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THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND THERE CAN BE NO CERTAINTY THAT ANY FIRM OFFER WILL BE MADE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

25 July 2022

Serica Energy plc

Statement re. possible offer

The Board of Serica Energy plc ("Serica" or "the Company") confirms that it received a revised non-binding proposal from Kistos plc ("Kistos") on 22 July 2022 regarding a possible cash and share offer for the entire issued and to be issued share capital of Serica (the "Kistos Revised Possible Offer").

The Kistos Revised Possible Offer comprises the following:

- 0.4000 new Kistos shares per Serica share; plus
- cash of 213 pence per Serica share, consisting of:
 - a capital distribution of 67 pence per Serica share; and,
 - cash consideration of 146 pence per Serica share.

The Company notes that the Kistos Revised Possible Offer reduces the cash element of the offer by 33 pence per share and increases Serica shareholders' share of the combined entity from approximately 50% to approximately 58% compared to the first offer that Kistos submitted to the Company on 24 May 2022 and which was publicly announced on 12 July 2022 (the "First Kistos Possible Offer"). The First Kistos Possible Offer was rejected by the Board of Serica on 1 June 2022.

The Kistos Revised Possible Offer purports to give an offer value of 425 pence per Serica share and is an 11% increase in the headline value to Serica shareholders when compared to the First Kistos Possible Offer¹. However, Serica notes that over 60% of this increase in headline value is driven by the rise in the Kistos share price from 11 July 2022².

The Kistos Revised Possible Offer proposes that Mr Tony Craven Walker of Serica act as Chairman of the combined entity and Mr Andrew Austin of Kistos be the CEO.

Following careful consideration, the Board of Serica, together with its financial advisers, has unanimously rejected the Kistos Revised Possible Offer for the following reasons:

1. The Kistos Revised Possible Offer significantly undervalues Serica

- The Serica Board strongly believes that the Revised Kistos Possible Offer:
 - Does not reflect the underlying value of Serica's existing core producing oil and gas assets.
 - Takes no account of Serica's plans and capability for organic investment in its existing fields to increase production, reserves and asset life. For example, the Company has replaced practically all of its produced volumes in the last two years and recently announced positive early results from its LWIV³ campaign

¹ With reference to closing 11 July 2022 share prices.

² Until closing 22 July 2022 share prices.

³ Light Well Intervention Vessel

which has increased the production from only two wells by over 3,000 barrels oil equivalent per day.

- Is opportunistic given the:
 - recent and potentially temporary disconnect between Continental and UK gas prices (noting these gas prices are currently very volatile); and
 - North Eigg exploration prospect currently being drilled (Serica working interest 100%) and targeting over 60 million boe of net P50 unrisks recoverable prospective resources
- Results in Serica shareholders funding much of the purported premium themselves: Kistos' market capitalisation is significantly smaller than Serica's and the Kistos Revised Possible Offer is approximately 50%⁴ in shares.

2. The Kistos Revised Possible Offer relies on using Serica's own cash to partly fund the cash component of the transaction

- The proposed cash payment to shareholders in the Kistos Revised Possible Offer includes a 67 pence capital distribution made from Serica's own cash resources.
- Serica's Board has already committed to a combination of profitable reinvestment in its existing assets and returning cash to shareholders, whilst still seeking value accretive acquisitions. This is evidenced by the operational achievements described above, a rising profile of paid and announced dividends along with the recently secured authority for share buy-backs, and a considered M&A strategy.
- The structure proposed in the Kistos Revised Possible Offer is fundamentally unchanged from the First Kistos Possible Offer leaving the combined entity with a weaker balance sheet when compared with Serica currently, thereby compromising the scope for future investments and significantly increasing exposure to inherent business risks.

3. Serica's management team has an outstanding track record

- The Kistos Revised Possible Offer would result in a change in the Serica leadership during a crucial period for the industry
- Serica's leadership and organisation has generated outstanding returns for shareholders. Serica's share price has consistently outperformed its UK-listed E&P peers having risen 1,120% over the past 5 years against an average 66% increase for its UK-listed E&P peers⁵
- The Company's financial performance is underpinned by a strong track record of safe and effective stewardship of its operated assets which are strategically important for the UK, including:
 - Successful execution of multiple challenging capital projects.
 - Reserve replacement ratio of approximately 100% over last 2 years.
 - Maintaining overall production from the Bruce Hub fields close to the level when acquired in 2018.
 - Most recently boosting production from the Bruce field by just over 3,000 barrels oil equivalent per day through low cost well interventions.
 - Deferring the expected cessation of production from the Bruce Hub fields from 2026 to 2030 and plans to extend Bruce Hub production well into the 2030s.

The Board reiterates its position that it will not recommend any deal on terms which it believes are unattractive to its shareholders and wider stakeholders.

Serica shareholders are strongly advised not to take any action.

⁴ Based on 425p/sh offer value and 213p/sh cash component (capital distribution of 67p/sh and cash consideration of 146p/sh)

⁵ 5 year (or since IPO) simple average of peer group prior to undisturbed date of 11 July 2022 consisting of Capricorn, Energean, EnQuest, Genel, Gulf Keystone, Harbour, Kistos and Tullow

Serica confirms that this announcement is not being made with the consent or approval of Kistos.

Important Code notes

In accordance with Rule 2.6(a) of the Code, Kistos must, by no later than 5.00 p.m. (London time) on 9 August 2022, either announce a firm intention to make an offer for Serica in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer for Serica, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will be extended only with the consent of Serica and the Panel on Takeovers and Mergers (the "Panel") in accordance with Rule 2.6(c) of the Code.

The person responsible for arranging the release of this announcement on behalf of Serica is Mitch Flegg, CEO.

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Inside Information

The information contained within this announcement is deemed by Serica to constitute inside information as stipulated under the Market Abuse Regulation (EU) no. 596/2014 (as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018). On the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Rule 26.1 disclosure

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available (subject to certain restrictions relating to persons resident in restricted jurisdictions) at www.serica-energy.com by no later than 12 noon (London time) on the business day following the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Additional Information

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to this announcement or otherwise. Any offer, if made, will be made solely by certain offer documentation which will contain the full terms and conditions of any offer, including details of how it may be accepted. The distribution of this announcement in jurisdictions other than the United Kingdom and the availability of any offer to shareholders of Serica who are not resident in the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom or shareholders of Serica who are not resident in the United Kingdom will need to inform themselves about, and observe any applicable requirements.