



 **SERICAENERGY**

A STRONGER BUSINESS

2023 Interim Results

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INTRODUCTION

MITCH FLEGG, CEO

DIVERSIFIED PORTFOLIO DRIVING PERFORMANCE



Completed acquisition of Tailwind Energy

Addition of **55.5 million boe** 2P reserves (1 January 2023)

Number of **producing fields doubled**



Production rate nearly doubled

Production from combined portfolio¹ of **49 kboe/d** in 1H23

Gas/oil mix of **55:45**



Strong financial performance

1H 2023 Operating cashflow **£266 million**

Closing net cash of **£234 million** including Tailwind debt



Board composition changed

New Chair **David Latin**

Increased diversity in the Board – **27% women** as of 17 July

Notes

1. On pro forma basis from 1 January 2023 to 30 June 2023

MORE RESILIENT PORTFOLIO OF ASSETS

55% gas, 45% oil in 1H 2023

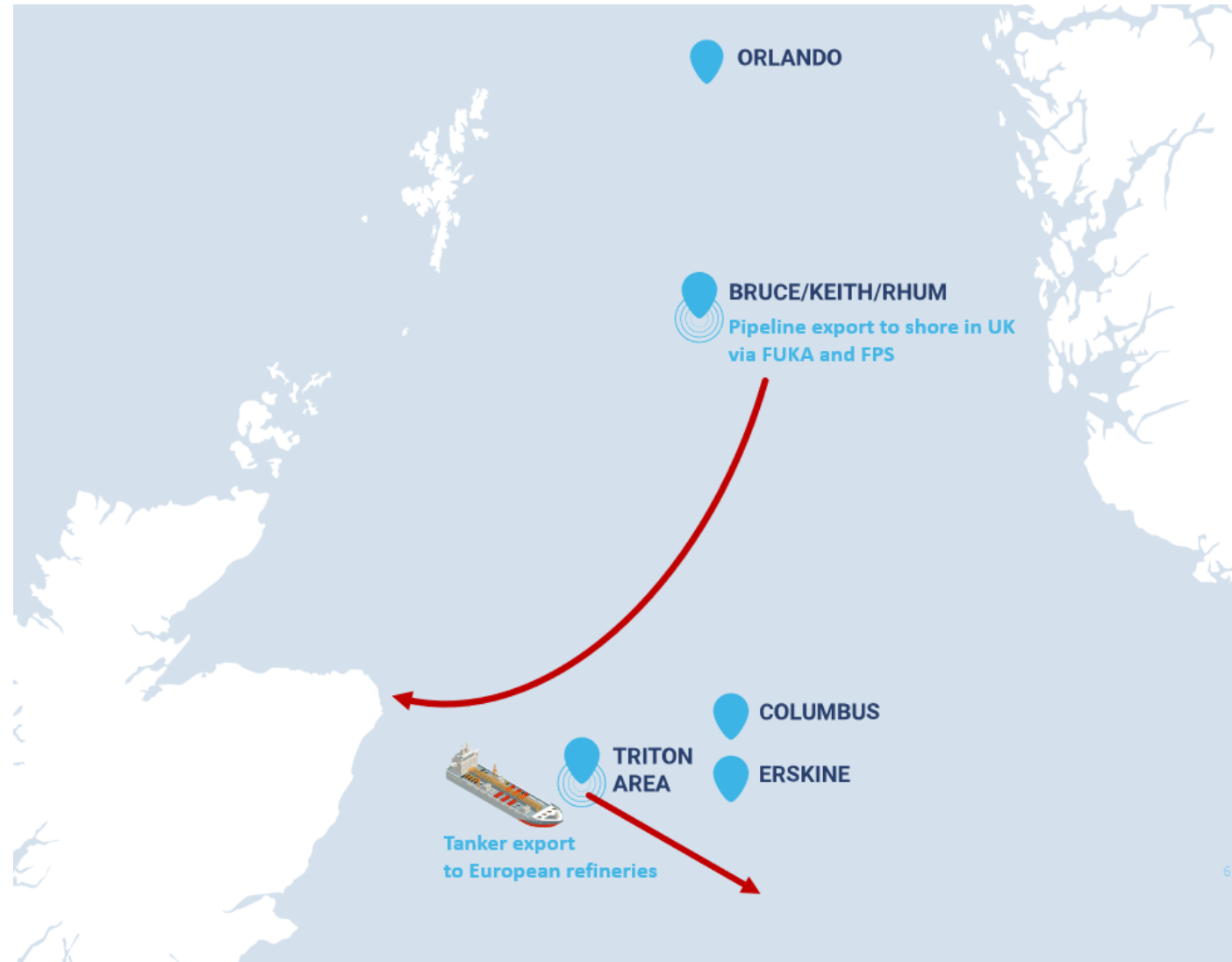
2 production hubs

200+ staff

In London, Aberdeen
and offshore

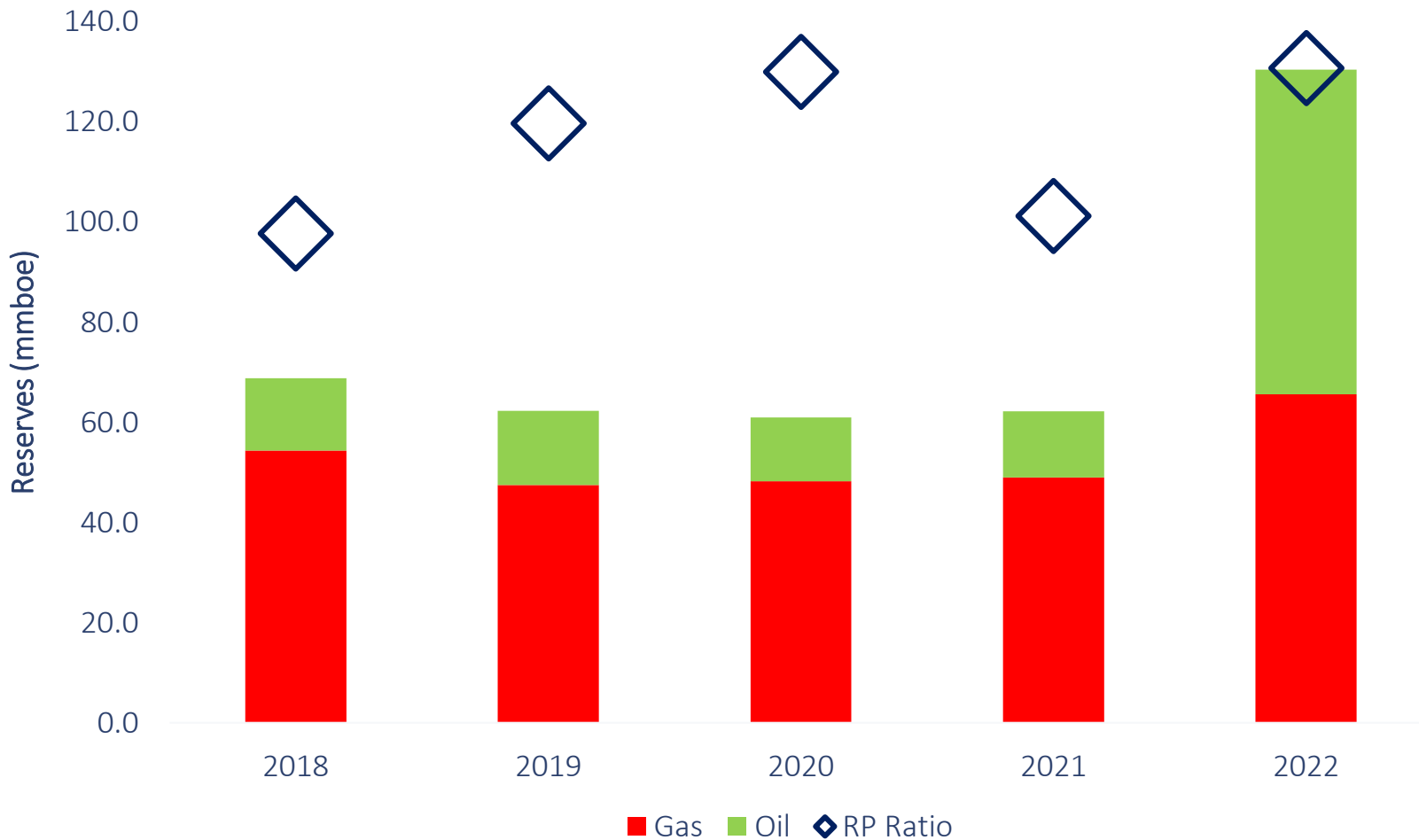
80% of production
operated by Serica

**Main production hubs have
no overlap in transportation
infrastructure**



RESERVES VOLUME AND LIFE INCREASED

Year End 2P Reserves & RP Ratio



- Reserves maintained despite 36 mmboe produced in 4 years to end 2022
- Following Tailwind acquisition:
 - Pro forma reserves increased nearly 75%
 - RP Ratio above 8 years
 - Balance of gas and oil

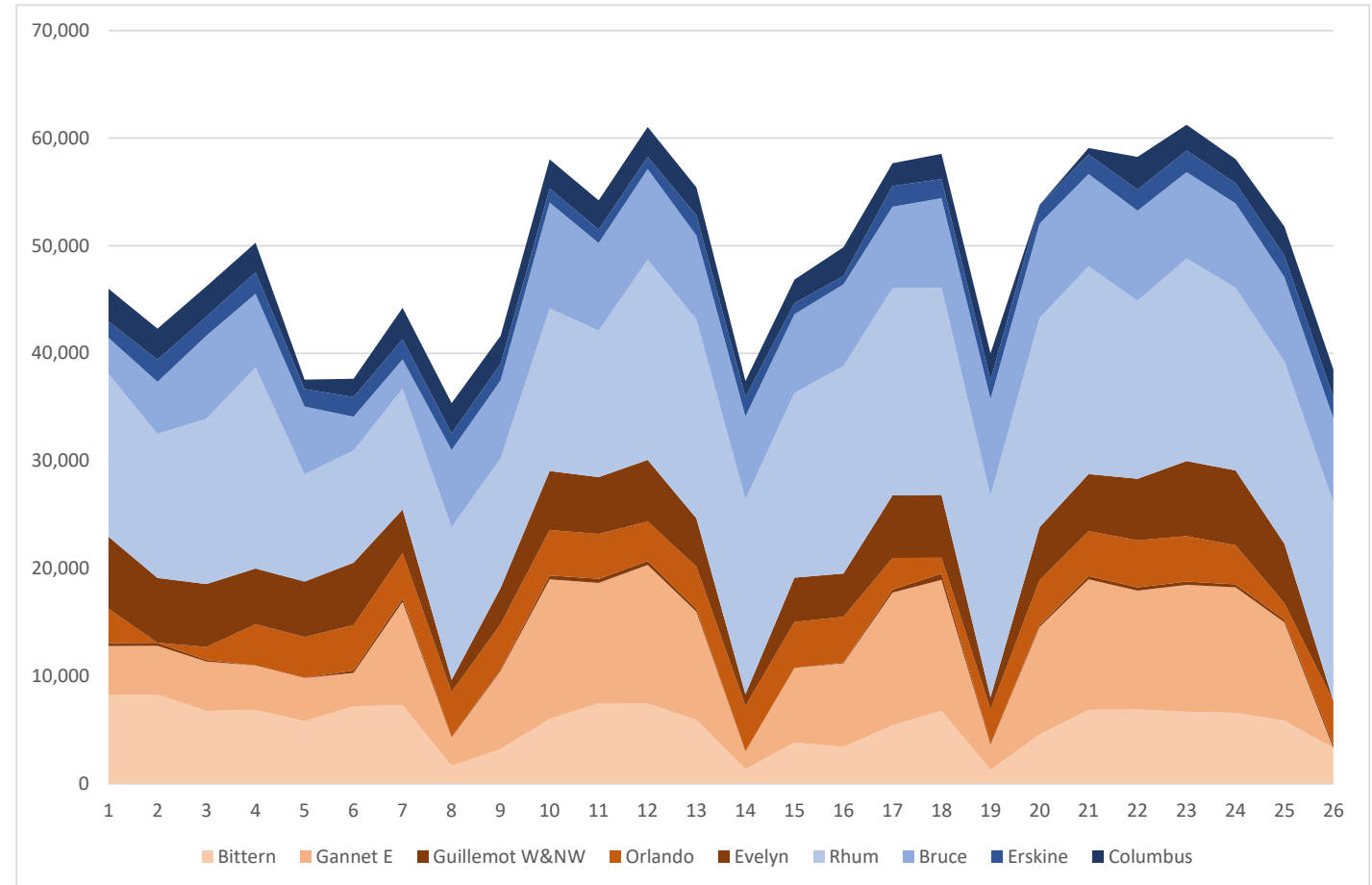
Notes

1. $RP\ Ratio = 2P\ Reserves / Production$ in following year. RP Ratio for 2022 based on pro forma combination of Serica and Tailwind reserves and mid-range production guidance for 2023

PRODUCTION STRONG IN FIRST HALF YEAR

- Equity production of 39,350 boe/d includes contribution from Tailwind assets from 23 March 2023
- Pro forma production from combined portfolio of 49,350 boe/d in 1H 2023
- Pro forma production in 1H 2023 was 55% gas and 45% oil
- Production ramping down at end June for planned summer shutdowns
- Ramp up following shutdowns slower than expected
- Full year guidance for 2023 40,000 – 45,000 boe/d

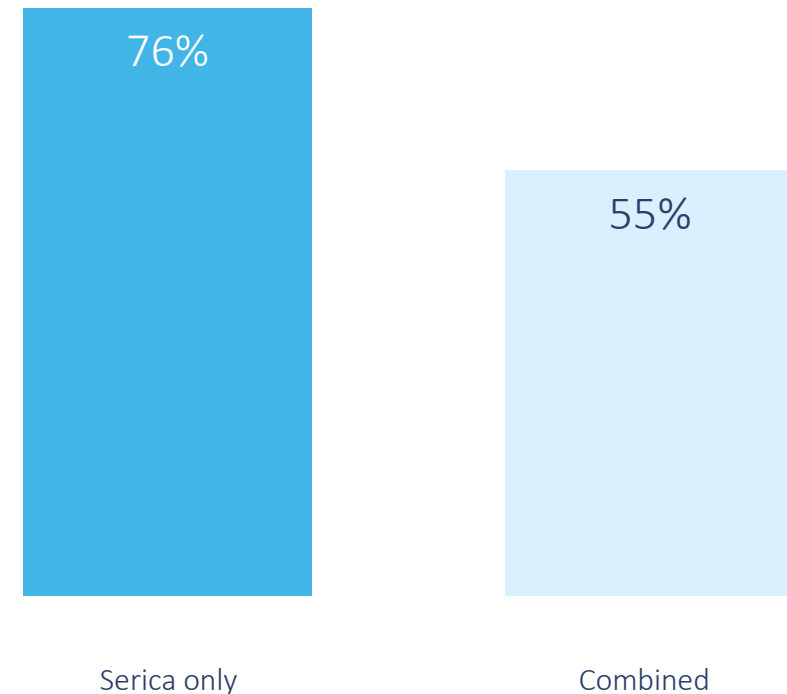
Combined Portfolio 1H 2023 Average Net Weekly Production (boe/d)



BENEFIT OF TAX LOSSES COMING THROUGH

- Substantial tax losses acquired with Tailwind
- Potential to generate over £400 million of UK tax offsets
- Benefit of Tailwind tax losses since 23 March 2023 has lowered Serica's overall tax burden
- Unpredictable fiscal policy and high rate of tax deterring investment in the UKCS

Current Tax Charge / EBITDAX¹ 1H 2023



Notes

1. Calculation based on Current Tax charge and EBITDAX to avoid distortion of Gain on acquisition

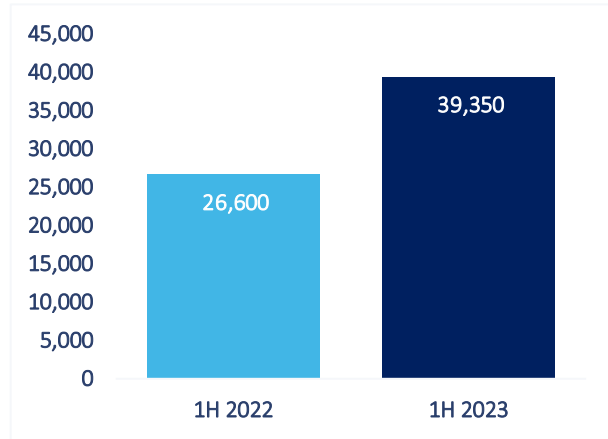


FINANCIAL PERFORMANCE

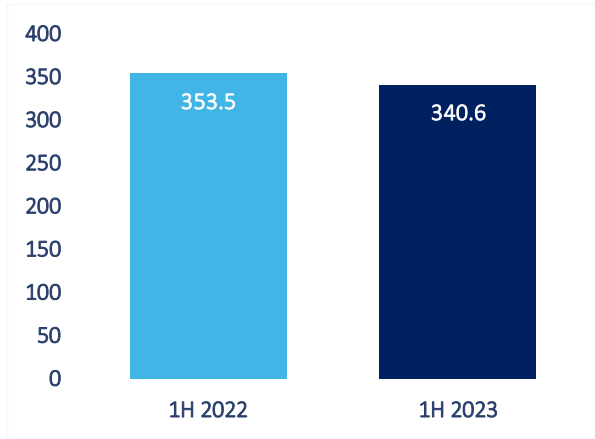
ANDY BELL, CFO

METRICS REFLECT TAILWIND CONTRIBUTION FROM 23 MARCH

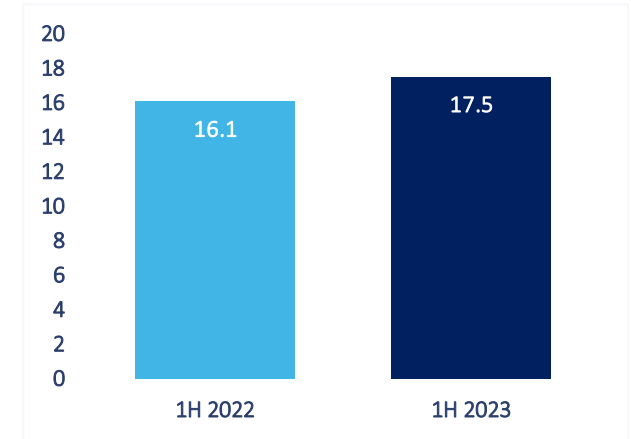
Net Production (boe/d)



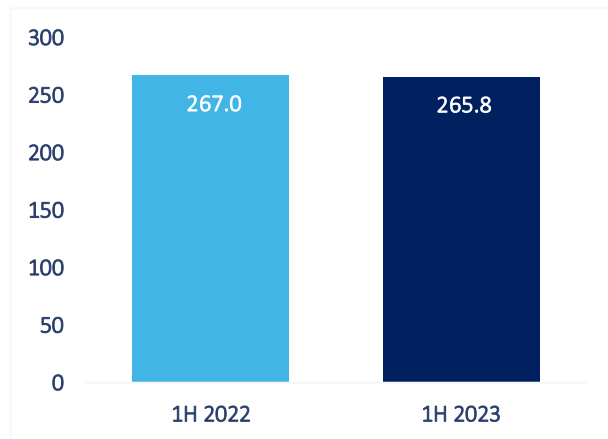
Sales Revenue (£ million)



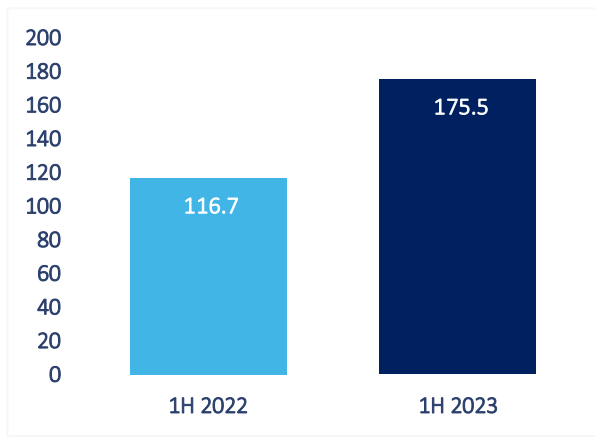
Operating Costs (US\$/boe)



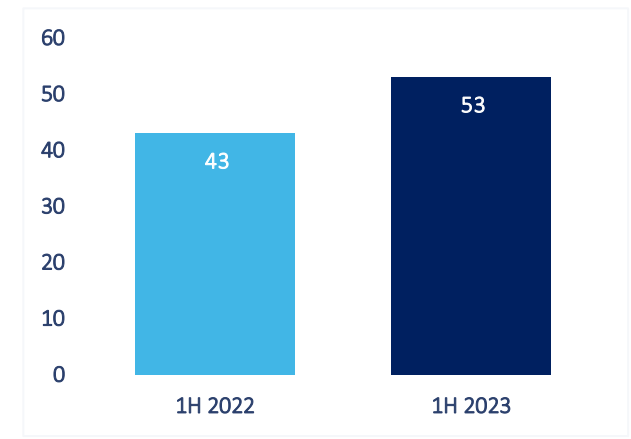
Cash Flow from Operations (£ million)



Profit after Tax (£ million)



Earnings Per Share (pence)



IMPACT OF PURCHASE ACCOUNTING

- Tailwind income and cash flows recognised from acquisition date of 23 March 2023
- Background to “Gain on acquisition”
 - Difference between fair valuation of net assets under applicable accounting standards and consideration paid at date of completion
 - Reflects Serica share price on completion
- “Gain on acquisition” distorts earnings and EPS comparatives

ACCOUNTING EXTRACTS

	1H 2023	1H 2022
Operating profit (£'000)	159,487	196,339
Gain on acquisition (£'000)	139,559	-
Profit after taxation (£'000)	175,472	116,729
Weighted average no. shares (million)	333.0	271.9
Basic Earnings per share (£)	0.53	0.43

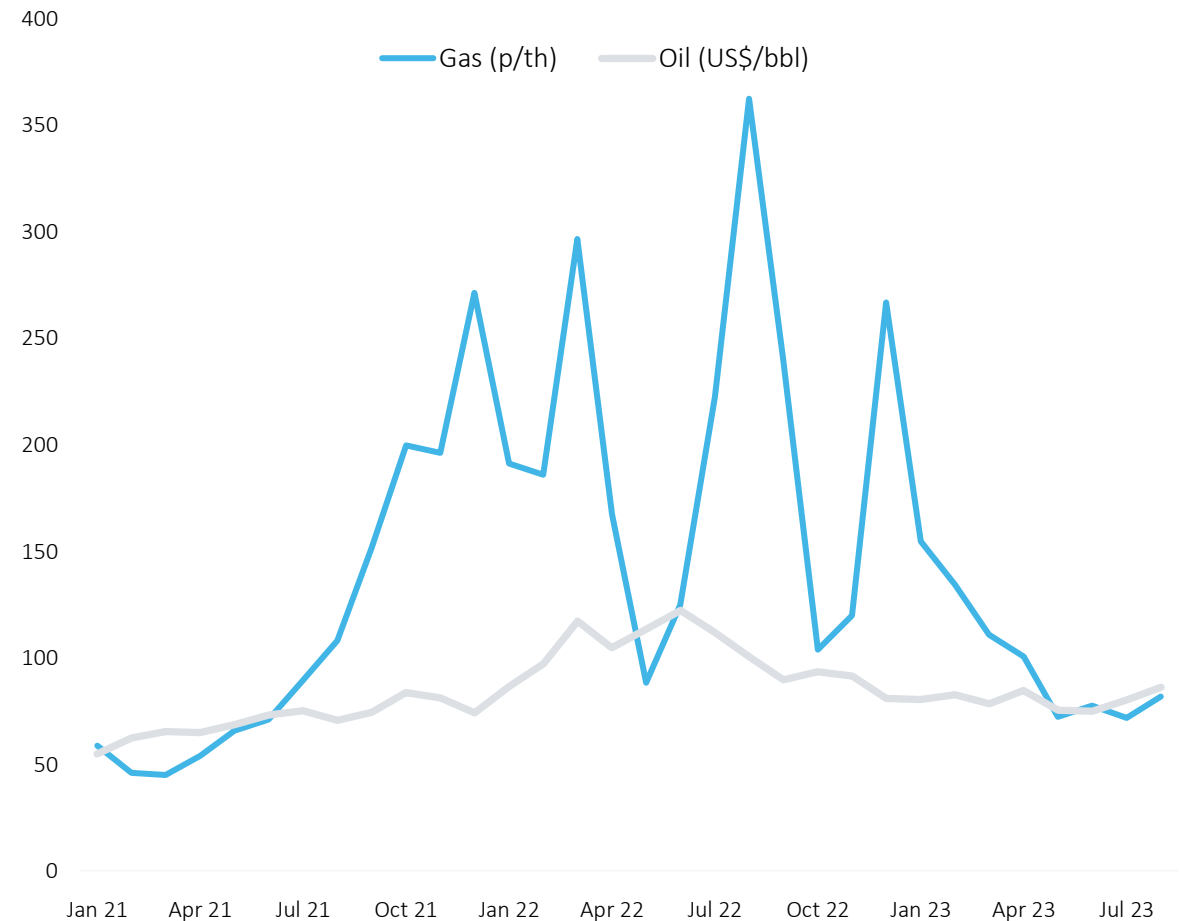
OIL PRICES MARKEDLY LESS VOLATILE THAN GAS

- Average market gas and oil prices
 - Gas: 108p/therm (175p/therm in 1H 2022)
 - Oil: US\$79/barrel (US\$107/barrel in 1H 2022)
- Trend in relative prices validates more balanced production mix
- Very low level of remaining gas hedges
 - 2H 2023 - 4.6 million therms @ 41p
- Oil hedges linked to RBL facility
 - 2H 2023 - 2.0 million barrels @ US\$61 (average)
 - 1H 2024 - 0.9 million barrels @ US\$70
 - 2H 2024 - 0.5 million barrels @ US\$80

Notes

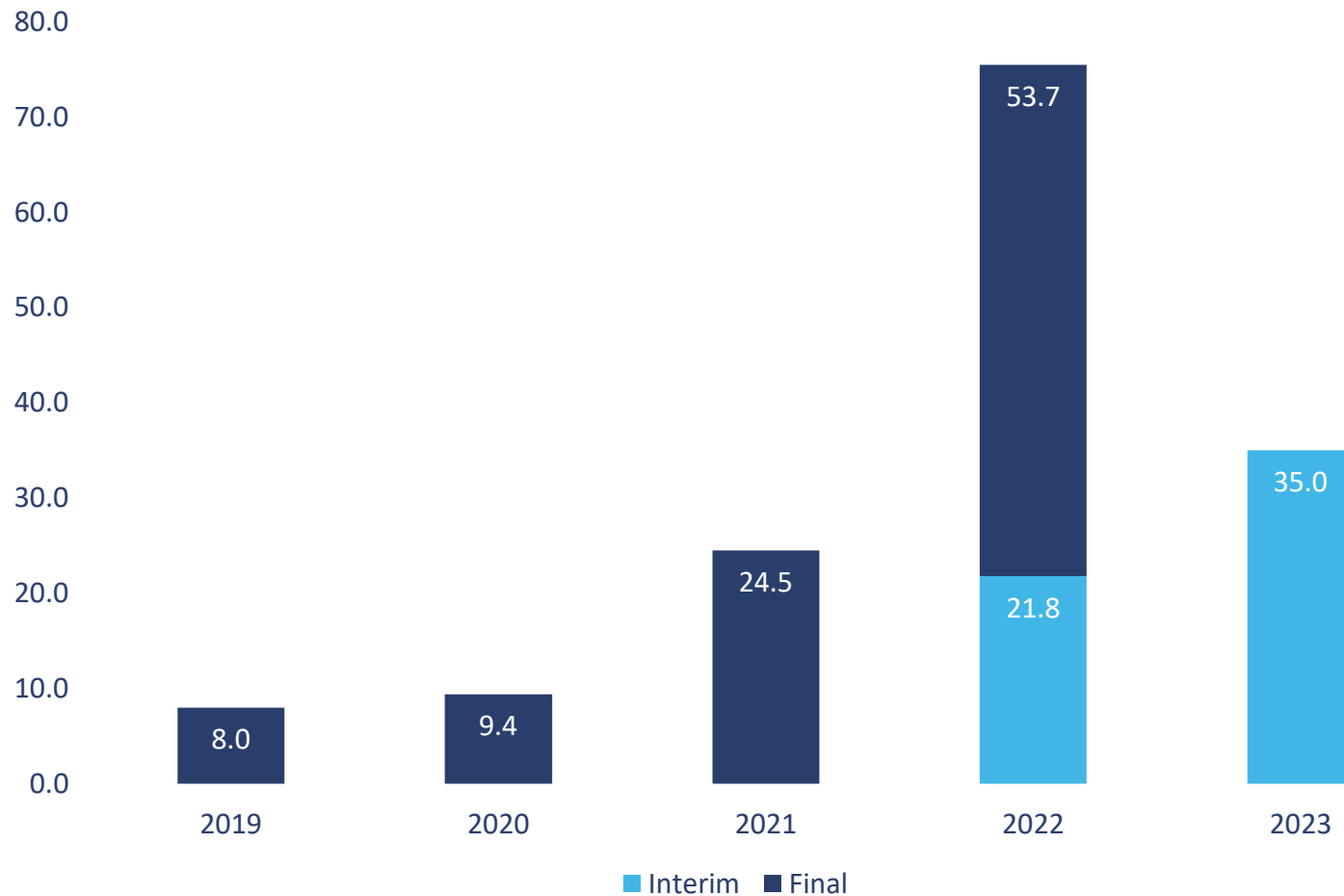
1. Gas price: Heren NBP day ahead
2. Oil price: Brent spot

Monthly Average Gas and Oil Prices



SIGNIFICANT CASH RETURNS TO SHAREHOLDERS

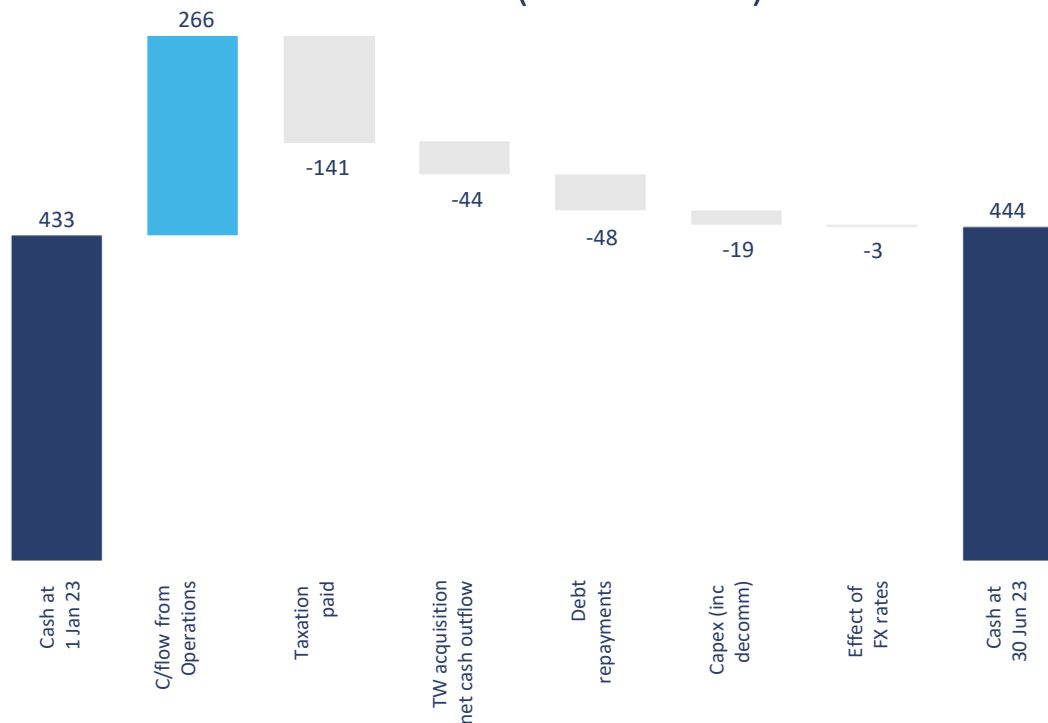
Dividends (£ million)



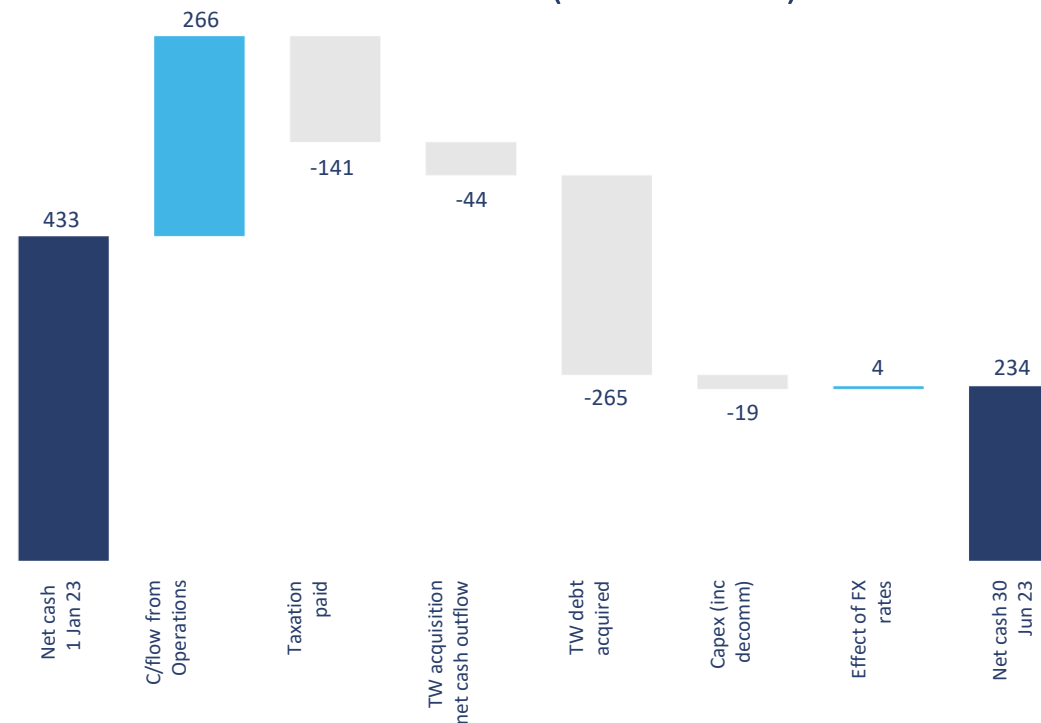
- Full year 2022 dividend of 22p/share
- Interim dividend of 9p/share declared for first half of 2023 (8p/share first half 2022)
- Ex-dividend date 26 October and payment date 23 November
- Dividends of £152 million paid or declared since April 2020

CASH GENERATIVE ASSETS

Gross Cash (£ million)



Net Cash (£ million)



- Cash movements in the period include
 - £266 million inflow from operations
 - £141 million paid in respect of 2022 tax
 - £44 million net cash outflow on Tailwind acquisition²
 - £48 million of debt repaid post completion

- Serica acquired £265 million of debt with Tailwind
- Gross debt £210 million¹ at 30 June 2023

Notes

1. After adjustment for unamortised fees of £3 million and includes £7 million FX adjustment between acquisition and period end
2. Includes Stamp Duty and net of cash held by Tailwind at 23 March 2023

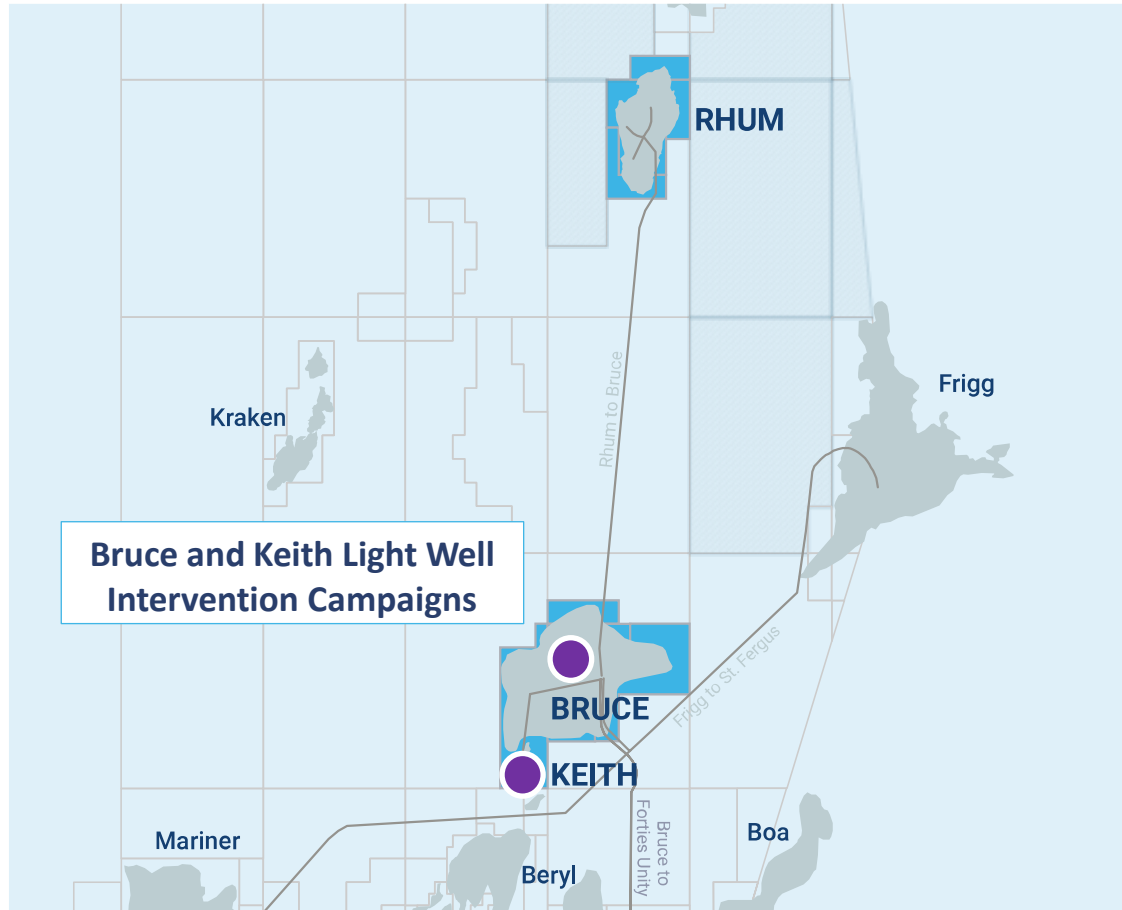


OPERATIONAL OUTLOOK

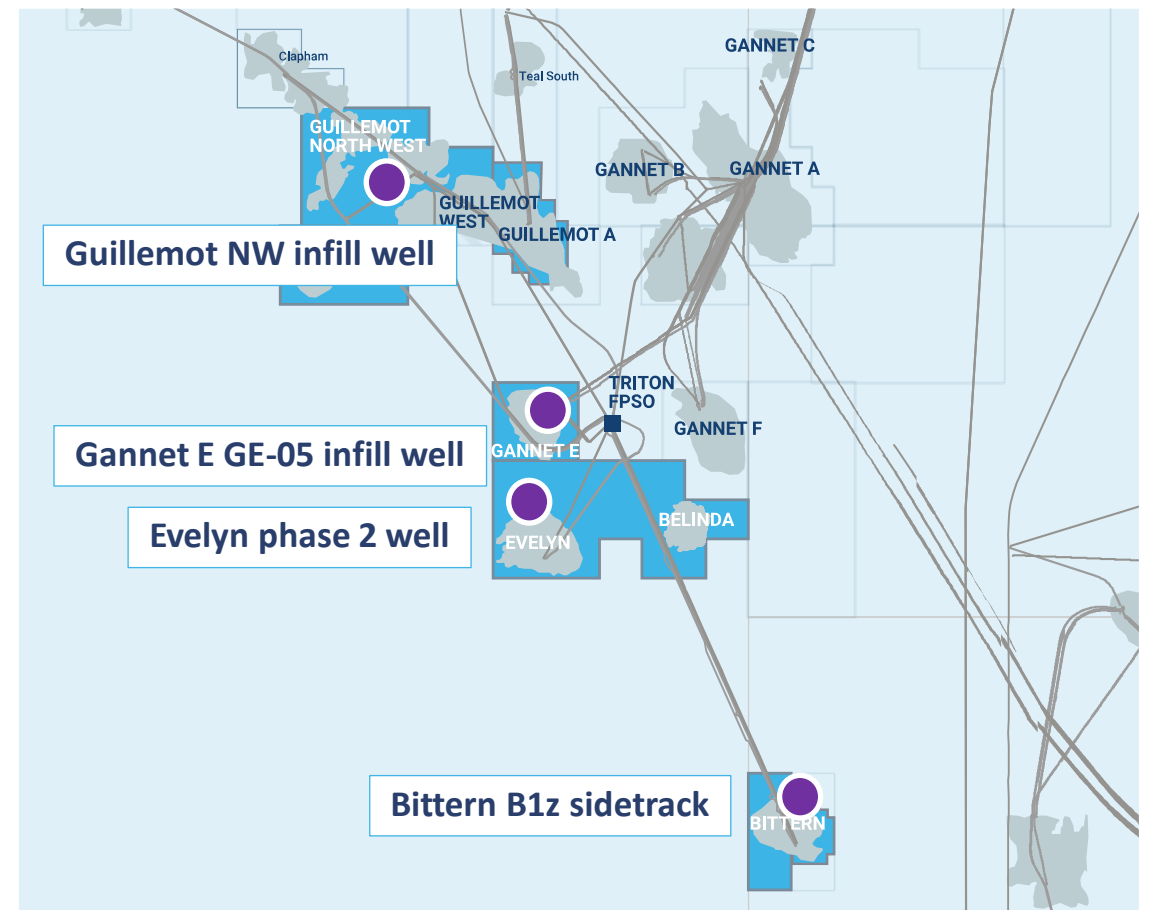
MITCH FLEGG, CEO

MULTIPLE WELL PROJECTS IN 2023/24

BRUCE HUB



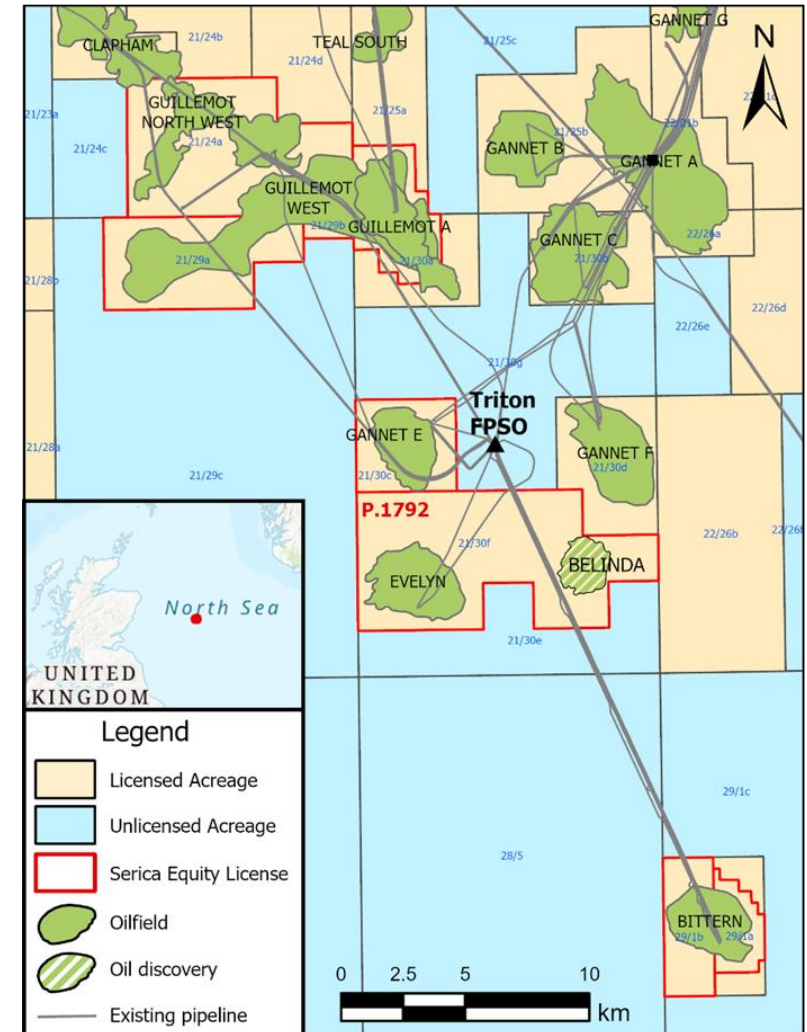
TRITON HUB



● *Planned activity in 2023/24*

PLANNING FOR DEVELOPMENT OF BELINDA

- Potential single well tie-back to Triton FPSO
- Discovered in 1990 and appraised in 2016
- Good seismic coverage including 3D reprocessed in 2020
- Lookalike to Evelyn field
- P50 reserves around 4 million barrels of oil and 5 billion cubic feet of gas
- Option on rig to drill well in 2025
- Draft FDP submitted to NSTA
- Project subject to FID and FDP approval
- Possible production start 1H 2026
- Capex qualifies for EPL Investment Allowance





CONCLUSION

MITCH FLEGG, CEO

DIVERSITY AND BALANCE PRODUCING RESULTS



Production and reserves taken to a new level following acquisition of Tailwind



Benefits of assets acquired, including tax losses, feeding through to the bottom line



Able to invest in assets, pay dividends and approach M&A from a position of strength



Regulatory uncertainties and current fiscal regime dictate a cautious approach in the UKCS



Evolution of organisation sets Serica up to build on achievements



Q&A