



Proposed Acquisition of Tailwind Energy  
20th December 2022





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# Major Acquisition by Serica

- Serica acquiring 100% of Tailwind for shares and cash
- Serica becomes top 10 UK producer
- Combined 2023 production expected to be 40-45 kboe/d
- Combined production more than 80% operated
- More balanced and diversified portfolio of assets
- Complementary combination of skills
- Premium financial profile maintained
- New phase of growth with Mercuria as a strategic investor



# Overview of Transaction and Strategic Relationship

## Transaction Structure

- Serica acquiring 100% of Tailwind Energy Investments Ltd
- The consideration for the acquisition comprises:
  - Issue of up to 111.05 million new Consideration Shares, representing approximately 28.9% of Serica’s enlarged issued share capital following completion
  - A cash payment on Completion of £58.7 million
- Equivalent to £367 million based on Serica’s closing price on 19<sup>th</sup> December 2022 of 278 pence per share
- Serica will be assuming Tailwind’s net debt, which as at 30<sup>th</sup> November 2022 was c. £277 million

## Material Impact on Portfolio and Capabilities

- New production hub in the Triton Area
- More balanced mix of gas and oil
- Deepens hopper of organic investment opportunities
- Significant net cash position on completion with enhanced cash generating potential
- Complementary leadership, technical and commercial skills

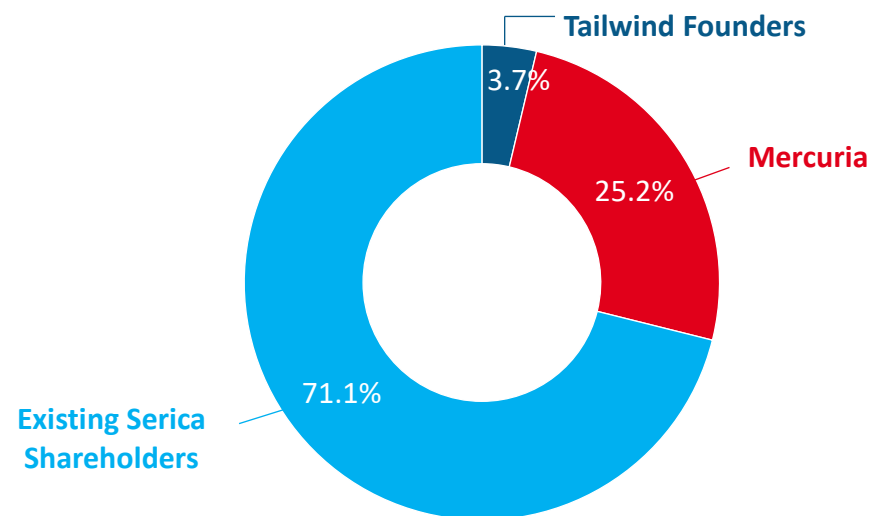
## Completion Conditions

- Customary regulatory approvals for UK upstream corporate transaction
- Allotment of shares
- Roll-over of RBL facility (subject to lender consent)
- New OFAC License

## New Strategic Investor

- Mercuria will become a strategic investor in Serica with a 25.2% holding
- Platform for growth through M&A
- Enlarged group to remain listed on AIM
- Relationship Agreement effective on Completion:
  - Mercuria to nominate two NEDs to the Serica Board
  - Lock-up and standstill restrictions of six and 18 months respectively
- Serica and Mercuria looking to extend existing marketing and hedging arrangements in respect of the Tailwind acquired assets

### Post-Transaction Ownership Structure



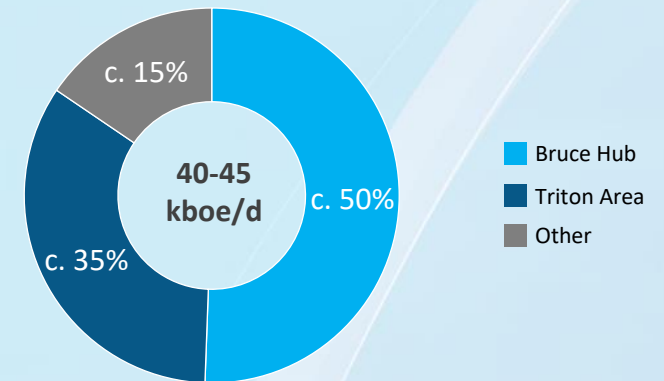
# Creating a More Balanced Portfolio



- Producing fields will more than double from 5 to 11
- Enlarged group will operate more than 80% of net production
- Carbon intensity of combined portfolio to be below UKCS average

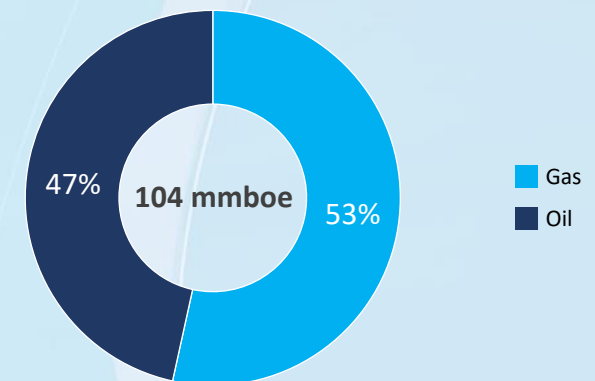
## Production Spread Across Two Main Hubs

Serica + Tailwind Production in 2023 (estimate)



## More Balance Across Gas and Oil

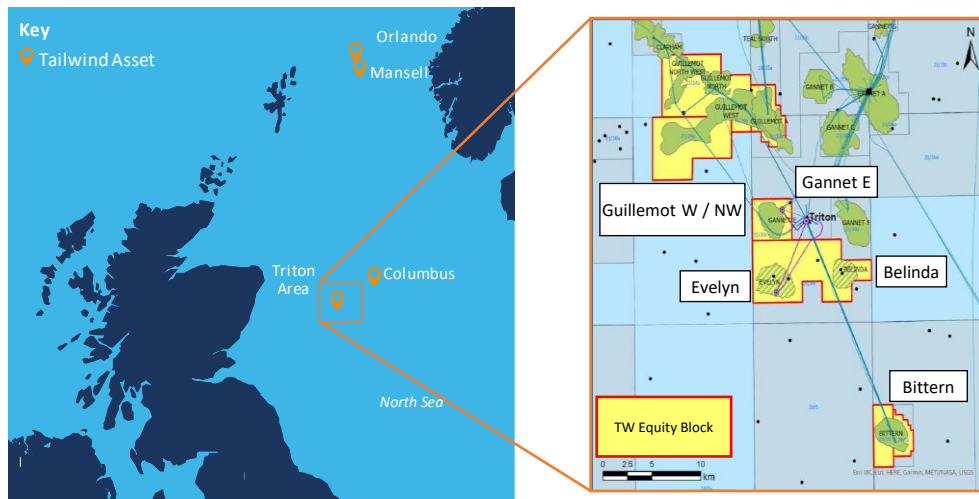
Serica + Tailwind 2P Reserves at 1 January 2022





# Tailwind's Portfolio: Rising Oil Production from Mix of Operated & Non-Operated Assets

## Asset Overview



Asset	Working Interest	Operator	Status
Triton FPSO	46.4%	Dana Pet.	Host infrastructure
Bittern	64.6%	Dana Pet.	Producing
Evelyn	100.0%	Tailwind	Producing
Gannet E	100.0%	Tailwind	Producing
Guillemot W/NW	10.0%	Dana Pet.	Producing
Belinda	100.0%	Tailwind	Feasibility studies
Columbus	25.0%	Serica	Producing
Orlando	100.0%	Tailwind	Producing
Mansell	100.0%	Tailwind	Feasibility studies

### Net Production

- 15-20 kboe/d expected in 2023
- Over 80% oil
- Mix of operated and non-operated fields

### Growth

- Infill wells in Triton Area fields adding production in 2023 & 2024
- Belinda tie-back being matured
- Mansell field re-development study

### ESG

- Projected carbon intensity reducing in 2023
- Triton operator developing Emissions Reduction Action Plan

# Serica's Portfolio: Mainly Operated, Gas Focused, With Growth Options

## Asset Overview



Asset	Working Interest	Operator	Status
Bruce	98%	Serica	Producing
Keith	100%	Serica	Producing
Rhum	50%	Serica	Producing
P2501 (North Eigg)	100%	Serica	Exploration
P2506	100%	Serica	Exploration
Columbus	50%	Serica	Producing
Erskine	18%	Ithaca	Producing
P2400 (Skerryvore)	20%	Parkmead	Exploration

Bruce Hub

### Net Production

- 26.6 kboe/d average in 1H22
- Responsible for c. 5% of UK gas production
- More than 90% operated

### Growth

- Bruce hub: Project 2035+
- Evaluating North Eigg results
- Bruce/Keith workovers & infill wells

### ESG

- BKR Scope 1 emissions down 14% 2019-21
- Pursuing further emissions reduction
- Plans to eliminate routine flaring by 2030



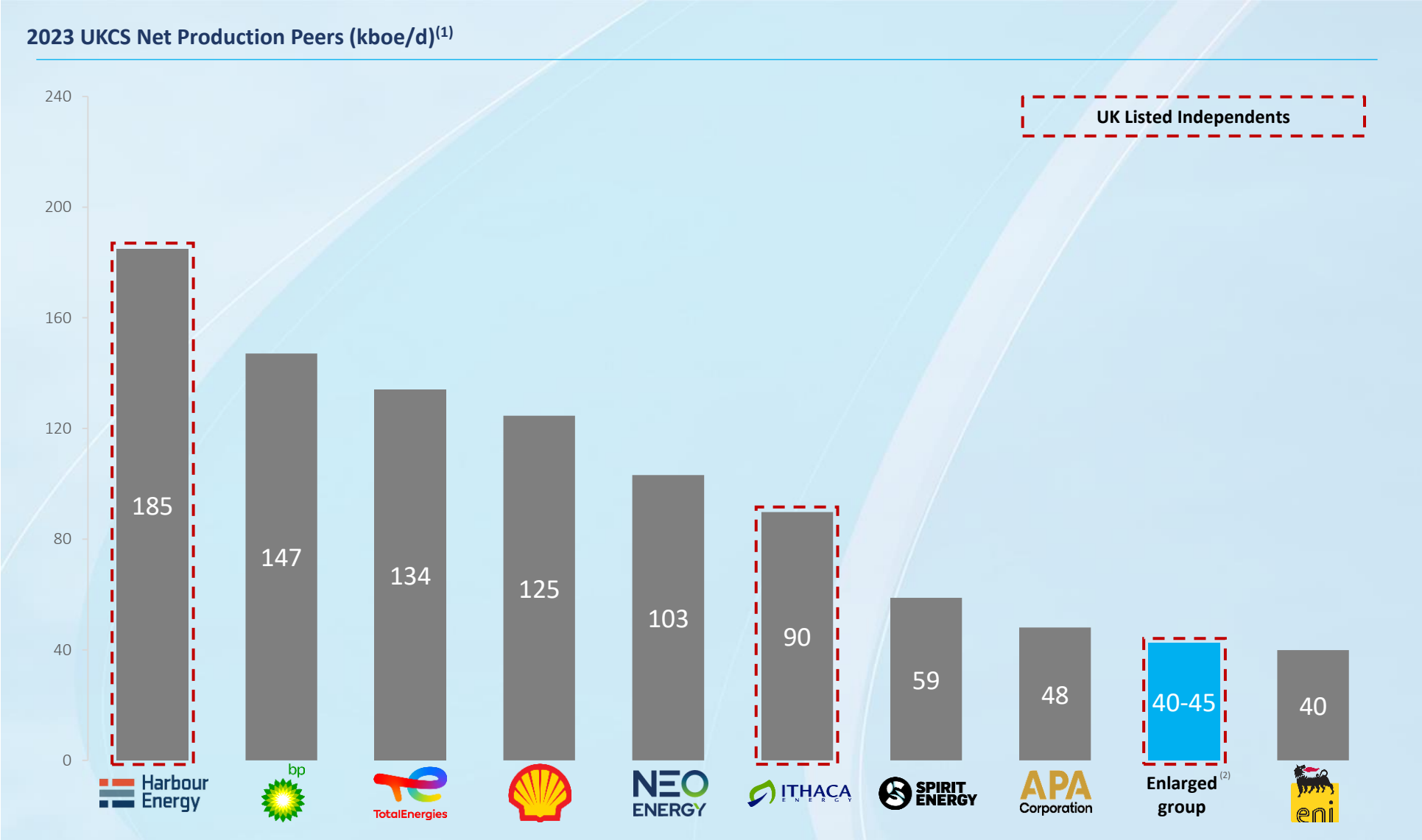
# Creates Scale with Financial Strength

Top 10 UKCS Producer

3<sup>rd</sup> Largest UK Listed Independent

Significant Net Cash

Low Decommissioning Liabilities



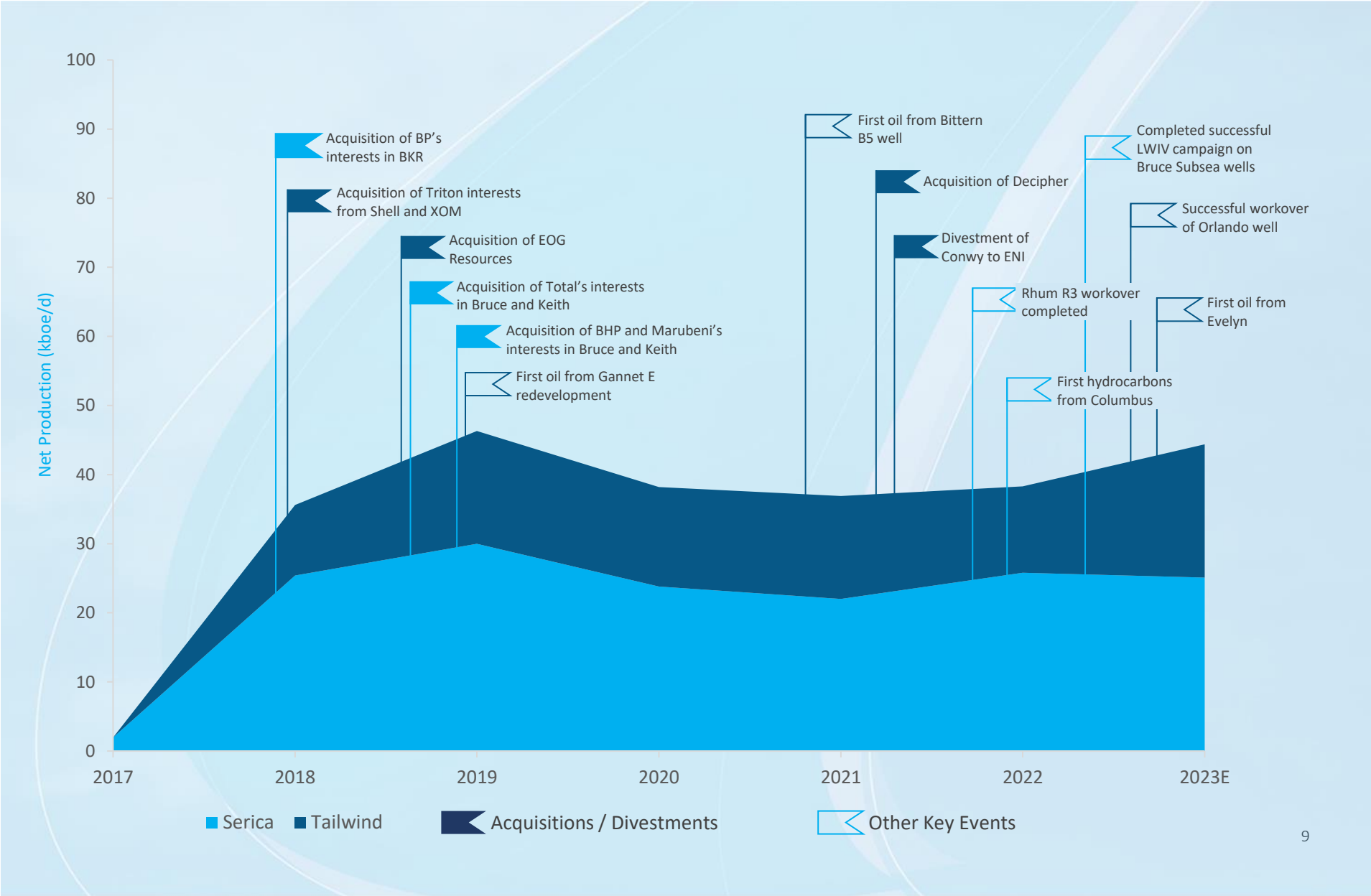
# Combining Track Records of Growth and Operating Excellence



- Twenty-fold increase in production since 2017 following Tailwind completion
- Sustained investment in fields
- Project 2035+ aimed at extending production of Bruce Hub



- Rising production profile from recent drilling and field developments
- Predominantly oil producer
- Operator of multiple tie-backs to Triton FPSO



# Strategic Investor with Wide Geographical and Energy Sector Reach




- Multi-faceted stakeholder in Tailwind since 2018 as investor, lender and provider of marketing and hedging services
- Committed strategic investor in Serica following the transaction
- Mercuria will be the largest single Serica shareholder with 25.2% on completion
- Relationship Agreement between Mercuria and Serica including lock-up and standstill arrangements
- Mercuria to nominate two NEDs onto Serica Board
- Existing Mercuria marketing and hedging support to Tailwind continuing post-transaction with aim to extend further



	<b>Focus</b>	<b>Commodity Complex</b>
	<b>Headcount</b>	<b>1,100+</b>
	<b>Offices</b>	<b>25+</b>
	<b>2021 Turnover</b>	<b>\$130 billion</b>
	<b>2021 Gross Profit</b>	<b>\$2.8 billion</b>
	<b>Book Equity<sup>(1)</sup></b>	<b>c. \$4.4 billion</b>
	<b>Assets</b>	<b>Producing assets, infrastructure &amp; logistics</b>

# Strengthened Board and Leadership Team

## Proposed Board Structure

 <b>Antony Craven Walker</b> Non-Executive Chairman	 <b>Mitch Flegg</b> CEO	 <b>Andy Bell</b> CFO	 <b>Kate Coppinger</b> Non-Executive Director	 <b>Trevor Garlick</b> Non-Executive Director
 <b>David Latin</b> Non-Executive Director	 <b>Jérôme Schmitt</b> Non-Executive Director	 <b>Malcolm Webb</b> Non-Executive Director	 To be Nominated prior to Completion Non-Executive Director	 To be Nominated prior to Completion Non-Executive Director

■ Serica Nominated  
■ Mercuria Nominated

## Senior Management Team

**Mitch Flegg**  
CEO

**Andy Bell**  
CFO

**Clara Altobell**  
VP ESG and Business Innovation

**Steve Edwards**  
CIO

**Danny Fewkes**  
Treasurer

**Fergus Jenkins**  
VP Technical

**Mike Killeen**  
VP Operations

**Stephen Lambert**  
VP Commercial

**Carol Stewart**  
North Sea Business Manager

**Jacques Tohme**  
Deputy CFO



# Significant Financial Capacity

- Firepower for M&A, organic investments and sustained dividend
- Strong cash flow from producing assets
- Significant net cash position on completion
- Refinancing of combined asset base planned in 2023
- Low decommissioning liabilities
- Tailwind has significant UK ring fence CT losses of \$1.4 billion and Supplementary Charge losses of \$1.2 billion <sup>(1)</sup>



# New Phase of Growth for Serica

- Tailwind transaction materially increases reserves and production whilst maintaining balance sheet strength and significant net cash position
- Diverse and resilient production portfolio with multiple organic investment opportunities such as Bruce and Triton infill wells
- Relationship with Mercuria creates platform for a range of growth options
- Combination of teams with impressive track records of deals (BKR & Triton) and projects (R3 & Evelyn)
- Board recommendation to approve allotment of Consideration Shares at General Meeting in January





# Completion Expected in March 2023

- **Announcement**  
(20<sup>th</sup> December 2022)
- **Circular Published to Shareholders**  
(Early January 2023)
- **GM to Approve Allotment of Consideration Shares**  
(January 2023)
- **Fulfil Conditions Precedent**  
(January – March 2023)
- **Completion Upon Consideration Shares Being Admitted to Trading**  
(March 2023)

