Star Energy

H1 2025 results

September 2025

Star Energy Group plc

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Delivering on Promises

Resilient core business

- Production levels maintained
- Opex savings offset inflationary pressures
- Overhead cuts now bedded in

Disciplined Investment

- Geothermal spend curtailed, but well positioned to invest on the back of policy signals
- Low risk investments in core business to maintain and boost production

Significant upside potential

- Production additions through executing mature projects
- Geothermal market in both the UK and Croatia
- Tax loss position

Solid foundation for growth, with a clear focus on delivering long-term shareholder value through cash generation, disciplined investment, and business simplification

Key Highlights –H1 2025

Improved financial resilience

- Adjusted EBITDA
  - Oil & gas - £5.5m
  - Geothermal - £(1.0)m
- Completion of Holybourne land sale for £6.3m
- G&A reduced from £4.1m in H1 24 to £2.5m in H1 25
- Operating cashflow before working capital of £4.8m vs.£4.4m in H1 24, despite lower commodity prices
- Facility A of €6.7m repaid on 30 June 2025 in line with the Debt Facility Agreement

Oil & Gas – focused on value, not volume

- Production 1,894 boe/d. Full year guidance maintained at c.2,000 boe/d
- Opex of $43.6/boe vs $42.0/boe in 2024. Absolute costs increased due to more workover activity, but we made savings in a number of areas to offset inflation. The $/boe rate was impacted by lower volumes and a stronger USD/GBP rate
- Capex of £2.0m invested in oil and gas assets incl. the Singleton GtW project and optimisation projects across portfolio to offset declines

Gainsborough 29 site, Gainsborough field

Key Highlights –2025 (contd.)

Geothermal – well positioned for material growth

Croatia – Electricity Generation

- Satisfied licence commitments on Ernestinovo licence. Conceptual FDP being prepared and will be submitted in Q1 26
- Magnetotelluric data acquired for Sječe and Pčelić and technical derisking ongoing
- Increased our interest from 51% to 71% with no material increase in short-medium term capital commitment

UK – Heat Provision

- Progression on UK geothermal with low levels of capital committed
- MOUs signed with Veolia and Bring Energy to help mature our pipeline
- Full feasibility of the Salisbury and Wythenshawe projects completed confirming the presence of a viable geothermal resource

2025 FY Outlook

- Production of c.2,000 boe/d
- Reduction in capital expenditure to c.£8.4m
  - £5.2m on the Singleton gas-to-wire project with forecast production of 74 boepd
  - £1.4m on quick returning incremental projects and the balance on regulatory improvements, site resilience and projects to reduce operating costs going forward
- Geothermal expenditure is largely discretionary
  - Internal, desktop analysis in Croatia, activity level subject to farm-down
  - In the UK, seismic acquisition, planning & permitting and government advocacy. H1 2025 NHS tender round delayed to H2. Grant funding applications will be made for all new projects
- G&A forecast to be £5.6m – a saving of £1.8m on 2024 costs
- Drawdown on our finance facility to fund geothermal activity and part of the Singleton gas-to-wire cost
- EPL payment - £1.0m based on 2023 profits paid in Feb 25 and estimated £2.1m payable based on 2024 profits

Key milestones for 2025
H1 review

2025

Oil & Gas

- ✗ Bring online Singleton GtW facility
- ✓ Incremental opex savings offsetting inflation increases
- ✓ Hold production stable at c.2,000boepd, but dependent on profitability

UK Geothermal

- ✓ Advance Round 1 NHS projects using grant funding where available
  - Feasibility for both Wythenshawe and Salisbury proves geothermal potential
- ✓ Seek strategic partnerships to advance pipeline
  - Bring Energy in Southampton
  - Veolia
- Tender for Round 2 of NHS projects & secure funding to progress

Croatia Geothermal

- ✓ Increase interest from 51% to 71%
- WIP De-risk all licences through analysis of acquired data
- WIP Seek farm-down partner
- WIP Submit Ernestinovo field development plan
- Prepare drilling campaign
- Tender for competitive drilling contract

Policy deficiencies

- UK fiscal & regulatory burden hurting the business
  - Energy Profits Levy – constrains investment into the core business as well as geothermal
  - Red tape & regulation – increased regulatory costs & increased regulatory delays hurt the core business as well as geothermal
  - Whilst we are having constructive dialogue with the UK government about renewable heat, we hope for improvements in the position on tax and oil and gas licencing that will support domestic production, as new policies are brought forward over the coming months
  - Despite strong and increasing demand drivers, the UK government has no framework within which geothermal projects can be promoted and developed.
  - Our ask of government is:

    ❶ Consult on and implement a National Geothermal Strategy, including targets for geothermal development and use, aligned with NESO and heat network zoning policy.
    ❷ Create and implement compelling non-financial and financial investment incentives for geothermal, including by making geothermal a focus for investment by GB Energy and the National Wealth Fund.
    ❸ Dedicate additional cross-departmental policy-making resource and attention to geothermal – including by establishing formal structures within Government, involving industry experts, to develop policy recommendations.
- In Croatia, a single unified legal framework for investment means that material investments have been made over the past 2 years, however the premium tariff arrangements must be expedited

Our Focus

💰 Maximising Cash Flow

- Lean, profitable oil & gas business
- Targeting self-funded geothermal businesses through grants & farm downs

🔄 Maintaining Optionality

- Exploration acreage in East Midlands retained
- Tax shield (~£250m) offers potential to enhance post-tax returns

📈 Investing for Growth

- Low-cost entry into geothermal projects with high strategic value
- Flexible monetisation strategy tailored by project and market

🎯 Disciplined Execution

- Focused management
- Clear capital allocation priorities
- Commitment to value realisation

Building Shareholder Value

Significant Growth Opportunity Underpinned by Strong Operational Cashflows

Fundamentals in place for Growth

Strong operational cashflows from oil & gas business & finance facility that supports the company's energy diversification strategy

Deep expertise in project management, exploration, development and production onshore energy projects in the areas we operate

Growth Opportunities

Geothermal power generation in Croatia

- Supportive government
- Secured licence position in European geothermal hotspot
- Expert in-county team

Geothermal heat production in the UK

- Government policy supports decarbonisation
- Market leading position in the UK geothermal heat market