

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

For Immediate Release

9 January 2023

SERICA ENERGY PLC

UPDATE ON ACQUISITION, PUBLICATION OF CIRCULAR AND OPERATIONS UPDATES

APPOINTMENT OF NEW DIRECTOR AND NOMINATION OF PROPOSED DIRECTORS

Proposed Acquisition of Tailwind

Following the announcement dated 20 December 2022 by Serica Energy plc (AIM:SQZ, "**Serica**", the "**Company**" or the "**Group**") that it had entered into an agreement to acquire the entire issued share capital of Tailwind Energy Investments Ltd ("**Tailwind**") from Tailwind Energy Holdings LLP (the "**Seller**") (the "**Transaction**"), Serica announces the publication of a Circular to shareholders on the proposed transaction which will be posted later today and which can be found on its website: www.serica-energy.com. An updated presentation can also be found on the website. This announcement contains material new information and an update on the recent operational and financial performance of the two companies.

Mitch Flegg, CEO of Serica, commented:

“We’re pleased to be publishing the Circular to Serica shareholders today setting out why we think the acquisition of Tailwind delivers exciting benefits to Serica shareholders and enables the Company to enter a new growth phase.

We are delighted by the transaction which we believe will improve cashflow and capital return predictability for shareholders and be immediately accretive on key metrics while also maintaining a strong balance sheet, providing increased resilience through the diversification of the Serica portfolio and create a platform for further growth in the future.

I look forward to working closely with our new colleagues to deliver on the range of opportunities this transaction creates for all our stakeholders.”

Key Terms of the Transaction

The consideration for the acquisition comprises:

- The issue of up to¹ 111,048,124 new ordinary shares in Serica (the "**Consideration Shares**"). Following the issue of the Consideration Shares, they will represent up to 28.9 per cent of Serica’s enlarged issued share capital
- A cash payment on Completion of approximately £58.7 million² (the "**Cash Consideration**")

On the basis of the Serica closing price as of 19 December 2022 of 278 pence per share, this would be equivalent to £367 million. Serica will also be taking on Tailwind’s net debt, which as at 30 November 2022 was c.£277 million³. The agreed valuation was based on each company’s producing fields only as well as their respective balance sheets and tax positions. The valuation included the impact of the second Energy Profits Levy and no synergies were assumed.

As part of the Transaction, Mercuria, the largest ultimate shareholder of Tailwind, will become a strategic investor in Serica with an approximate 25.2 per cent holding and will enter into a Relationship Agreement with Serica.

Strategic Rationale for the Transaction

The Board of Serica believes the Transaction will have a number of benefits for Serica:

- Diversifies and strengthens portfolio by adding a new production hub in the Triton area, resulting in a balanced mix of gas and oil and an enlarged hopper of short cycle organic growth opportunities
- Significantly increases reserves and production, lifting Serica into the top ten UK producers; with net production expected to increase by 50-80% in 2023 and sustained until 2025 at above 40,000 boe/d, and reserves increased by 67% as at 1 January 2022 before allowing for the full impact of Tailwind's successful 2022 work programme
- Expected to be immediately accretive to Serica's reserves, production, cash flow and earnings per share
- Enhances financial strength, retaining a net cash position at completion with strong ongoing cashflows thereafter supporting M&A, organic investments and returns to shareholders
- Introduces Mercuria as a committed strategic investor with deep energy experience and wide geographic reach

Operational and Financial Highlights

Increased production and reserves:

- 2022 average net production for Serica of 26,050 boe/d
- Tailwind net production increased significantly during 2022 with completion of Orlando well workover and Evelyn tie-back - 19,500 boe/d average in Q4 and touching 24,500 boe/d during December
- Combined proforma net production forecast of 40,000 to 47,000 boe/d in 2023, 41,000 to 48,000 boe/d in 2024 and 42,000 to 49,000 boe/d in 2025
- Results from GE-04 well (Tailwind 100%) considerably better than pre-drill estimates with expected initial production rates in excess of 8,000 boe/d compared with 5,000 boe/d predrill estimate. Production tie-in planned in Q1 2023
- Addition of Tailwind 2P reserves increases combined 2P reserves as at 1 January 2022 by 67%
- Tailwind 2P reserves at end 2022 expected to show more than 100% reserves replacement through successful execution of its investment programme and recent sanction of near-term infill drilling projects in 2024 (Bittern B1z sidetrack and Gannet GE-05 well)
- Total Tailwind oil and gas resources at end 2022 expected to be at least in line with 1 January 2022 including identified projects having the potential over time to add over 30 million boe to 2P reserves at relatively low capital cost utilizing existing infrastructure
- Combined operating costs projected to remain below \$20 per boe with objective of future reductions
- Combination retains low decommissioning liabilities compared to North Sea peers in line with Serica's existing portfolio

- Tailwind holds significant ring fence tax losses carried forward for future use
- Significant net cash position on completion and highly cash generative portfolio increases capacity for future M&A, organic investments and sustained cash returns to shareholders

Expected to be strongly accretive on a per share basis from completion:

- Approximately 20% accretion in reserves per share before taking account of successful 2022 investment programme or near term planned investment programme
- Increase in proforma net production per share of approximately 23% for 2023 and expected to be sustained thereafter
- Cash flow per share projected to be immediately accretive with 14% increase in 2023
- Immediately earnings accretive during 2023 with projected 14% increase

2023E	Without Transaction	With Transaction	Accretion⁴
2P Reserves per Share ⁵	0.23 boe	0.27 boe	c.20%
Net Production per '000 Shares	32 boe – 36 boe	38 boe – 46 boe	c.23%
Operating Cash Flow per Share	97p – 108p	111p - 123p	c.14%
Earnings per Share	79p – 88p	90p – 100p	c.14%
2023-2025E Average	Without Transaction	With Transaction	Accretion
Annual Net Production per '000 Shares	32boe – 35boe	39boe – 46boe	c.27%
Annual Operating Cash Flow per Share	69p – 76p	100p – 111p	c.46%

Transaction Supports a New Growth Phase for Serica

Enhanced Organic Growth Opportunities

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

Increased Firepower for M&A

- The transaction materially increases reserves and production whilst maintaining balance sheet strength and significant net cash position
- Relationship with Mercuria provides a partner able to support a range of growth options

Acquisition offers enhanced platform for shareholder returns

- Expected to be accretive per share in terms of reserves, production, cashflow and earnings
- Strong basis from which to sustain and ultimately grow shareholder returns

Expected Timetable

Transaction Announcement	20 December 2022
Circular Published and Posted to Shareholders	9 January 2023
General Meeting to Approve Allotment of Consideration Shares	27 January 2023
Fulfilment of Conditions Precedent	January to March 2023
Completion upon Consideration Shares Being Admitted to Trading	March 2023

Tailwind Operations and Financial Update

2022 was a transformative year for Tailwind's operations, with first oil from Evelyn, successful installation of new ESPs via a workover of the Orlando well, new perforations in the Bittern PA-A2 well plus expansion of Gannet E via a second flowline and drilling of the Gannet E-04 (GE-04) well. All these projects have been delivered on schedule with associated production volumes running ahead of budgeted levels.

Tailwind Production Increased Significantly Through 2022

- Production increased significantly during 2022 through Evelyn tie back and restart of the Orlando field
- Q4 net production of 19,500 boe/d
- Peak daily production reached 24,500 boe/d during December

Outstanding GE-04 Well Result

- The 100% Tailwind owned GE-04 infill well has just been completed
- High quality reservoir encountered with well results considerably better than pre-drill estimates
- Initial oil production rates in excess of 8,000 bbl/day now modelled, compared with 5,000 bbl/d pre-drill estimate
- Estimated 23% increase in STOIP in southern panel
- The well will be tied into the Triton FPSO and first production is expected in Q1 2023

Rising Production from Triton Area

- Evelyn developed, Bittern A2 well intervention and GE-04 well successfully carried out in 2022

- Triton FPSO uptime more than 95% in Q4 2022
- Ongoing investment programme with facilities upgrade and maintenance programmes executed in 2022 and further campaign planned in 2023
- Recent life extension studies verified integrity of FPSO for production to at least 2030 with no off-stationing required
- Rig hired for Bittern B1z sidetrack and Gannet E-05 well in 2024
- Possible FID of 100% owned and operated Belinda field and Evelyn phase 2 during 2023

Taxation

- Three elements to UK Oil & Gas taxation: Corporation Tax (30%), Supplementary Charge (10%) and Energy Profits Levy (35%)
- Tailwind retains significant tax losses at end 2022 currently estimated at:
 - Ring Fence Corporation Tax: \$1.4 billion
 - Supplementary Charge: \$1.2 billion
 - Energy Profits Levy: \$0.1 billion
- Losses available for utilisation against future taxable profits with potential tax offset in the region of £470 million based on current rates of taxation

Borrowing

- Reserve Based Lending facility of US\$425m; US\$370m drawn as at 31st December 2022
- Mid-year redetermination identified significant borrowing base headroom

New Directors

Serica Energy plc (AIM: SQZ), is delighted to announce that Michiel Soeting has accepted an invitation to join Serica's Board as a Non-Executive Director with effect from 1 February 2023.

Michiel Soeting

Michiel Soeting has more than 30 years' experience in the audit and financial service sector, of which 20 years in the oil and gas industry. As former Global Lead partner and Global Head of Energy & Natural Resources at KPMG, Michiel led some of KPMG's largest global audits and advisory projects in the industry. He has extensive financial expertise, as well as a strong governance, risk management and regulatory compliance background. Michiel is a Chartered Accountant qualified in both the Netherlands and the United Kingdom

Amongst several current oversight roles, Michiel serves as Independent Director and Chair of the Audit & Risk Committee at VEON Ltd, the Nasdaq and Euronext listed international digital operator.

Regulatory

The following information is disclosed under Rule 17 of the AIM Rules for Companies ("AIM Rules") and Schedule Two Paragraph (g) of the AIM Rules:

Michiel Adriaan Soeting (aged 60)

Mr Soeting does not hold any ordinary shares nor options over ordinary shares in the Company.

Current Directorships	Past Directorships (within the last five years)
Veon Ltd	KPMG LLP
Trusmit BV	

There is no further information which is required to be disclosed under Schedule Two, paragraph (g) of the AIM Rules for Companies in respect of Michiel Adriaan Soeting.

In addition, under the terms of the SPA for the acquisition of Tailwind Energy Investments Limited, Mercuria has nominated two new non-executive directors, Guillaume Vermersch and Robert Lawson, who will join the Board upon completion of the transaction and subject to due diligence.

Guillaume Vermersch

Guillaume Vermersch is the group chief financial officer and a group board member of Mercuria Energy Group (Mercuria). Mr. Vermersch is part of the founding team of Mercuria set up in 2004. Previously he spent 5 years as head of the Credit and Finance Risk department of Sempra Oil Trading in Europe and Asia. He was responsible for defining, implementing and monitoring the full scope of the Sempra Energy credit and financial strategies, from trading business requirements to banking, finance and risk management responsibilities to support the oil and energy division's expansion. Prior to that, Mr Vermersch spent eleven years in the energy, metals and mining commodities and structured finance departments of ING Bank and Credit Agricole in Geneva and Paris. Mr. Vermersch started his career with Arthur Andersen in Paris. He holds an MBA from the Manchester Business School and also graduated from École Supérieure de Commerce de Paris Europe (ESCP Europe Business School).

Robert Lawson

After a 32-year career with BP, Robert Lawson joined Mercuria in 2022 as Executive Vice President and a member of the board of Mercuria Energy Group. He is based in Geneva and his accountabilities include Mercuria's Assets & Investments.

During his BP career, Mr Lawson worked in Upstream, Downstream and Trading businesses. From 2009 to 2012, he was the Commercial Vice President for BP's Refining and Marketing business then becoming the Global Head of Mergers and Acquisitions where he oversaw in excess of \$100bn of M&A transactions during his ten year tenure. In conjunction with that role, Mr Lawson held accountability for BP's Global Gas & Power Trading activity from 2018 to 2019. He also led BP's biggest change programmes in recent times. In support of the CEO, he was the programme director for both 'Reset BP', after the Deepwater Horizon incident, and 'Reinvent BP' in 2020. He holds a Masters in Management Science from Stanford University and graduated in 'Economics with Statistics' from Bristol University.

Tony Craven Walker, Chairman of Serica, commented:

“Serica's Board appointments announced today mark the Company's progress towards becoming one of the leading UK Offshore Producing companies as it broadens its portfolio and transitions away from its reliance on a single large offshore producing facility. The Company expects its growth path to continue. I am delighted to welcome Michiel Soeting who joins the Board on 1 February. Michiel strengthens considerably the Board's financial and audit expertise and we greatly look forward to working with him. Shareholders should also welcome the proposed appointments of Rob Lawson and Guillaume Vermersch who, subject to completion of the transaction with Tailwind and regulatory formalities, will join the Board as Mercuria's two nominees. Rob is already well known to the Company as a result of the Company's previous transactions with BP and brings considerable experience on both the M&A front and his

knowledge of the upstream business. Guillaume’s position as group chief financial officer of Mercuria will provide further financial expertise to the Board and ensure that we retain alignment on future opportunities to increase shareholder value and returns.”

The information contained within this announcement is deemed by Serica to constitute inside information as stipulated under the Market Abuse Regulation. By the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain. The person responsible for arranging for the release of this announcement on behalf of Serica is Mitch Flegg, Chief Executive Officer.

Investor Presentation

Serica Energy plc is pleased to announce that Mitch Flegg will provide a live presentation relating to the Transaction via the Investor Meet Company platform on 10 Jan 2023 at 2:00pm GMT.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9am the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet SERICA ENERGY PLC via:

<https://www.investormeetcompany.com/serica-energy-plc/register-investor>

Investors who already follow Serica Energy plc on the Investor Meet Company platform will automatically be invited.

For further enquiries please contact:

Serica Energy plc	+44 (0)20 7390 0230
Tony Craven Walker (Chairman) / Mitch Flegg (CEO)	
Rothschild & Co (Financial Advisor)	+44 (0)20 7280 5000
James McEwen / Murray Yuill	
Jefferies (Financial Advisor & Joint Broker)	+44 (0)20 7029 8000
Tony White / Will Soutar / George Chrysostomou	
Peel Hunt LLP (Nomad & Joint Broker)	+44 (0)20 7418 8900
Richard Crichton / David McKeown	
Vigo Consulting (PR Advisor)	+44 (0)20 7390 0230
Patrick d’Ancona / Finlay Thomson	Serica@vigoconsulting.com

About Serica

Serica Energy is a British independent oil and gas exploration and production company with a portfolio of UKCS assets. The Company is responsible for about 5 per cent of the gas produced in the UK; a key element in the country’s energy security and energy transition.

Serica operates the producing Bruce, Keith and Rhum fields in the UK Northern North Sea, and the producing Columbus field in the UK Central North Sea. Serica also holds a non-operated interest in the producing Erskine field in the UK Central North Sea.

Further information on the Company can be found at www.serica-energy.com. The Company's shares are traded on the AIM market of the London Stock Exchange under the ticker SQZ and the Company is a designated foreign issuer on the TSX. To receive Company news releases via email, please subscribe via the Company website.

About Tailwind

Tailwind is a privately owned, next generation oil and gas company focused on the delivery of sustainable, long-term value supported since inception by core sponsor Mercuria. Tailwind's core assets include the Triton Area assets acquired from Shell and Exxon in 2018. The Triton Area consists of eight producing oil fields including Evelyn, Bittern, Guillemot and Gannet, all developed through the Dana Petroleum operated FPSO. Tailwind is operator of the Gannet E and Evelyn fields. In addition, Tailwind is an existing partner of Serica in the Columbus gas field and operates the Orlando field. Further information on Tailwind can be found at their website: www.tailwind.co.uk

Important Notice

This announcement has been issued by, and is the sole responsibility of, Serica Energy plc. No representation or warranty, express or implied, is or will be made by, or in relation to, and no responsibility or liability is or will be accepted by any adviser to the Company or by any of their respective affiliates or agents as to or in relation to the accuracy or completeness of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any responsibility or liability therefore is expressly disclaimed.

Peel Hunt LLP ("**Peel Hunt**"), which is authorised and regulated in the UK by the FCA, is acting for the Company in connection with the Transaction and neither Peel Hunt nor any of its affiliates will be acting for any other person or otherwise be responsible to any person for providing the protections afforded to clients of Peel Hunt or for advising any other person in respect of the Transaction or any transaction, matter or arrangement referred to in this announcement. Peel Hunt's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this announcement.

N. M. Rothschild & Sons Limited ("**Rothschild & Co**"), which is authorised and regulated by the FCA in the United Kingdom, is acting as joint financial adviser to the Company and no one else in connection with the Transaction and will not regard any other person as its client in relation to the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Rothschild & Co or its affiliates nor for providing advice in relation to the Transaction, nor for providing advice in relation to the contents of this announcement or the Transaction or any transaction, arrangement or matter referred to in this announcement.

Jefferies International Limited ("**Jefferies**"), which is authorised and regulated by the FCA in the United Kingdom, is acting as joint financial adviser to the Company and no one else in connection with the Transaction and will not regard any other person as its client in relation to the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Jefferies or its affiliates nor for providing advice in relation to the Transaction, nor for providing advice in relation to the contents of this announcement or the Transaction or any transaction, arrangement or matter referred to in this announcement.

Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt, Rothschild & Co or Jefferies by FSMA or the regulatory regime established thereunder, none of Peel Hunt, Rothschild & Co or Jefferies accepts any responsibility whatsoever for the contents of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Transaction. Each of Peel Hunt, Rothschild & Co and Jefferies accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this announcement or any such statement.

The contents of this announcement do not constitute or form part of an offer of or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for any securities for sale in any jurisdiction nor shall they (or any part of them) or the fact of their distribution form the basis of, or be relied upon in connection with, or act as an inducement to enter into, any contract or commitment to do so.

A copy of the GM Notice and Circular when published will be available on the Company's website at www.serica-energy.com. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

This announcement includes statements that are, or may be deemed to be, forward-looking statements, beliefs or opinions, including statements with respect to the Company's business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms

"believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. These statements are made by the Company's directors in good faith based on the information available to them at the date of this announcement and reflect the Company's directors' beliefs and expectations. By their nature these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements speak only as at the date of this announcement and the Company and its advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this announcement. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

Nothing in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share or dividend per share for the Company for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for the Company.

Certain figures included in this announcement have been subjected to rounding adjustments.

¹ 2.9 million Consideration Shares will not be issued until the expiry of certain warranty periods

² Subject to adjustments including to apply interest to the Cash Consideration from the locked box date to Completion and to deduct any leakage

³ Unaudited figure, based on GBPUSD 1.20 as at 30 November 2022

⁴ Based on midpoint of without transaction to midpoint with transaction

⁵ 2P Reserves as at 1 January 2022