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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, NOR AS TO THE TERMS ON WHICH ANY OFFER WILL BE MADE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

13 July 2022

Serica Energy plc

Statement re. possible offer

Following the announcement by Kistos plc ("Kistos") on 12 July 2022, the Board of Serica Energy plc ("Serica" or "the Company") confirms that on 24 May 2022, it received a non-binding proposal from Kistos regarding a possible cash and share offer for the entire issued and to be issued share capital of Serica (the "Kistos Possible Offer").

Following careful consideration, the Board of Serica, together with its financial advisers, unanimously rejected the Kistos Possible Offer on 1 June 2022, on the basis that the Board strongly believed it significantly undervalued the Company and its prospects and was not in the best interests of shareholders or other stakeholders.

In response to this initial approach from Kistos and recognising the industrial logic of a combination implemented through an appropriate structure, Serica made a non-binding indicative cash and share offer for the entire issued and to be issued share capital of Kistos (the "Serica Possible Offer") on 1 July 2022. On 8 July 2022 the Serica Possible Offer was rejected by the Board of Kistos.

Serica pro-actively seeks opportunities to utilise its strong balance sheet and operating capability to diversify its production portfolio and increase the scope for organic investments. In rejecting the Kistos Possible Offer and formulating the Serica Possible Offer, the Serica Board has taken the following factors into account and strongly believes:

1. Serica's management has an outstanding track record of financial and operational delivery
2. The Kistos Possible Offer materially undervalues Serica and would negatively impact the combined entity's balance sheet and growth potential
3. The Serica Possible Offer would secure for both sets of shareholders the advantages of scale and diversity attained from combining the asset portfolios

Serica shareholders are strongly advised not to take any action

1. **Serica's management has an outstanding track record of financial and operational delivery**

Significant value has been created for shareholders

- Serica's share price has consistently outperformed its UK listed E&P peers
 - Serica's share price has risen 1,120% over the past 5 years, against an average 66% increase for UK listed E&P peers^[1]

- No equity has been raised since 2013 with all subsequent growth funded from internal cashflows
- Serica's Board has demonstrated its commitment to shareholder returns
 - Rising profile of paid and announced dividends
 - Recently secured authority for potential share buy-backs

Very strong operational and financial performance

- Grown net production from 18,900 boepd in H1 2021 to 26,600 boepd in H1 2022
- Successful completion of cash generating capital projects
 - Rhum R3 well
 - Columbus development
 - LWIV programme on Bruce in 2022 delivering encouraging production results
- North Eigg exploration well spudded in July 2022 targeting over 60 million boe of net P50 unrisks recoverable prospective resources
- Reserve replacement ratio has been approximately 100% over last 2 years
- Continuing to build financial strength to support re-investment and returns to shareholders
 - No borrowings
 - Limited decommissioning liabilities

2. The Serica Board strongly believes the Kistos Possible Offer materially undervalues Serica and would negatively impact the combined entity's balance sheet and growth potential

The Kistos Possible Offer materially undervalues Serica

- The Serica Board strongly believes that the Kistos Possible Offer:
 - Does not reflect the underlying value of the Company's assets and does not recognise the upside potential in its existing portfolio
 - Is an opportunistic reaction to the recent and potentially temporary disconnect between Continental and UK gas prices
 - Assumes a highly speculative equity re-rating of the combined entity given the effect of the proposed terms

The Kistos Possible Offer would leave the combined entity with a weakened balance sheet

- The Kistos Possible Offer is dependent on new debt and utilisation of Serica's own existing cash balances
- The net cash of the combined entity would be reduced by approximately £700 million under the terms proposed
- The combined entity would have significantly diminished financial capacity for organic investment and further acquisitions
- Increased exposure to market and fiscal risk

3. The Serica Possible Offer would secure for both sets of shareholders the advantages of scale and diversity attained from combining the asset portfolios

Serica sees merits in the combination of the two companies on the terms of the Serica Possible Offer:

- **Scale and diversity:** gas-focused North Sea business with pro-forma 2P reserves of approximately 86 million boe^[2] and estimated pro-forma 2022 production of approximately 40,000 boepd
- **Financially resilient:** resources to execute an ongoing and impactful organic development and exploration investment programme through the upstream cycle
- **Strong platform for further acquisitions:** significant capacity for future acquisitions and corporate combinations

Accordingly, Serica made its non-binding indicative proposal on 1 July 2022. On 8 July 2022, the Serica Possible Offer was rejected by the Board of Kistos.

The Serica Board continues to pro-actively pursue multiple growth options and will only proceed with any of them on appropriate terms.

The Board 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.

Important Code notes

As announced by Serica on 12 July 2022, in accordance with Rule 2.6(a) of the Code, Serica is required, by not later than 5.00 p.m. on 9 August 2022, to either announce a firm intention to make an offer for Kistos in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer for Kistos, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended with the consent of the Panel on Takeovers and Mergers in accordance with Rule 2.6(c) of the Code. There is no certainty that an offer will be made for Kistos, or as to the terms of an offer were it to be made.

Pursuant to Rule 2.5 of the Code, Serica reserves the right to introduce other forms of consideration and/or vary the mix or composition of consideration of any offer at its discretion, and make an offer at any time at a lower value or on less favourable terms with the recommendation or consent of the Board of Kistos, if Kistos announces, declares or pays any dividend or any other distribution to shareholders (in which case Serica will have the right to make an equivalent reduction to the terms of the Serica Possible Offer), if a third party announces a firm intention to make an offer for Kistos on less favourable terms than the Serica Possible Offer, or following the announcement by Kistos of a Rule 9 waiver pursuant to the Code or a reverse takeover (as defined in the Code).

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

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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.

Notices related to financial adviser and broker

N.M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Serica and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Serica for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

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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.