

GROWING OUR BUSINESS

2022 Full Year Results and Outlook





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SERICA 2022 HIGHLIGHTS



Higher Production

Average net production increased by 18% to **26,200 boe/d** (2021: 22,200 boe/d)



Increased Reserves

Serica net 2P reserves increased to **74.9 million boe** at end 2022 (2021: 62.2 million boe). Serica 2022 production replaced more than two-fold



Improved Income

Operating Profit of **£476.2 million** (2021: £246.1 million) and Profit after Tax of £179.4 million (2021: £79.3 million)



Increased Dividend

Maiden interim dividend of 8p/share paid in November and recommended 2022 final dividend of 14p/share will bring full year payment to **22p/share**

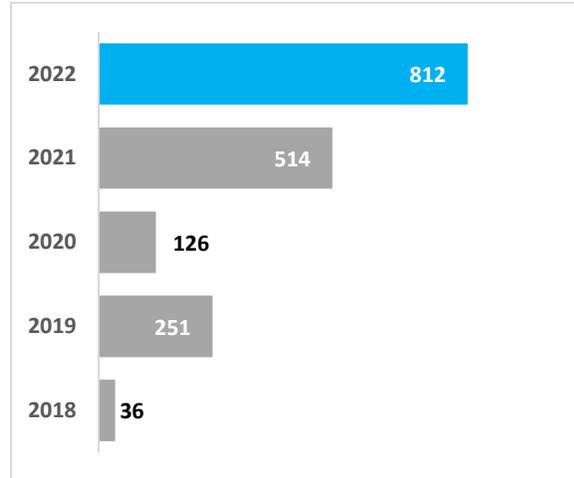


Portfolio Diversified

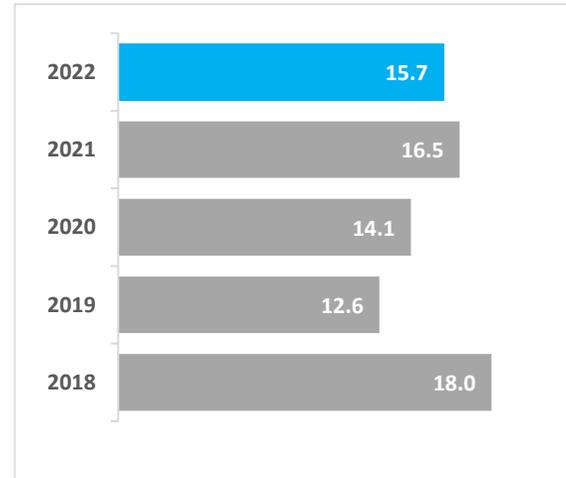
Announced **acquisition of Tailwind** – completed March 2023

2022 FINANCIAL HIGHLIGHTS

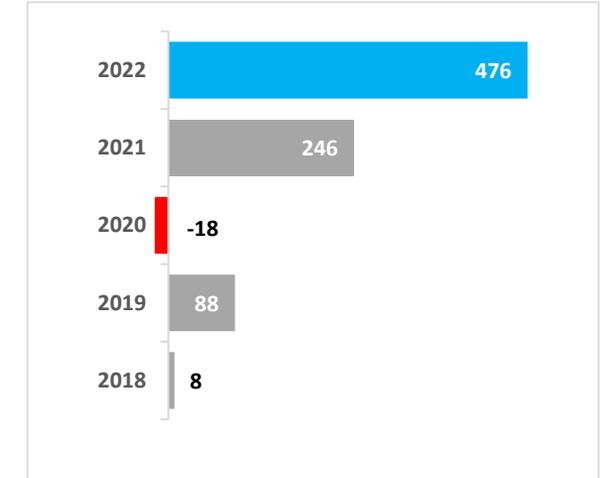
Revenue (£million)



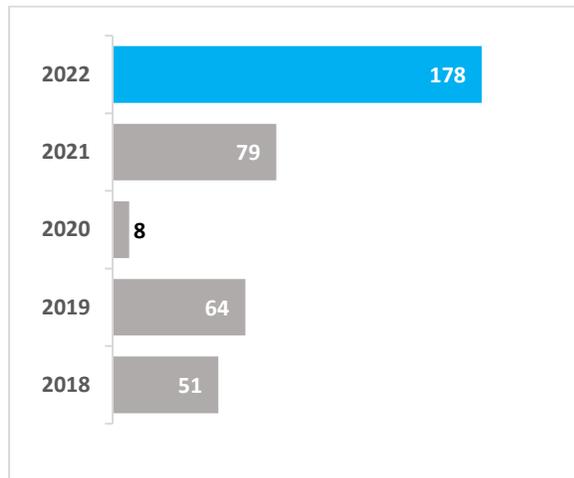
Unit Operating Costs (\$/boe)



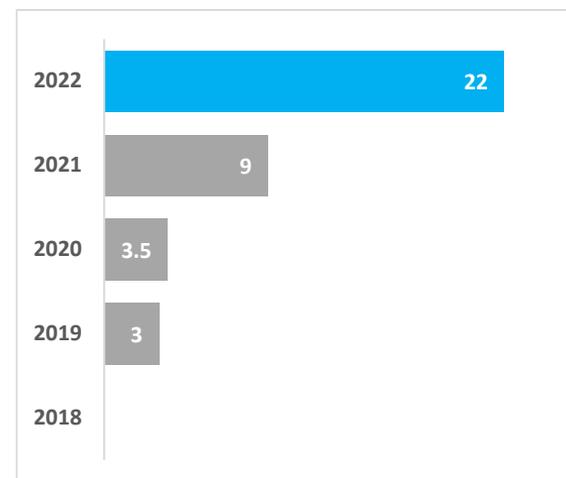
Operating Profit (£million)



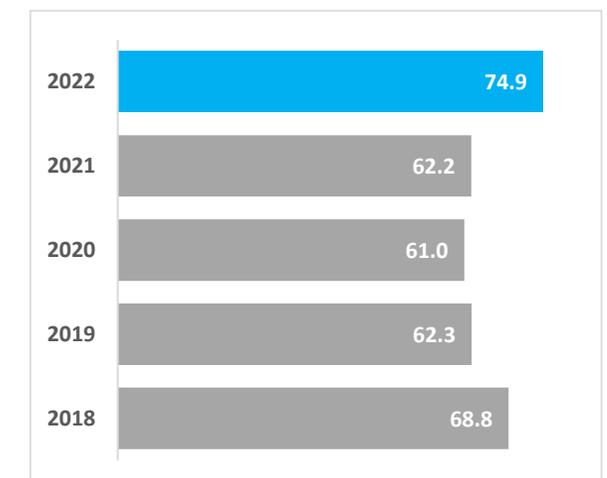
Profit After Taxation (£million)



Full Year Dividend (p/share)



Serica Net 2P Reserves (mmboe)

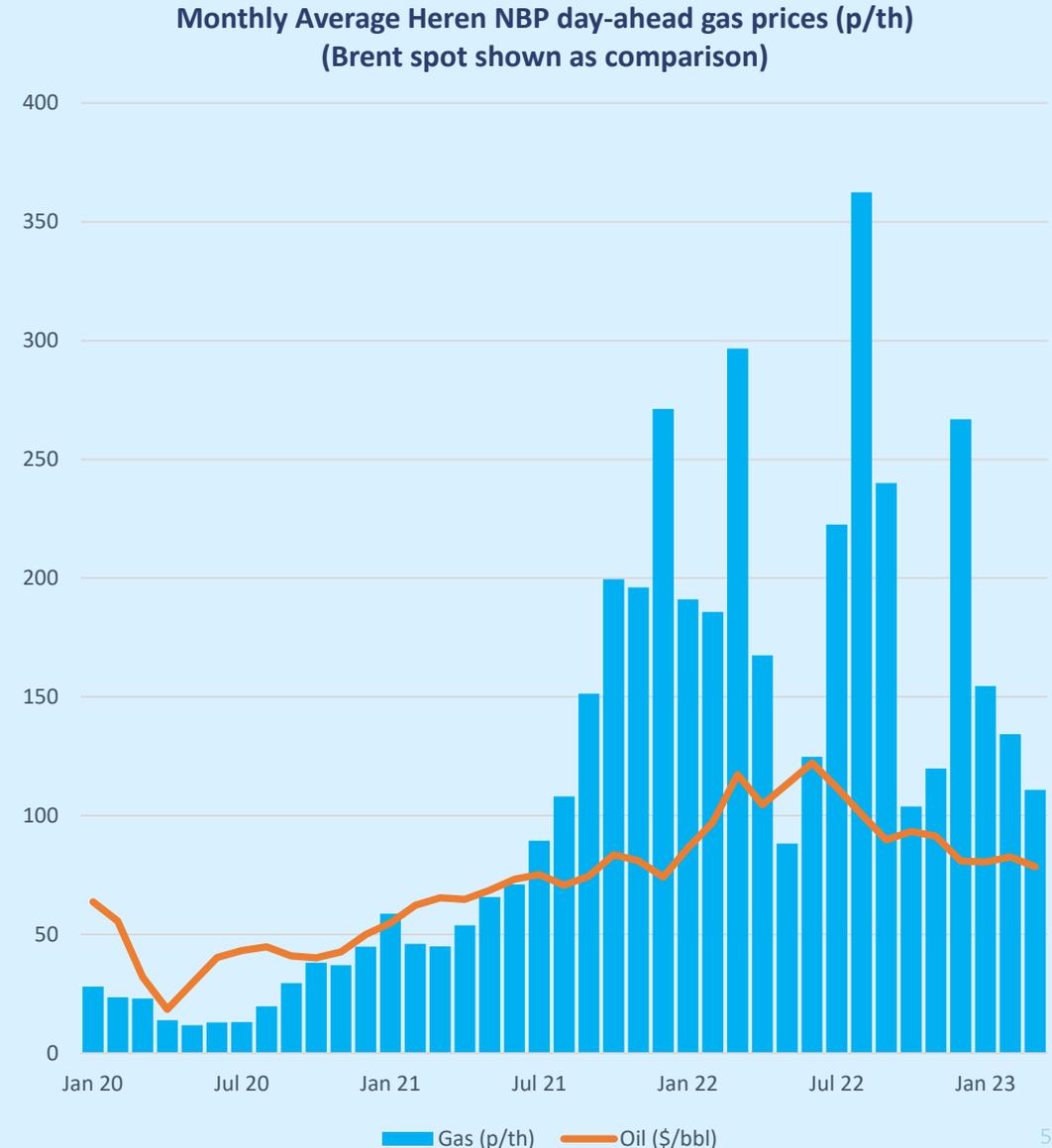


COMMODITY PRICE VOLATILITY

- Intense gas price volatility has continued
- In 2022 daily average gas prices ranged between 10p/th and 516p/th
- The annual average market gas prices have been as follows:

2020	25p/th
2021	113p/th
2022	198p/th
Q1 2023	132p/th

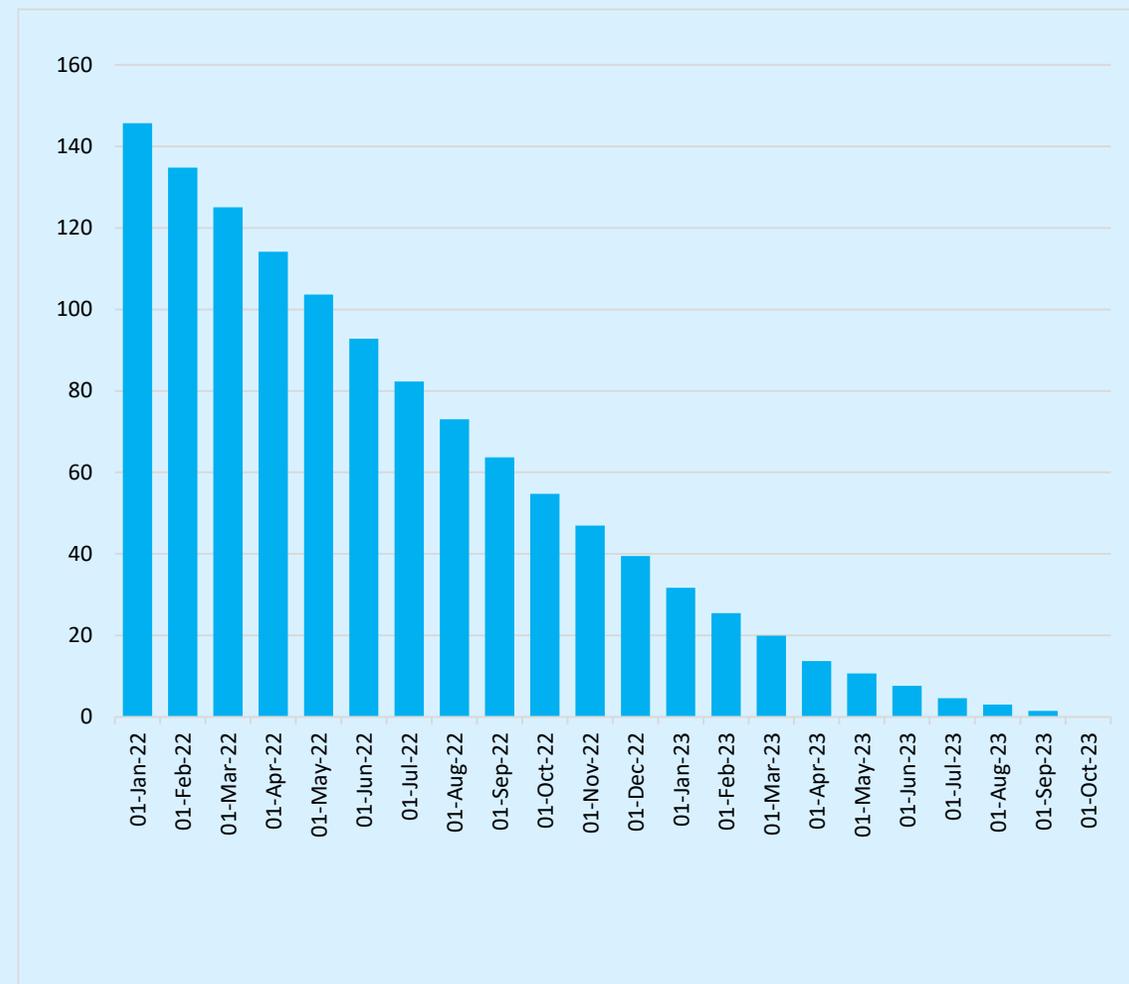
- Realised oil prices have also risen from the lows encountered in 2020 but have remained relatively stable recently



REMAINING GAS HEDGES DECLINING

- Due to Serica’s increasing financial strength, the company has not entered into any new gas hedging since July 2021
- At the start of 2022 Serica held hedges covering a total of 146 million therms – structured as part swaps* and part fixed pricing under Gas Sales Agreements
- By 2022 year end only 22% of these hedges remain
- Serica’s Margin Call requirement (which exceeded £300 million at times during 2022) has now reduced to zero
- A proportion of the oil production acquired post year-end from Tailwind is hedged as part of the Reserve Based Lending (RBL) facility
 - 2023 (from 23 Mar): 11,000bbl/d at US\$58/bbl
 - 2024: 4,000bbl/d at US\$74/bbl
- 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

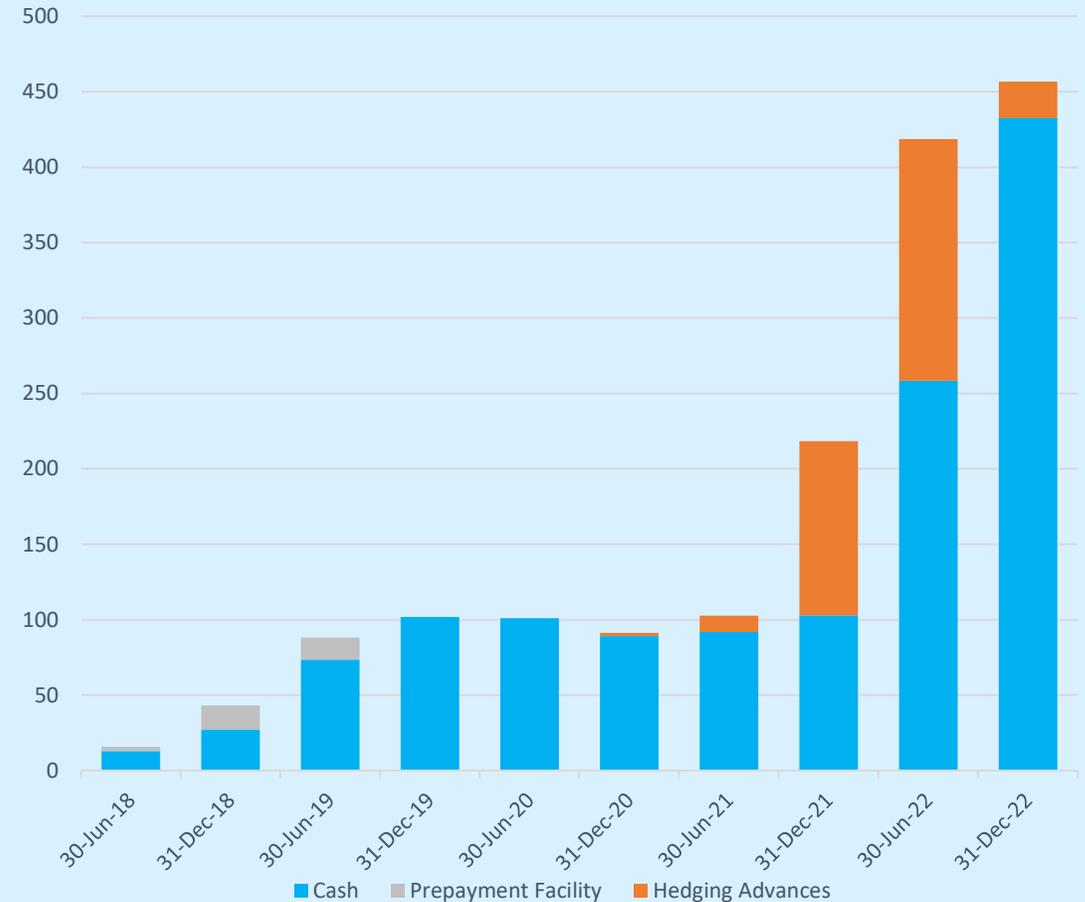
Remaining Volume of Hedges (million therms)



STRONG CASH POSITION

- Closing cash at 31 December 2022 of £433 million (2021: £103 million) plus a further £24 million of hedging related margin calls (2021: £115 million)
- End 2022 closing cash after:
 - £97 million exploration and development spend (2021: £52 million)
 - £93 million final BKR cash flow sharing and Rhum performance-related payments
 - £46 million dividends paid (2021: £9 million)

Cash, cash equivalents and hedging advances (£ million)



INCREASED DIVIDEND

- Strong profitability and cash generation during 2022 enabled a maiden interim dividend* of 8p per share** to be paid in November 2022
- Continued profitability and cash generation during 2H 2022 allows Serica to propose a final dividend of a further 14p/share***
- Subject to shareholder approval at the AGM, the final 2022 dividend of 14 pence per share will be payable on 27 July 2023 with an ex-dividend date of 29 June 2023
- The continued strength of the company underpins the intention to maintain or increase the dividend in future years

A final dividend of 14p/share will bring the total dividend payment to 22p/share in respect of 2022

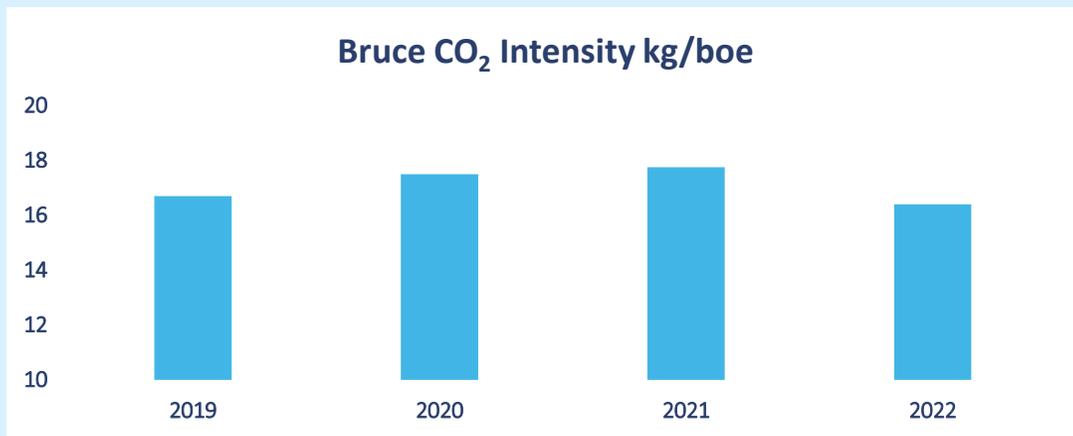
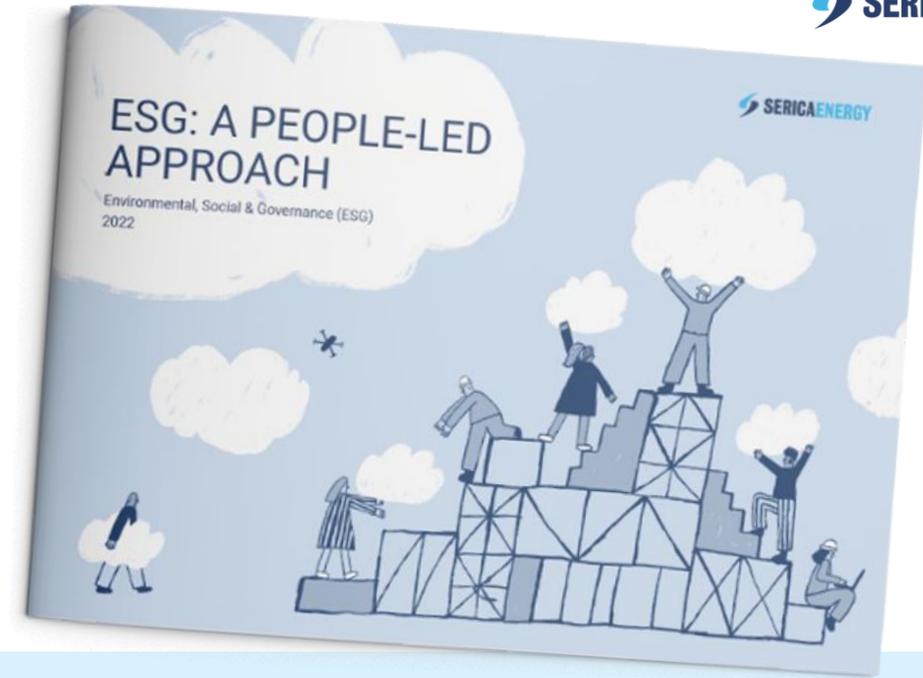
* Following year end the Directors became aware that a filing in respect of certain dividends paid in 2022 had not been made as required under the Companies Act. Accordingly a resolution will be proposed at this year's AGM to resolve this

** The interim dividend was paid to shareholders on the register at that time (approx. 273 million)

*** The final dividend will be paid to the shareholders on the register on 30 June 2023 (expected to be approx. 381 million)

FOCUS ON THE ENVIRONMENT

- Driving down carbon intensity
 - 32% lower than UK North Sea average for equivalent facilities
- Setting emissions reduction targets
- Engineering solutions to achieve goals
- Supporting new technology



Emissions reduction target	Year
Baseline	2018
10%	2025
25%	2027
50%	2030
Net Zero	2050

Targets in line with the UK North Sea Transition Deal

ACQUISITION OF TAILWIND



STRATEGIC RATIONALE FOR TAILWIND TRANSACTION

Diversifies portfolio

- Portfolio strengthened by adding new production hub in the Triton Area resulting in a balanced mix of gas and oil
- Introduces multiple short-cycle organic growth opportunities

Production & reserves increased

- Serica becomes top 10 UK producer with net 2023 production increased by 50 – 80%
- Increases Serica net 2P reserves

Accretive from year one for shareholders

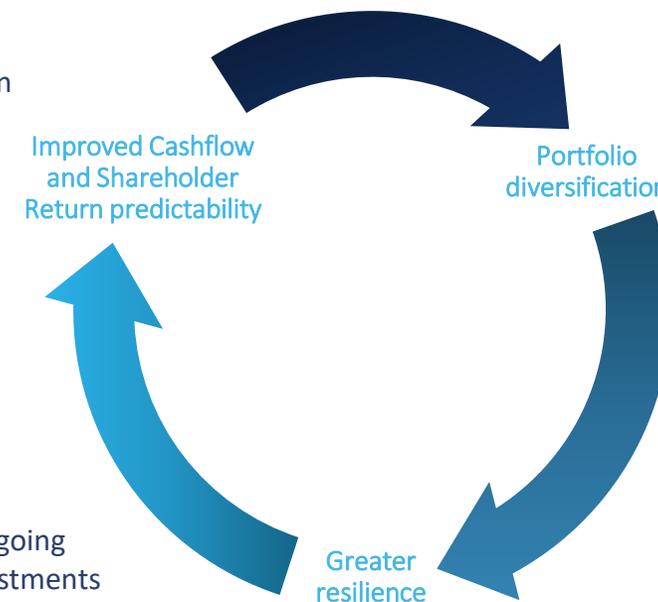
- Forecast to be immediately accretive to earnings per share
- ~20% increase in reserves per share
- ~50% increase in 2023 – 2025 projected cash flow per share

Financial strength enhanced

- Significant net cash position of enlarged entity and strong ongoing cashflow creates significant fire power for M&A, organic investments and cash returns to shareholders
- Both asset portfolios characterised by low decommissioning obligations

Committed strategic investor

- Introduces Mercuria as a strategic shareholder with a 25.2% interest bringing additional capabilities and commitment to further growth
- Experienced and valued risk management partner with international reach



The acquisition of Tailwind creates a balanced portfolio of assets with growth potential across two main production hubs

2023 net production guidance

40-47,000 boe/d

47% oil, 53% gas

11 producing fields

2 producing hubs

200+ staff

In London, Aberdeen and offshore

80% of production operated by Serica

 **ORLANDO & MANSELL**


 **NNS EXPLORATION
RHUM**

 **BRUCE & KEITH**

 **TRITON AREA**

 **COLUMBUS**

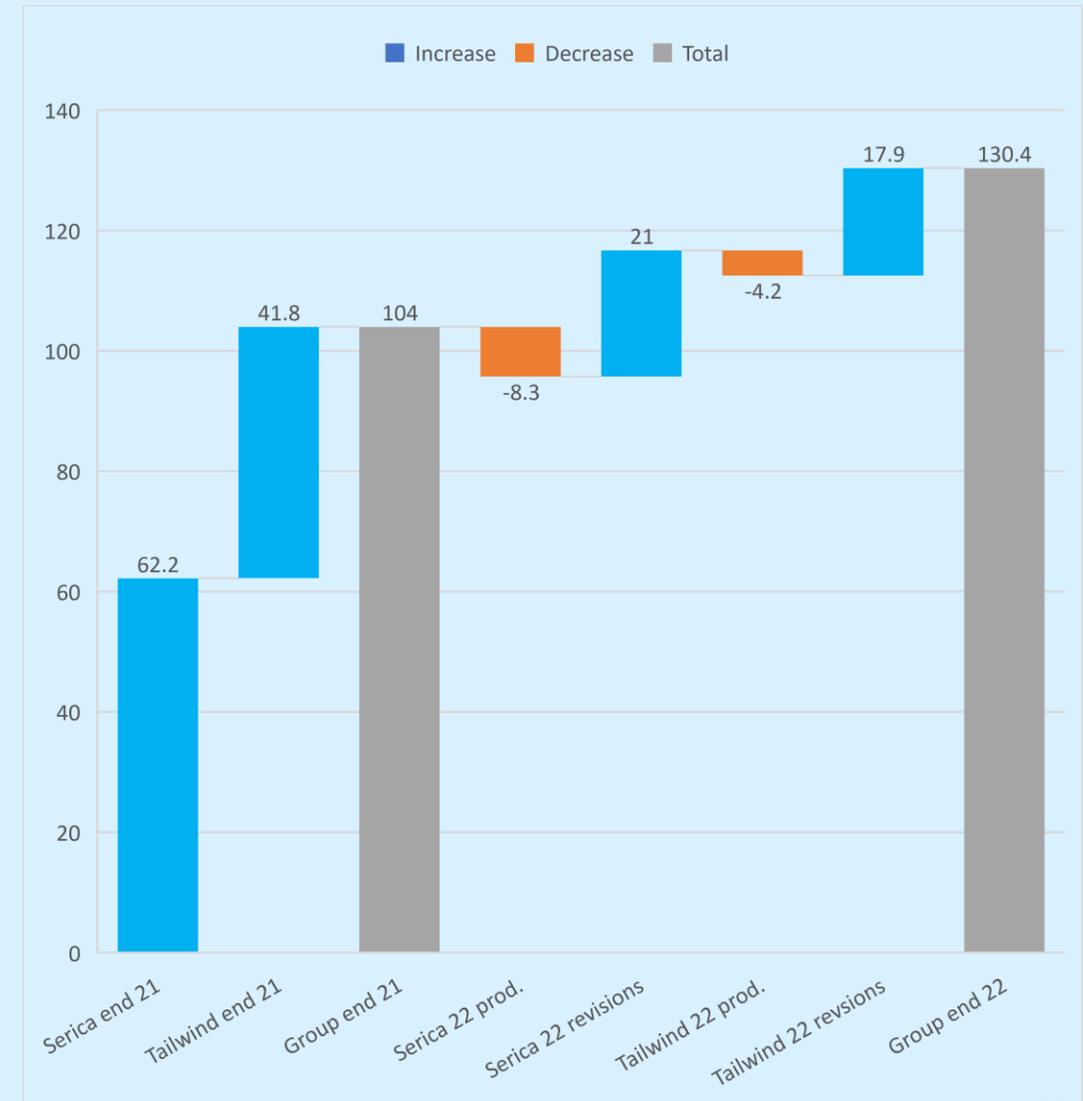
 **ERSKINE**

 **SKERRYVORE**

CPRs DEMONSTRATE SUCCESS

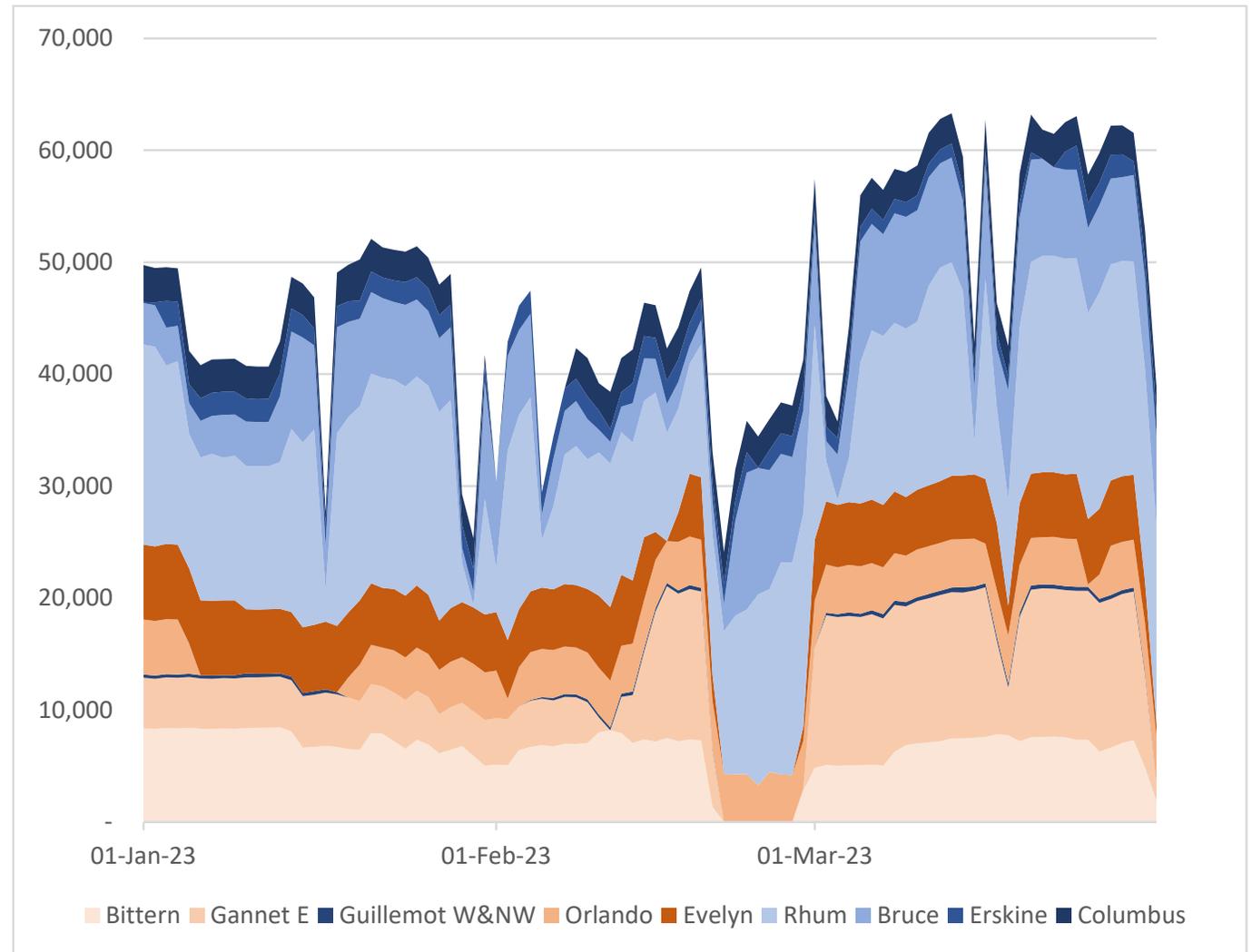
- New Competent Person's Reports have been issued for both the Serica and Tailwind portfolios
- The Serica portfolio net 2P reserves increased from 62.2 mmboe at end 2021 to 74.9 mmboe at end 2022
- The Tailwind portfolio net 2P reserves increased from 41.8 mmboe at end 2021 to 55.5 mmboe at end 2022
- Net reserves revision more than three times total amount produced in 2022
- Net reserves doubled compared to end 2021
- Increase in 2P reserves demonstrates the successful strategy of investing to add value

Proforma 2P Reserves Movement (mmboe)



OUTSTANDING Q1 2023 PRODUCTION

- Net production for the combined Serica and Tailwind portfolios averaged 46,800 boe/d during Q1 2023
- The introduction of the Gannet GE-04 well has boosted total production to above 60,000 boe/d on several occasions during March
- Full Year 2023 production guidance is 40,000 – 47,000 boe/d



SANCTIONED SHORT-CYCLE GROWTH PROJECTS

- Bruce Light Well Intervention Campaigns (2023 & 2024)
- Bittern B1z well
- Gannet GE-05 infill well
- Evelyn phase 2 well
- Guillemot NW infill well



A NEW GROWTH PHASE FOR SERICA

Despite the challenging fiscal regime in the UK, the Tailwind transaction provides the following:

Enhanced Organic Growth Opportunities

- Creates a diverse, balanced and resilient production portfolio with multiple organic investment opportunities such as Bruce and Triton infill wells
- Combination of teams with impressive track records of deals (BKR & Triton) and projects (R3 & Evelyn)

Increased Firepower for Inorganic Growth

- The transaction materially increases reserves and production whilst maintaining balance sheet strength and significant net cash position
- Relationship with Mercuria creates platform for a range of growth options

Improved Platform for Shareholder Returns

- Expected to be accretive per share at reserves, production, cashflow and earnings levels
- Strong basis from which to sustain and keep growing the return to shareholders





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