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# Serinus Energy plc

## Financial results for the six months ended 30 June 2022

15 August 2022



**SERINUS**  
ENERGY PLC



# H1 2022 Results

## Operational Highlights

### H1 2022 Operational Highlights

- Average production for the period – 1,006 boe/d
  - Romania – 485 boe/d
  - Tunisia – 521 boe/d
- In Romania, The Company has commenced drilling of the first of two exploration wells scheduled in the second half of 2022
  - Canar-1 well spudded on 04 August 2022
    - Located 4.0 kilometres west of the Moftinu Gas Plant
    - Planned depth of 1,600 metres
    - Targeting three prospective hydrocarbon zones
  - Moftinu Nord-1 well will be spudded after completion of the Canar-1 rig operations
    - Located 5.2 kilometres northwest of the Moftinu Gas Plant
    - Planned depth of 1,000 metres
    - Targeting three prospective hydrocarbon zones
  - With success, these wells will be tied into the Moftinu Gas Plant to utilize existing plant capacity

# H1 2022 Results

## Operational Highlights

### H1 2022 Operational Highlights - continued

- In Tunisia, the Sabria W-1 wellsite has been prepared for the intervention to install a submersible pump for the Artificial Lift programme in the Sabria field
  - All materials required for this intervention are in our in-country warehouse
  - The Company is in position to immediately begin workover operations on the Sabria W-1 well as soon as La Compagnie Tunisienne de Forage (“CTF”), the monopoly national drilling company, is able to comply with the terms of the agreed rig contract
  - The Company has signed a rig contract for the CTF 006 rig and is awaiting mobilization from another operator and the workover and pump installation at the Sabria W-1 well will commence as soon as the rig is available
- Upon completion of the workover and pump installation at Sabria W-1, the rig will move to the Sabria N-2 well to perform a workover to recomplete the well
  - This well was drilled in 1980 but was damaged during completion and, although in proximity to producing wells, was not able to flow oil to surface due to damage during completion
  - The workover program will re-complete the well and remove any wellbore restrictions.
- Production remains stable at the Chouech Es Saida field as a result of the Company’s programme of pump installation and maintenance

# H1 2022 Results

## Current Events

**Strong  
Prices amid  
Global  
Uncertainty**

- The events unfolding in Ukraine have focused attention on energy security
- Sanctions on Russia and outright bans on purchase of Russian oil will impact global and continental energy trade patterns
- For Europe, energy security has become a paramount issue and has resulted in calls for the reduction or elimination of Russian oil and gas imports
- Europe diversification away from Russian gas supplies will seek increased LNG deliveries, more gas through existing pipelines from North Africa and Central Asia, and increased gas production from within Europe
- In Romania, Serinus is implementing its 2022 exploration and development plans to increase its gas production in Romania to help reduce the dependency of Romania and Eastern Europe on imported Russian gas
- In Tunisia, the Company continues to progress the artificial lift programme, which the Company expects to increase the Company's Tunisia oil and gas production and provide a high return to investment

# H1 2022 Results

## Financial Highlights

### H1 2022 Highlights

- Revenue for the six months ended 30 June 2022 was \$29.3 million (30 June 2021 - \$15.9 million)
- Funds from operations for the six months ended 30 June 2022 were \$8.2 million (30 June 2021 - \$5.3 million)
- EBITDA for the six months ended 30 June 2022 was \$8.1 million (30 June 2021 - \$5.5 million)
- Gross profit for the six months ended 30 June 2022 was \$8.0 million (30 June 2021 - \$2.1 million)
- The Company realised a net price of \$154.83/boe for the six months ended 30 June 2022 comprising:
  - Realised oil price - \$101.63/bbl
  - Realised natural gas price - \$33.80/Mcf
- The Group's operating netback remained strong for the six months ended 30 June 2022 and was \$113.38/boe (30 June 2021 - \$26.72/boe), comprising:
  - Romania operating netback - \$171.01/boe (30 June 2021 - \$28.73/boe)
  - Tunisia operating netback - \$63.49/boe (30 June 2021 - \$21.85/boe)

# H1 2022 Results

## Financial Highlights

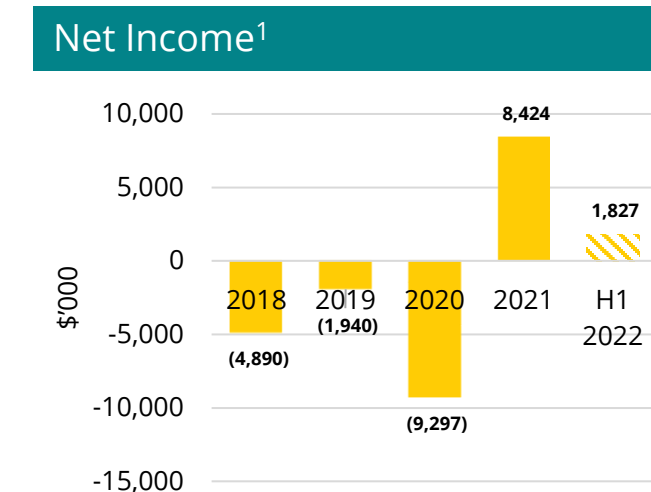
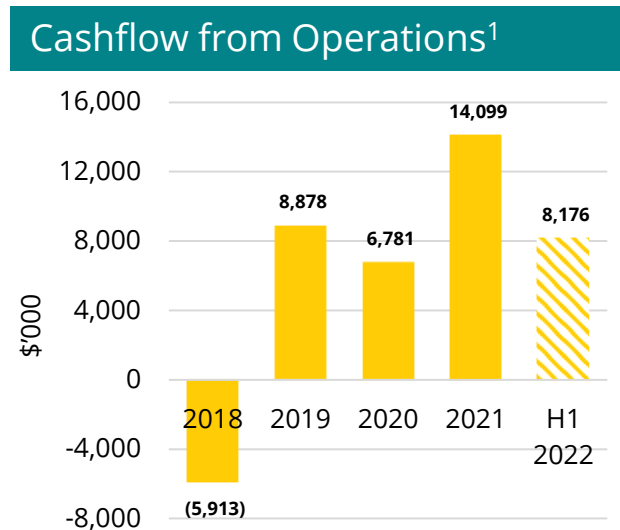
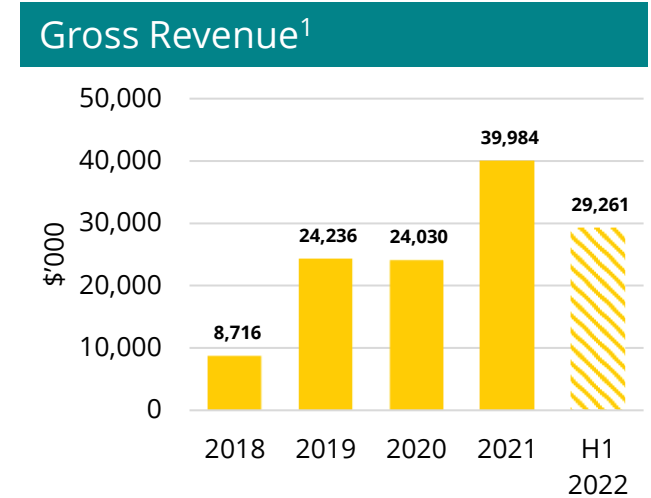
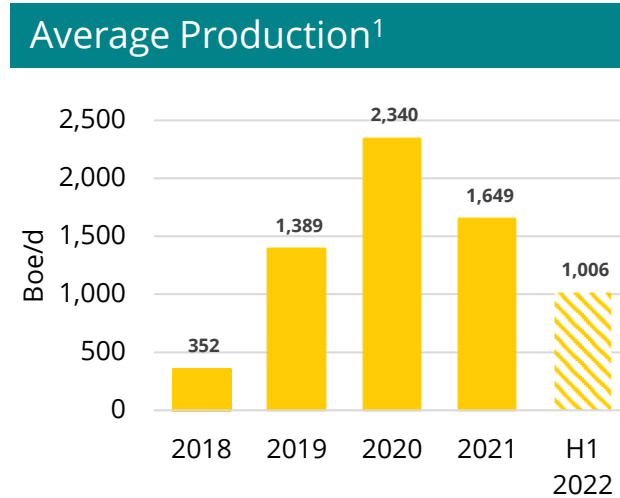
### H1 2022 Highlights - continued

- Capital expenditures of \$4.2 million (30 June 2021 – \$5.9 million), comprising:
  - Romania – \$3.5 million
  - Tunisia – \$0.7 million
- Working capital improved to \$2.8 million (31 December 2021 - \$0.6 million)
- Cash balance as at 30 June 2022 was \$7.2 million (31 December 2021 - \$8.4 million)

# Operating & Financial Metrics

## Generation of significant operating cashflow

- H1 2022 revenue increased by 84% versus H1 2021 due to higher oil and gas prices offsetting production decline in the year
- Consistent focus on cost control and cashflow to create a stable platform for future investment
- Strong cashflow generation to support significant capital investment program in Romania and Tunisia in 2022

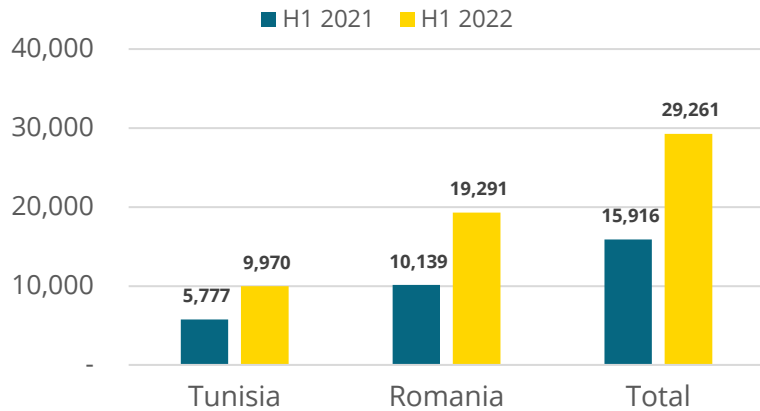


1. Audited Annual Reports for 2017-2021

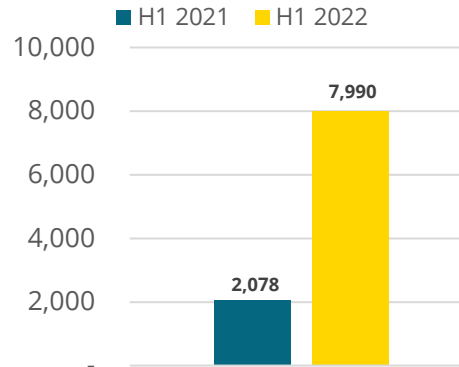
# Revenue and Costs of Sales

## Increased revenue and net income

### Gross Revenue (\$'000)



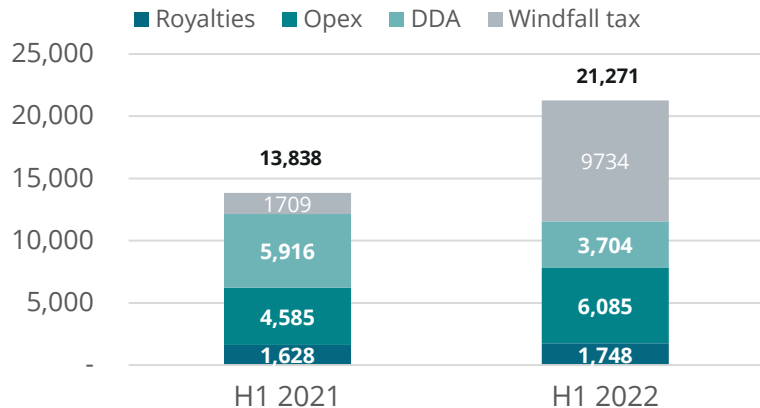
### Gross Profit (loss) (\$'000)



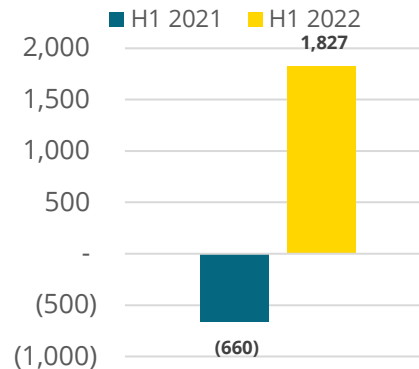
### Revenue:

- Gross revenue increased to \$29.3mm (H1 2021: \$15.9mm) supported by the significant increase in commodity prices
- Company executed an oil lifting in Tunisia in April 2022 of 42,000 bbls net to Serinus at \$104.79/bbl

### Cost of Sales (\$'000)



### Net Income (loss) (\$'000)



### Cost of sales:

- Increased to \$21.3mm (H1 2021: \$13.8mm), due to higher windfall tax and operating costs offset by lower depletion and depreciation

### Gross profit:

- Gross profit of \$8.0mm (H1 2021: \$2.1mm)

### Net income for the period:

- Generated net income for the period of \$1.8mm (H1 2021: net loss \$0.7mm)

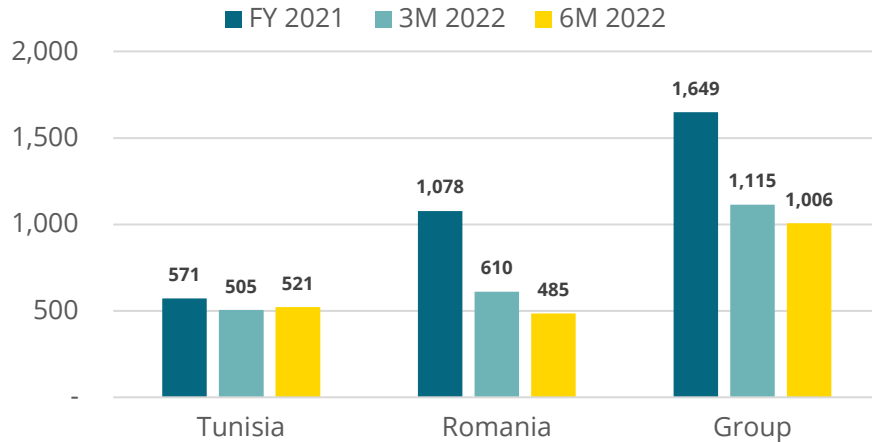
1. Windfall tax for Romania gas production only



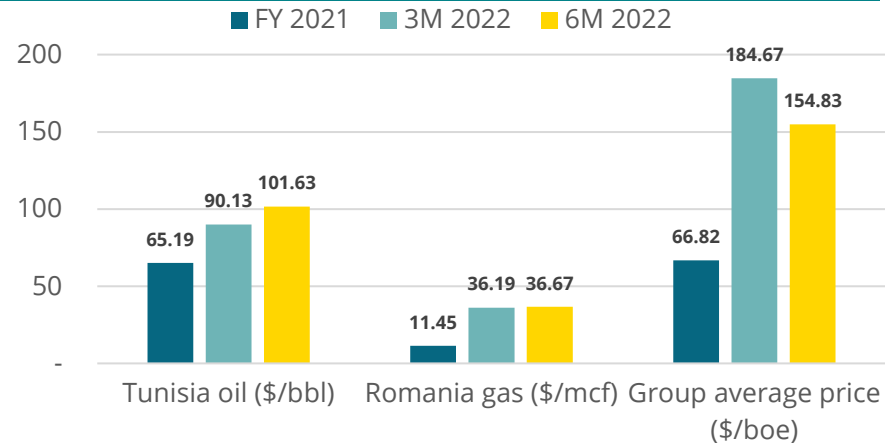
# Production and Realized Prices

## Natural Production Declines Offset by Significant Increase in Commodity Prices

### Average Production Volume (boe/d)



### Average Realised Price



### Average production volume:

- Group production of 1,006 boe/d
  - Romania: 485 boe/d
  - Tunisia: 521 boe/d
- In Romania, production continues to decrease due to natural declines
- Tunisia: continued stable production

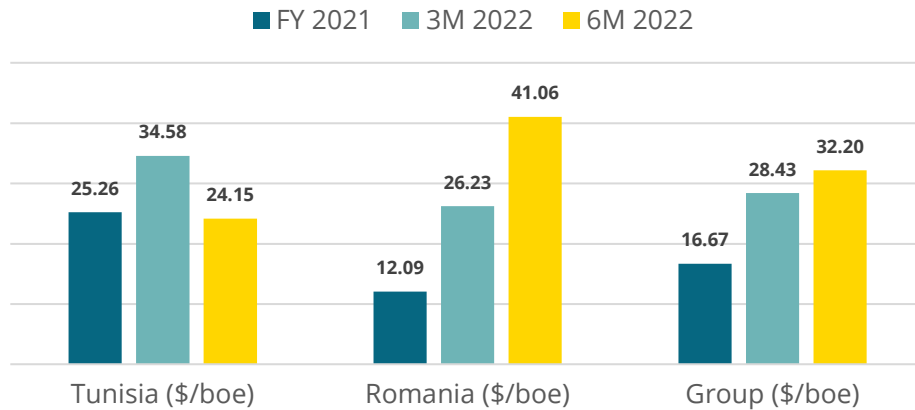
### Average realized price:

- Group average realized price of \$154.83/boe, reflecting the strong increase in Brent oil price and historical gas prices in Romania due to restricted supply from Russia and decreasing domestic gas production
  - Romania: average gas price of \$36.67/mcf
  - Tunisia: average crude oil price \$101.63/bbl

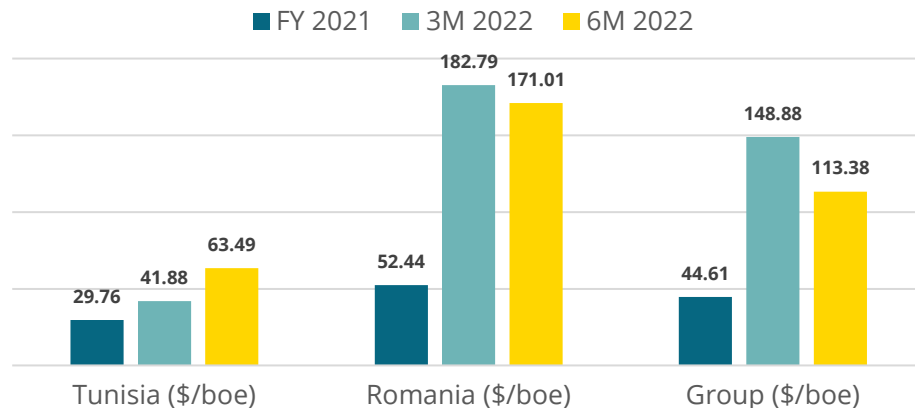
# Production Expense and Netbacks

## Natural Production Declines Offset by Significant Increase in Commodity Prices

### Production Expense (\$/boe)



### Operating Netback (\$/boe)



#### Production expense:

- Total production expense \$6.1mm (H1 2021: \$4.6mm):
  - Tunisia \$2.4mm – low workover costs
  - Romania \$3.6mm – higher water disposal costs and general inflationary impacts
- Group: production expense per boe increased to \$32.20/boe
  - Tunisia: \$24.15/boe
  - Romania: \$41.06/boe
- Production expenses /boe increased due to decreased production and higher opex in Romania

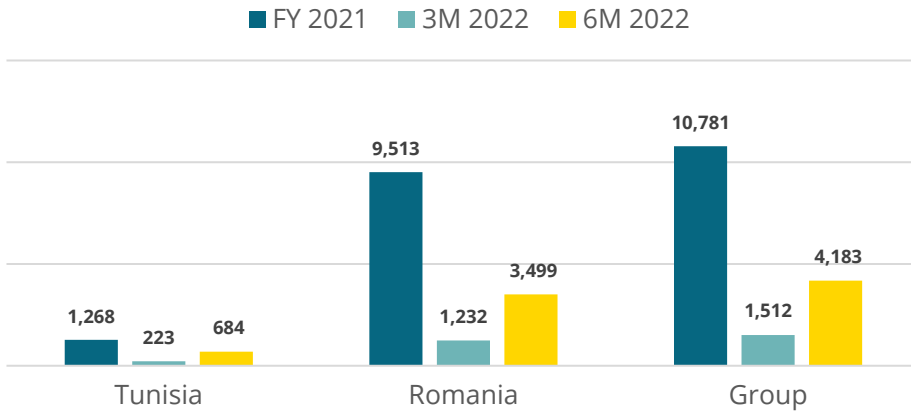
#### Operating netback:

- Group operating netback of \$113.38/boe – benefitting from historically strong gas prices in Romania and strong Brent prices, with an average realised price of \$154.83/boe
  - Tunisia: \$63.49/boe
  - Romania: \$171.01/boe

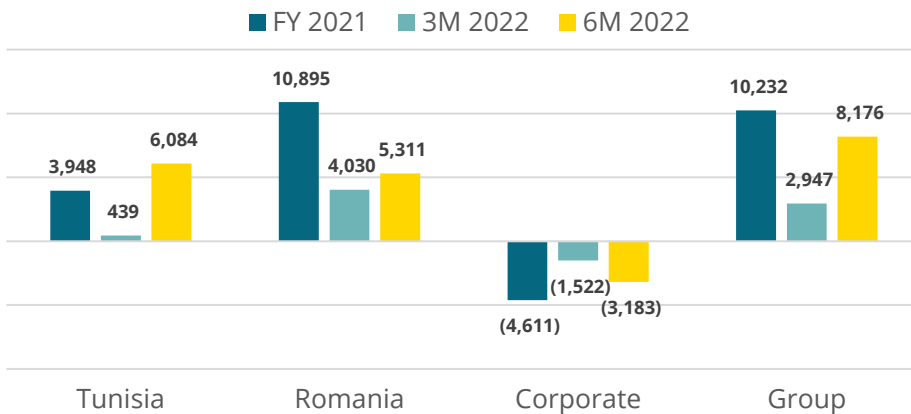
# CAPEX and Fund from Operations

## Increased exploration expense to increase production

### Capital Expenditure (\$'000)



### Funds from Operations (\$'000)



#### Capital expense:

- Group: capital expenditure \$4.2mm
- Tunisia: \$0.7mm, workovers in Chouech
- Romania: \$3.5mm, compression, 2D seismic programme, preparation for 2022 drilling programme

#### Funds from operations:

- Group: Funds from operations \$8.2mm
- Tunisia: increased to \$6.0mm, due to timing of lifting in April
- Romania: increased to \$5.3mm
- Corporate: Funds used in operations \$3.2mm

#### EBITDA:

- EBITDA: \$8.1mm (H1 2021: \$5.5mm)

# Condensed Consolidated Interim Statement of Cash Flows

## Six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
<b>Operating activities</b>		
Income (loss) for the year	1,827	(660)
Items not involving cash:		
Depletion and depreciation	3,704	5,916
Share-based payment expense	44	104
Tax expense	2,522	217
Accretion expense on decommissioning provision	451	166
Change in other provisions	-	70
Foreign exchange loss (gain)	36	(25)
Decommissioning provision recovery	(48)	18
Other income	(3)	(3)
Income taxes paid	(357)	(462)
Funds from operations	8,176	5,341
Changes in non-cash working capital	(4,782)	576
Cashflows from operating activities	3,394	5,917
<b>Financing activities</b>		
Lease payments	(213)	(157)
Shares purchased to be held in treasury	(202)	-
Cashflows (used in) generated from financing activities	(415)	(157)
<b>Investing activities</b>		
Capital expenditures	(3,798)	(6,098)
Cashflows used in investing activities	(3,798)	(6,098)
Impact of foreign currency translation on cash	(383)	38
Change in cash and cash equivalents	(1,202)	(300)
Cash and cash equivalents, beginning of period	8,429	6,002
Cash and cash equivalents, end of period	7,227	5,702

**Income for the period:** Generated \$1.8mm of income in the current period due to higher netbacks due to increased commodity prices

**Funds from operations:** \$8.2mm

**Changes in non-cash working capital:** increased to \$4.8mm due paying down of accounts payables

**Operating cashflow:** \$3.4mm

**EBITDA:** \$8.1mm (H1 2021: \$5.5mm)

**Capital expenditures:** Capital additions net of working capital adjustments

- Romania: \$3.2mm – compression, 2D seismic programme and preparation for 2022 exploration programme
- Tunisia: \$0.5mm – workovers in Chouech

**Cash at 31 March 2022:** \$7.2mm

# A Look Forward

## Ongoing Plans for 2022

### 2022 Ongoing Plans

- Serinus has a large and diverse asset base including over 3,000km<sup>2</sup> in the Satu Mare Concession in Romania and a large oilfield with 445 MMboe Oil Originally In Place in Tunisia
- The Company has commenced a multi-well drilling campaign in Romania with the spudding of the Canar-1 well on 4 August 2022. Following the drilling of this well, the Moftinu Nord-1 well will be spudded. With success, these wells will be tied-in to the Moftinu Gas Plant to utilize existing plant capacity
- The Sabria W-1 wellsite has been prepared for the intervention which will install the first submersible pump for the Artificial Lift programme in the Sabria field. All materials required for this intervention are in our in-country warehouse. The Company has signed a rig contract for the CTF 006 rig and is awaiting mobilization from another operator and the workover and pump installation at the Sabria W-1 well will commence as soon as the rig is available. CTF has notified the Company that it is now unable to deliver the CTF 006 rig as contractually agreed. The Company is working with CTF, its partner, ETAP, and the Ministry of Energy to procure an alternative rig as per the terms of the previously agreed CTF rig contract
- Following the Sabria W-1 workover and pump installation, the rig will move to the Sabria N-2 well and perform a workover and recompletion to bring this well on production

# A Look Forward

## Ongoing Plans for 2022

### 2022 Ongoing Plans - continued

- Continued work at Chouech es Saida offers the opportunity to increase production in this legacy field
- The Company is examining opportunities for new gas developments that lie beneath Chouech es Saida

**H1 2022 has been financially strong for the Company and the generation of operating cash flow allows the Company to accelerate its previously announced growth plans in order to grow production under this historically high commodity price environment**

# Environmental and Safety

## A continued focus on the environment in 2022

- Successfully conducted operations throughout the global pandemic with no Lost-Time Incidents
- On 18 September 2021, the company passed the milestone of 1 million man hours without Lost-Time Incidents during drilling, workovers and well interventions in Romania
- Modern and efficient gas plant at Moftinu minimises fugitive emission and electrical consumption
- Installation of solar panels at Moftinu to further reduce electrical consumption from national grid
- Strict environmental monitoring at the Company’s Tunisian facilities exceeds local requirements
- Annual Environmental inspections by local regulators
- Fugitive gas emissions have been audited by third party independent consultants for over 10 years

### Tunisia

No Lost-Time Incidents

2,252 days

### Romania

No Lost-Time Incidents

1,208 days<sup>1</sup>

1. Since initiation of production at the Moftinu facility on 26 April 2019

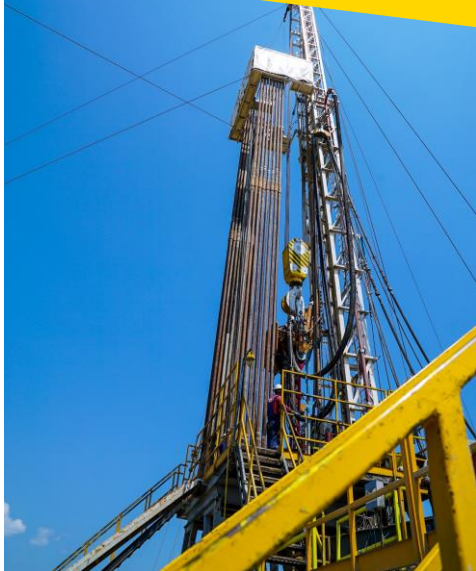


# Summary

## Production, Cashflow and Growth

**Strong financial performance allows the Company to accelerate its announced growth plans to benefit from high commodity prices**




- Strong cashflow generation
- Large asset base provides opportunity for organic development and exploration
- Existing production funds core business and near-term exploration and development
- Capital plans in 2022 offer excellent opportunities for growth
  - A multi-well exploration drilling campaign commenced on 4 August 2022 in Romania; any discovered gas is in close proximity to the Moftinu gas plant and can be tied-in and utilize existing plant capacity
  - In Tunisia, artificial lift to be installed in W-1 well (pump in-field, awaiting mobilization of rig) and re-completion of the N-2 well at the Sabria field
- Longer term exploration opportunities provide “blue-sky upside”
- Management focused on efficient capital allocation for growth and cost control





## CONTACT INFO

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President & CEO

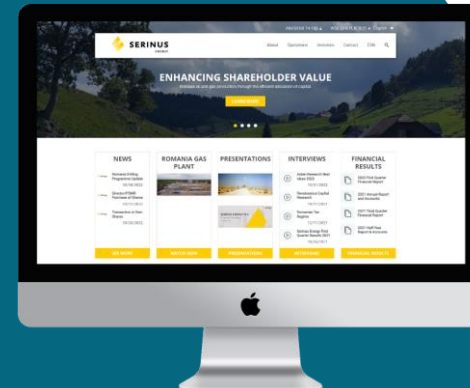
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