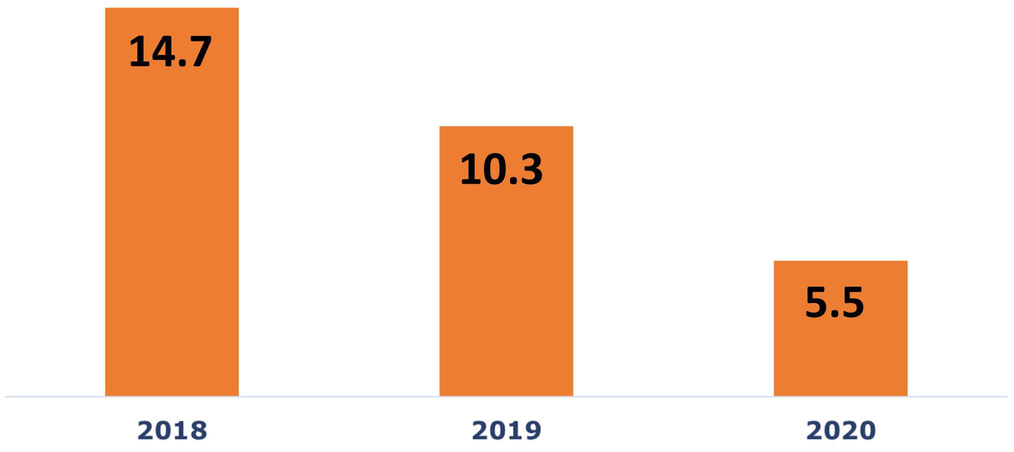
- Active charity committee
- Supporting cancer charity (CLAN), vulnerable families, foodbanks and the NHS
- Focus on employee wellbeing and mental health

ONGOING STRATEGY

- **Inspire our workforce to understand ESG, get involved and create opportunities**
- **Look at near-term opportunities and longer term net zero solutions**
  - Lower emissions
  - Reduce waste
  - Use technology
  - Focus on supply chain

MAIN SUCCESS 2020

Flared Gas (thousand tonnes per annum)



https://www.serica-energy.com/videos

ESG employee engagement

Education

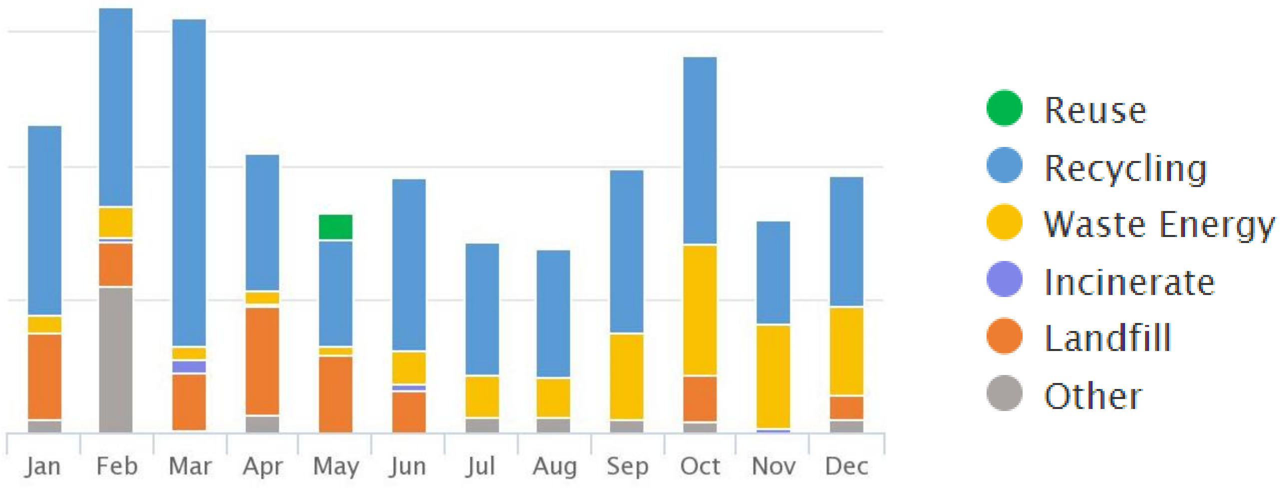
Emissions Reduction

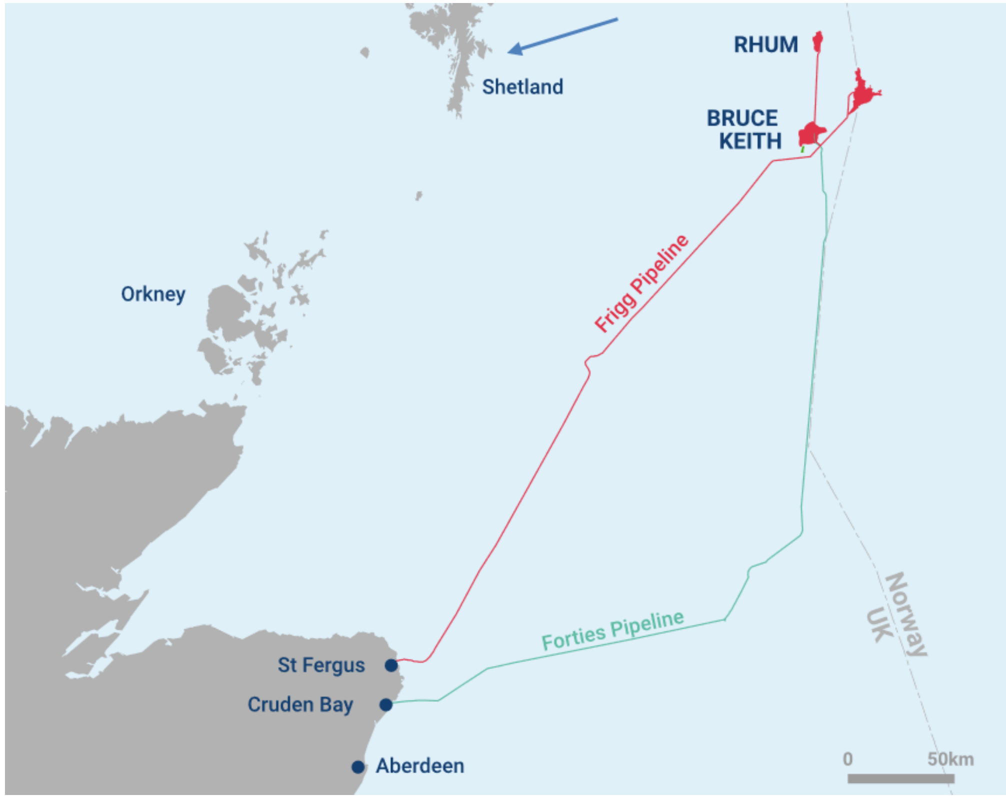
ZERO WASTE TO LANDFILL

REDUCE - REUSE - RECYCLE - RECOVER

Charities & Fundraising

Diversity & Inclusion





Using Lerwick ferry for logistics

Sharing a supply vessel with another operator

Front loading packaging pods

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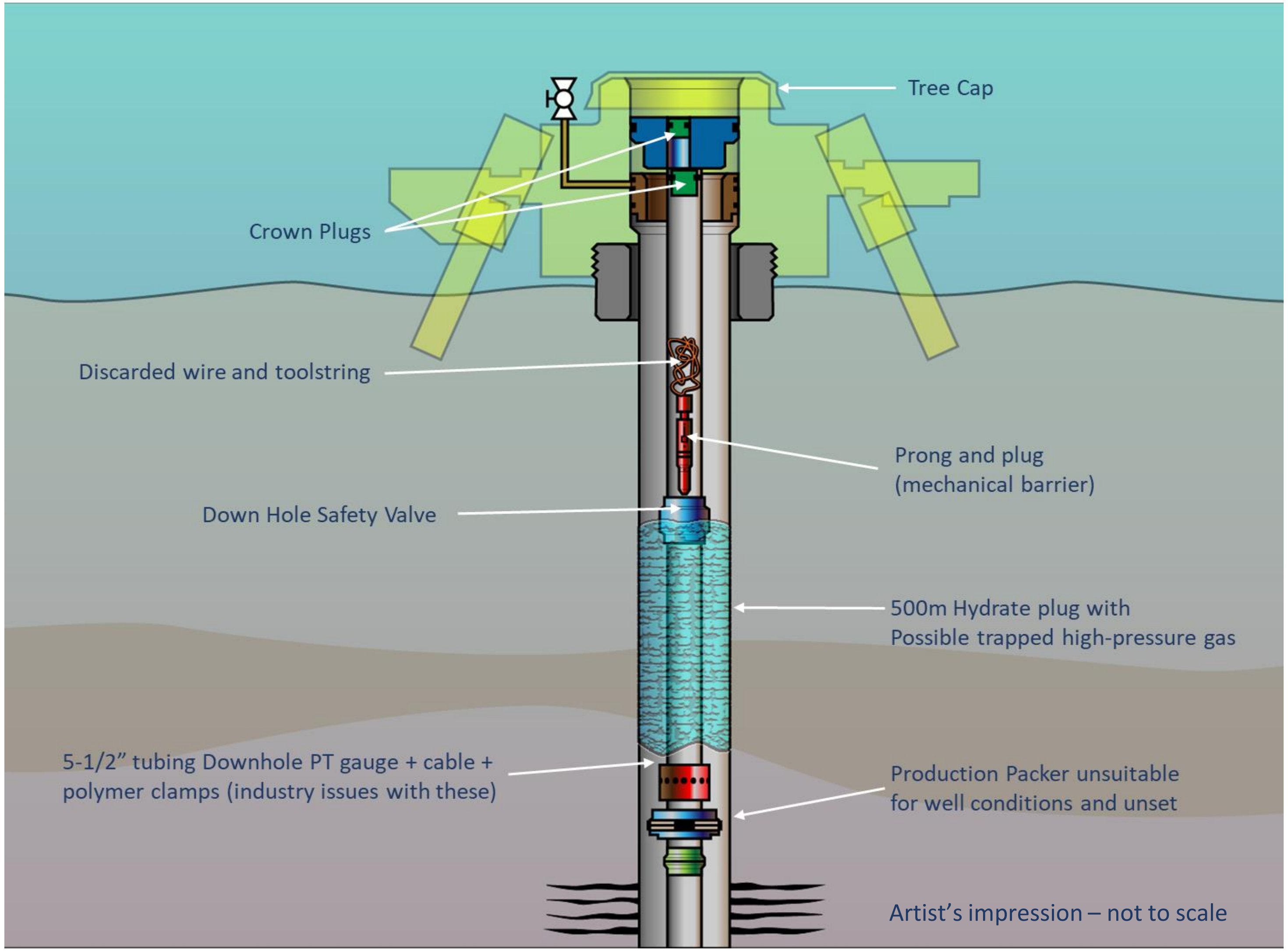
MOVING FORWARD

R3 Intervention – the challenges inherited with the asset



Initial Status & Challenges

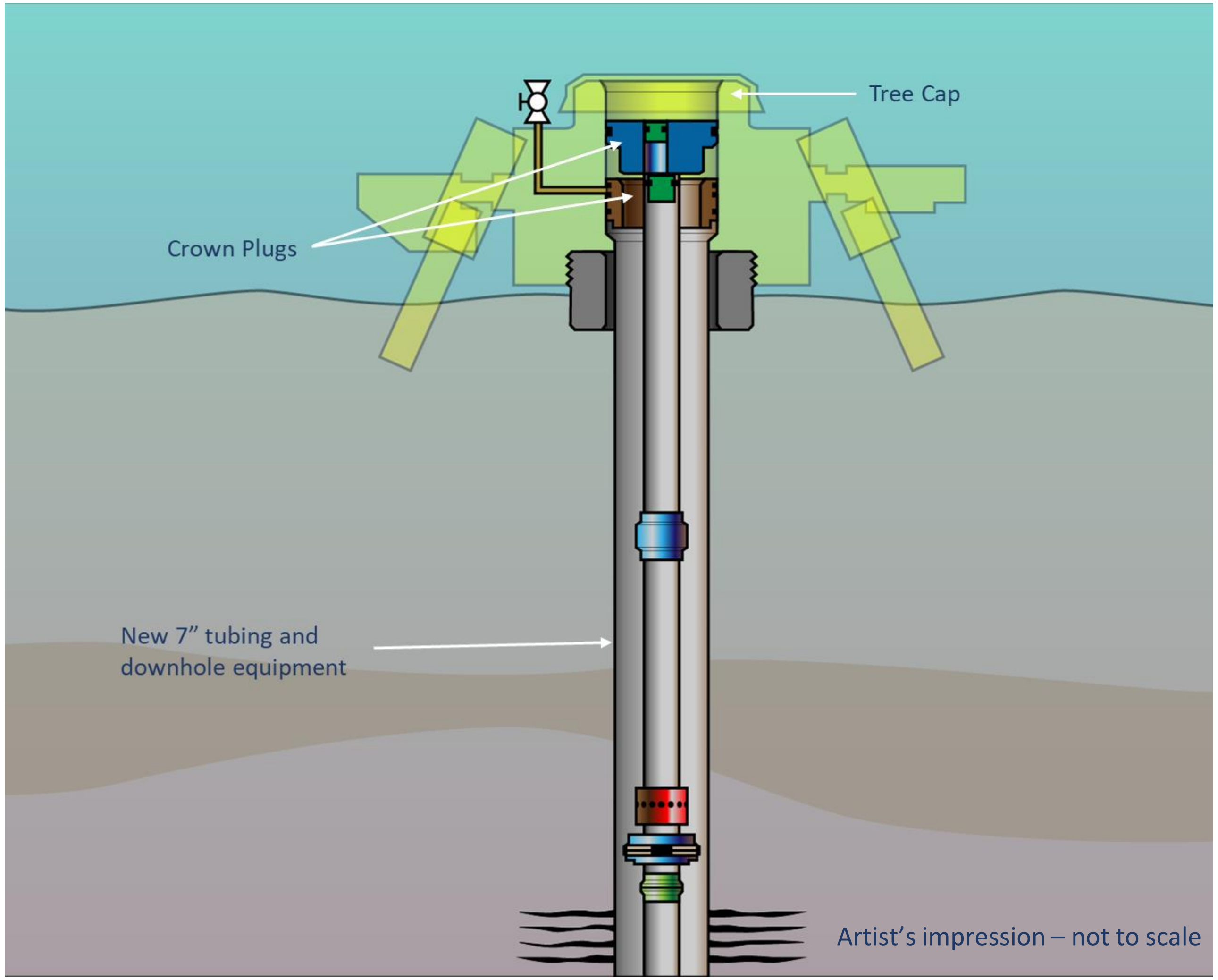
- Well not produced or integrity tested since operational issues encountered in 2005
- Gas hydrates had plugged wellbore following gas influx from reservoir
- Attempts to recover a mechanical barrier by the previous operator had failed leaving wire and toolstring "fish" in well
- Lack of qualified barriers in well had led to well integrity not acceptable to Serica
- Dive Vessel (2019) confirmed well integrity status and Xmas Tree functionality prior to WO
- Possibility of gas trapped in hydrate at initial high pressures when field was drilled
- Known issues with equipment installed in well; downhole status and condition unknown
- Limited number of 'hot' rigs with HPHT capability

R3 Intervention – Serica approach and target well status

Approach

- Assemble highly experienced team with HPHT and workover knowledge
- Work closely with JV partners, supply chain, relevant regulators and authorities
- Take lowest risk approach e.g. assume high-pressure gas trapped in hydrate until dissociated
- Equipment sourced globally during COVID-19 pandemic
- Engineering, planning, contracting / procurement and operations support all done remotely
- Primary and contingency plans developed for all foreseeable outcomes

Target Well Status



R3 Intervention – current status

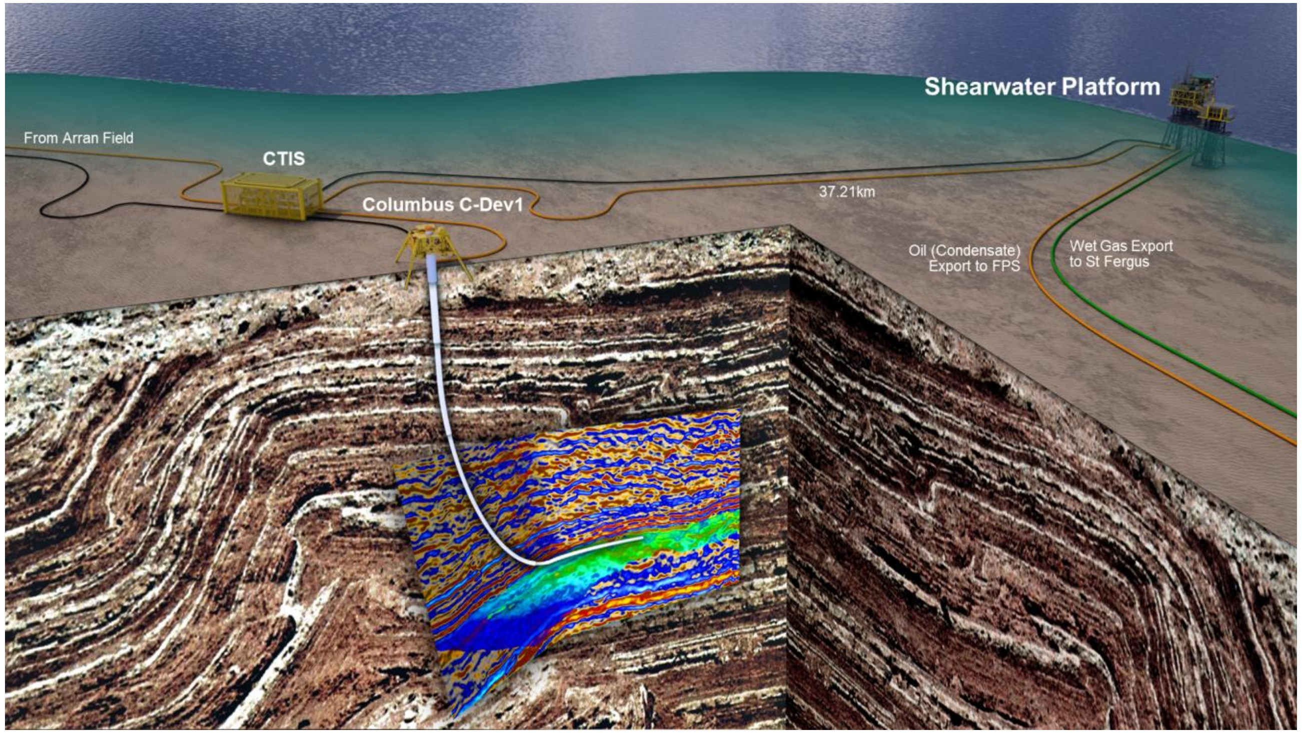
Objective	Status
Safe operation with no reportable incidents	No incidents despite severe weather conditions and COVID-19 pandemic
Remove wire, toolstring, plug and prong	Completed successfully at first attempt
Dissociate hydrate plug	Completed successfully using coiled tubing and heated fluid (believed to be a world first)
Recover 2005 5½” completion equipment (and gain reservoir access)	Ongoing. The removal of the 2005 completion is taking longer than anticipated due largely to the unexpectedly poor condition of the equipment being recovered from the well
Run new 7” completion	To follow
Perform re-perforating / well clean up to confirm inflow performance	To follow

- Net 2020 CAPEX* spend was approximately £10.2 million
- Net 2021 CAPEX* spend is expected to be up to £7.8 million
- Operations are now expected to continue into March 2021

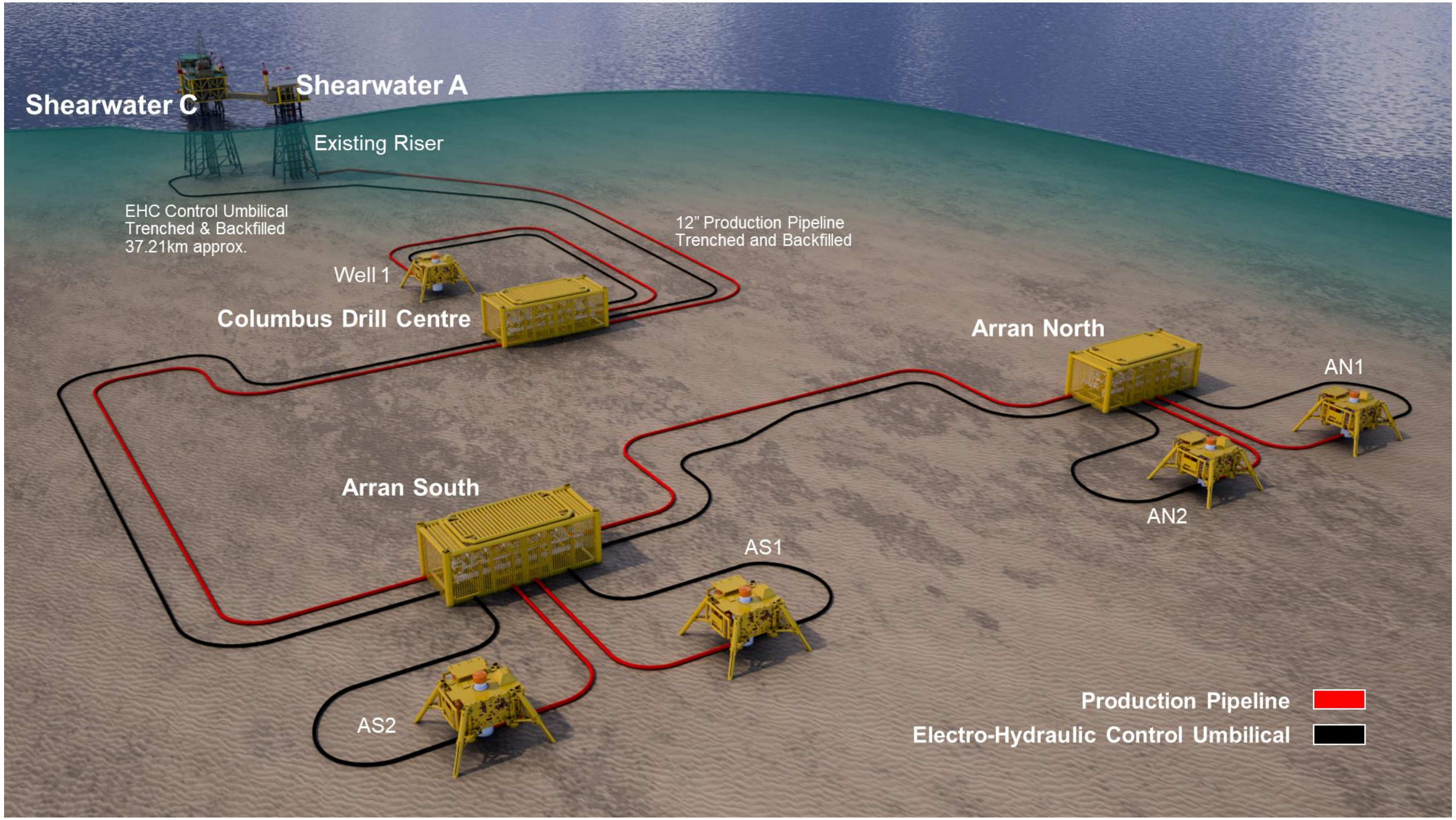
*Net CAPEX spend after adjustment for Net Cashflow Sharing

Columbus development project

- Columbus approved by OGA in October 2018 and immediately moved into development - major contracts placed before the end of 2018
- Close collaboration between Columbus and Arran Operators, with development benefitting production from both fields
- The Columbus development area will be drained by a single producing well tied into the Arran to Shearwater pipeline. Production will be processed on the Shearwater platform
- Rig contract signed with Maersk for the Resilient Heavy-Duty Jack-up. Rig expected on hire before the end of Q1 2021
- Production expected to commence in early Q4 2021, with average gross production forecast to be around 7,000 boe/d of which 75% is gas
- Serica has a 50% interest in Columbus
- Serica's net 2020 CAPEX spend was approximately £7.8 million
- Serica's net 2021 CAPEX spend is expected to be £17.0 million



Columbus development progress



Key Events Timeline

Event	Status
Export Pipeline	Installed
Controls Umbilicals	Installed
C & AN Manifolds	Installed
Arran South Wells	Drilled
Arran North Wells	Drilling
Arran South Manifold	Q2 2021
Columbus Well	Q2 2021
Shearwater Tie-in	Q3 2021
Arran Start-up	Q3 2021
Columbus Start-up	Q4 2021

Financial strength

Diversified portfolio with low decommissioning liability

- **Serica's diverse portfolio has limited decommissioning liability** due to the terms of the Erskine transaction and the various BKR transactions

Share of BKR Net Cash Flow increases within a year from now

- **Serica's share of BKR Net Cash Flow increases to 100% on 1 Jan 2022**
  Under the BKR Net Cash Flow Sharing arrangements Serica received 40% of the Net Cash Flow in 2018, rising to 50% in 2019, 60% in 2020 & 2021 and 100% thereafter

Balance sheet strength

- **Serica has no borrowings** and substantial cash reserves. This provided the flexibility to pursue growth opportunities, invest in value-accretive projects and introduce a dividend policy in 2020

Benefitting from historic tax losses

- Serica is still benefitting from the shelter provided by historic tax losses. These losses stood at approximately £45 million at 31 Dec 2020 and are expected to **provide cover well into 2021**

Our Ongoing M&A Strategy

We continue to seek, via a rigorous screening process, new acquisition opportunities to add further value by building on operating efficiencies, reducing cost, exploiting synergies, improving environmental performance and managing risk

Characteristics of Future Targets

- **REGIONAL FOCUS:** Our operating expertise is in the Central & Northern North Sea and, coupled with potential tax synergies, this means that the search for new opportunities is focused primarily on the UKCS
- **VALUE NOT VOLUME:** Serica will not overpay in order to quickly grow our portfolio. We are focused on identifying value rather than volume and will continue to look for the right opportunities where Serica can utilise its skills to add value to assets that no longer fit the objectives of the current owners
- **RESILIENT PORTFOLIO:** We are primarily concentrating on production and near-term production opportunities but we aim to expand the portfolio at all stages – exploration, appraisal and production

Maximise production and reduce costs with full emphasis on Health, Safety and the Environment

- Talented, motivated team in place and delivering results
- Focus on maximising economic recovery of oil & gas by reducing costs and remaining profitable at lower commodity prices
- Harness technology and creativity to extend life of fields and reduce carbon intensity
- Leverage Serica's position in the Bruce catchment area to increase utilisation of the Bruce facilities through infield investment, attracting third party business and exploration

Identify new growth opportunities

- Positive market credentials of Serica
- Very strong balance sheet
- Enhanced operating capability
- Diversified asset base
- Good standing with regulatory authorities
- Significant scope for organic growth and further acquisitions

APPENDIX

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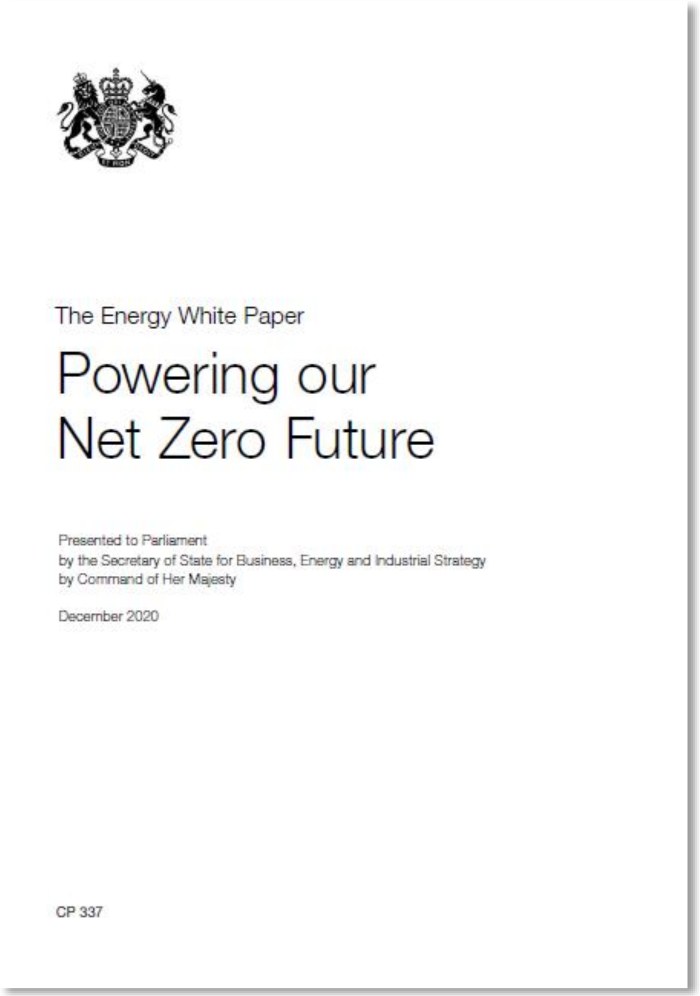
SERICA'S OPPORTUNITY IN A CHANGING WORLD


The Energy White Paper

Powering our Net Zero Future

Presented to Parliament
by the Secretary of State for Business, Energy and Industrial Strategy
by Command of Her Majesty

December 2020

CP 337

- ITS FOCUS? "net zero and our effort to fight climate change at its core, following the Prime Minister's Ten Point Plan for a Green Industrial Revolution"
- THE GOAL? "to transform the UK Continental Shelf to be a net zero basin by 2050"
- OUR ROLE? "the UK's domestic oil and gas industry has a critical role in maintaining the country's energy security and is a major contributor to our economy"
- THE FUTURE? "demand for oil and gas, though much reduced, is forecast to continue for decades to come"

Serica fully supports the industry's 'Vision 2035' initiative

Oil & Gas Authority

"Current government forecasts suggest that gas will remain a vital part of the UK's energy mix as we move towards Net Zero. As long as this demand exists, managing declining North Sea production to maximise value, minimising greenhouse gas emissions and reducing reliance on hydrocarbon imports are all essential."

OGUK

Oil & Gas UK's 2035 Roadmap vision is "for indigenous oil & gas to fulfil as much domestic demand as possible", thus:

- **Reducing the need for international imports**
- **Maintaining energy sovereignty**
- **Sustaining industry contribution to the UK economy**

Serica – reduced emissions vs. imported LNG

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59 kgCO_2e/boe*
Imported LNG

22 kgCO_2e/boe*
UKCS average

<18 kgCO_2e/boe
Serica

Imported Liquid Natural Gas (LNG) creates **over twice as much greenhouse gas as production from the UK Continental Shelf (UKCS)**

Gas extracted from the UKCS has an **average emission intensity of 22 kgCO_2e/boe**

Since becoming Bruce operator, Serica has achieved an average carbon intensity figure of <**18 kgCO_2e/boe, well below the UK North Sea average**

*Source: OGA

So, what is the role of an independent oil and gas producer?

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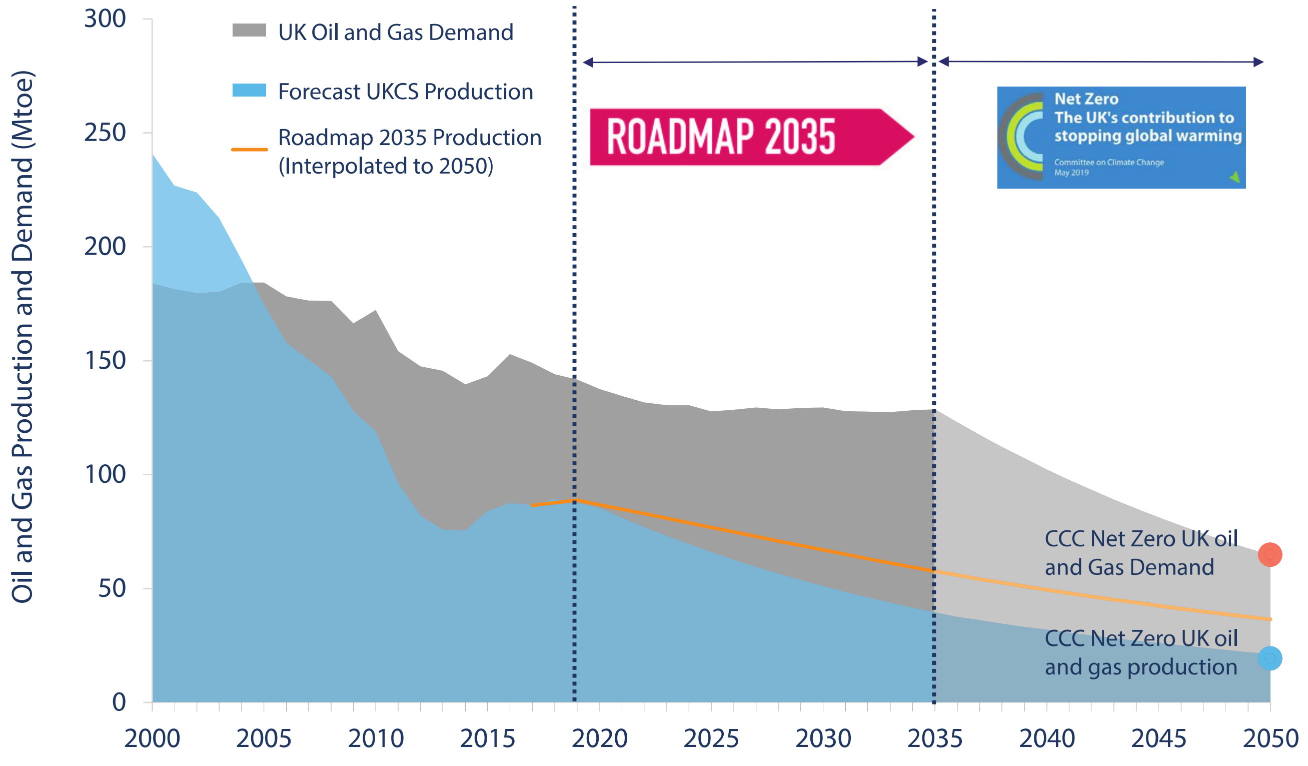
UK Oil and Gas Demand versus UKCS Production to 2050



Source: BEIS, CCC, OGUK

- The slowdown in new development activity and investment will impact UKCS production within the next decade
- The UK will consume far more oil and gas on the path to net zero, and beyond, than it is able to produce from current known reserves and contingent resources
- In a no-further-investment scenario, it is possible that production will decline by around 50 per cent by 2025, meaning that net imports of oil and gas would increase

OPPORTUNITY : There is a niche for nimble, focused independent producers who can maintain production whilst reducing carbon intensity

The niche for Serica?

SERICA HAS THE SKILLS TO THRIVE AS PART OF THE NET ZERO TRANSITION

There will be continued gas demand during the transition to Net Zero
Over 80% of Serica's production is gas

There is continued support for UK production
Serica is already making a contribution to security of supply, emissions accountability and the UK economy

A number of operators have indicated that they may scale back their UK operations
Serica has demonstrated the ability to execute complex transactions, competency in operatorship and improvement in asset performance

In order to maintain a social 'licence to operate' it will be necessary to demonstrate the ability to innovate and reduce emissions
In two years, Serica has reduced flaring on Bruce by 62% from 14,662 to 5,496 tonnes/year demonstrating the ability to implement change quickly

Major shareholders

	Number of Shares	% of issued Share Capital
GRG UK Oil LLC	36,886,004	13.77%
AXA Framlington Investment Management	31,309,674	11.69%
Mr David Hardy	28,618,271	10.68%
Canaccord Genuity Wealth Management	17,847,234	6.66%
BP Exploration Operating Company	13,500,000	5.04%
Hargreaves Lansdown Asset Management	10,637,294	3.97%
Polar Capital	10,462,369	3.91%
Janus Henderson Investors	9,341,907	3.49%
Serica Energy plc Director & Related Holdings	8,194,580	3.06%

- Information correct as at 31 December 2020 except in cases where TR-1 notifications have subsequently been received
- As at 13 January 2021 the Company had 267,849,834 ordinary shares in issue of which 39.20% is not held in public hands
- The shareholdings shown are the latest notifications made to the Company by shareholders pursuant to the Disclosure Rules and Transparency Rules of the Financial Services Authority acting in its capacity as the UK Listing Authority
- Serica Energy plc holds no shares in treasury

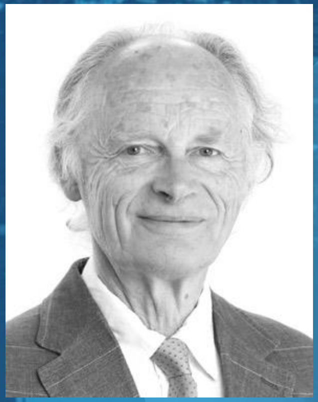
Our board

Tony Craven Walker
Executive Chairman

Mitch Flegg
Chief Executive

Kate Coppinger
Non-executive Director

Trevor Garlick
Non-executive Director



Neil Pike
Non-executive Director

Ian Vann
Non-executive Director

Malcolm Webb
Non-executive Director

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