ENERGEAN

2020

Annual Report

Energean plc

www.energean.com

Key Metrics Highlights

	Pro forma 2020[1,2]	**2020**	2019
Net working interest 2P reserves (MMboe)	**982**	762	342
Average working interest production (Kboepd)	**48.3**	3.6	3.3
Sales revenue ($m)	**336**	28	76
Cost of production ($/boe)	**11.3**	21.4	22
Adjusted EBITDAX ($m)[3]	**108**	(8)	36
Profit after tax ($m)	**(416)**	(93)	(84)
Cash flow from operating activities ($m)	**137**	2	36
Net debt / (cash) ($m)[4]	**1,240**	1,240	562

Report Highlights

A year of strong delivery; Karish project 87% complete at year-end

The Karish project was approximately 87% complete at year end 2020 (90% at 31 March 2021), signaling a strong year of operational delivery, despite some COVID-19 related challenges during the year, and we expect to deliver first gas within 12-months, in 1Q 2022. Since the year-end, we have also taken Final Investment Decision ("FID") on Karish North (Israel) and NEA/NI (Egypt), which will lead to the commercialisation of a combined 280 million barrels of oil equivalent ("MMboe") of 2P reserves and delivering project IRRs of >40% and >30%, respectively. Post-period end, we have further enhanced our Israeli position through the acquisition of Kerogen Capital's 30% holding in Energean Israel Limited ("EISL")[5], adding 219 MMboe for a total consideration of less than $2/boe.

Transitioning reserves into cash flows

In 2020, *pro forma*[6] working interest production was 48.3 kboepd, around the mid-point of guidance of 44.5 - 51.5 kboepd, with the Abu Qir gas-condensate field, offshore Egypt, accounting for over 70% of total output. On the back of strong operational performance, as well as the maturation of key growth projects, a number of our medium-term targets were enhanced during the period, including our objective to deliver working interest production of more than 200 kboepd, which we expect to translate into annualised adjusted EBITDAX of more than $1.4 billion per year. The next 12 months are expected to be our year of transition, in which the delivery of Karish in 1Q 2022 will accelerate us towards our medium-term goal of paying a meaningful and sustainable dividend.

A carbon neutral future

We have further developed our decarbonisation strategy, in which we target carbon neutrality[7] across all operated assets by 2050 and have delivered a 67% year-on-year reduction in carbon emissions intensity to 22.2 kgCO2/boe, when considering 2020 *pro forma*[8] performance data

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[1] *Pro forma* Energean plus the assets acquired from Edison E&P. The transaction closed on 17 December 2020
[2] Reserves are *pro forma* Energean plus the acquisition of Kerogen's 30% holding in Energean Israel Limited ("EISL"). The transaction closed on 25 February 2021
[3]The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. These non-IFRS measures include adjusted EBITDAX. More information can be found in the Financial Review section, under the heading 'Non-IFRS measures'
[4] Net debt/(cash) is shown on an actual basis i.e. not *pro forma*
[5] The transaction closed on 25 February 2021
[6] Pro forma production and financial results are presented as if Edison E&P results were consolidated for the entire year; the locked box date of the transaction was 1 January 2019 and therefore all economic results since that date accrue to Energean Actual results consolidate from the closing date of the transaction, which occurred on 17 December 2020
[7] Scope 1 and 2 emissions
[8] Pro forma carbon emissions intensity is presented as if Edison E&P performance was consolidated for the entire year

versus 2019 Energean standalone data. Moreover, in our 2020 year-end reporting, we have aligned with the Task Force for Climate Disclosure (“TCFD”) recommendations across all of the TCFD pillars and run scenario analysis across our assets. We also engaged with the Carbon Disclosure Project (“CDP”), achieving a B- score in climate change, putting us among the top third of companies within our sector, and a B score in supplier engagement. Finally, we established a new climate change entity called Egypt Energy Services (EES) to manage energy efficiency projects and evaluate the use of low carbon solutions, including carbon capture and storage. Furthermore, we introduced carbon shadow prices as a key sensitivity tool for decision making. Internal carbon shadow prices have been set at 25 €/t in 2020 gradually increasing to 200 €/t in 2050.

Non-Financial Information Statement

The information for this statement is included in:

- Strategy on pages 17 to 23;
- The Sustainability Review on pages 43 to 61, which reports on environmental performance, employees and human rights
- Principal Risks and Uncertainties on pages 72 to 96; and
- Governance and Risk Management on pages 97 to 159.

Additional non-financial information is available on our website www.energean.com

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Strategic Review

About Us

Energean at a glance

The leading independent, gas-focused E&P company in the Mediterranean

Established in 2007, Energean is a London Premium Listed FTSE 250 and Tel Aviv 35 Listed E&P company with operations in nine countries across the Mediterranean and UK North Sea. Since IPO in 2018, Energean has grown to become the leading independent, gas-producer in the Mediterranean, with a strong medium-term production and development growth profile. At the core of this growth is our commitment to develop. We develop and invest in new ideas, concepts and solutions to produce and develop energy efficiently, at low cost and with a minimal carbon footprint.

Energean completed the acquisition of Edison E&P on 17 December 2020[9], and in doing so, reinforced its commitment to the Mediterranean region. The economic reference date of the transaction is 1 January 2019; however, the figures for Edison E&P are consolidated into the financial statements as of the completion date of 17 December 2020. Throughout the report, both operational and financial results are presented on an actual and *pro forma* (Energean plus Edison E&P) basis.

Energean's *pro forma*[10] 2020 production of 48.3 kboepd came mainly from the Abu Qir gas-condensate field in Egypt, as well as fields in Southern Europe, acquired as part of the acquisition of Edison E&P.

Our flagship project is the multi-tcf deepwater Karish, Karish North and Tanin gas development, offshore Israel, where we will use the newbuild fully-owned *Energean Power* FPSO, which will be the only FPSO in the Eastern Mediterranean, to deliver gas into the Israeli domestic market, which Energean is working towards delivering in 1Q 2022. Post-period end, we further cemented our position in Israel, when we completed the acquisition of the 30% minority interest in EISL, increasing Energean's shareholding in the subsidiary to 100%. To date, Energean Israel has signed contracts to supply 7.4 Bcm/yr of gas into the Israeli domestic market, all of which have floor pricing, take-or-pay and/or exclusivity provisions that largely insulate revenues against downside commodity price risk and underpin our goal of paying a meaningful and sustainable dividend from 2022.

With a proven track record of consistently growing reserves and resources, we are focused on maximising production from our large-scale gas-focused portfolio to deliver material free cash flow and maximise total shareholder return in a sustainable way.

ESG, health and safety are paramount to Energean; we aim to run safe and reliable operations, whilst targeting carbon-neutrality[11] across all our operations by 2050. These aspirations were significantly advanced with the completion of the Edison E&P acquisition, which is now being successfully integrated into Energean's business, and we delivered a 67% year-on-year reduction

[9] The gross consideration for the transaction, as at the locked box date of 1 January 2019, was $284 million and the final net consideration (net of cash acquired), as of 17 December 2020, was $203 million

[10] Pro forma production and financial results are presented as if Edison E&P results were consolidated for the entire year; the locked box date of the transaction was 1 January 2019 and therefore all economic results since that date accrue to Energean. Actual results consolidate from the closing date of the transaction, which occurred on 17 December 2020

[11] Scope 1 and 2 emissions

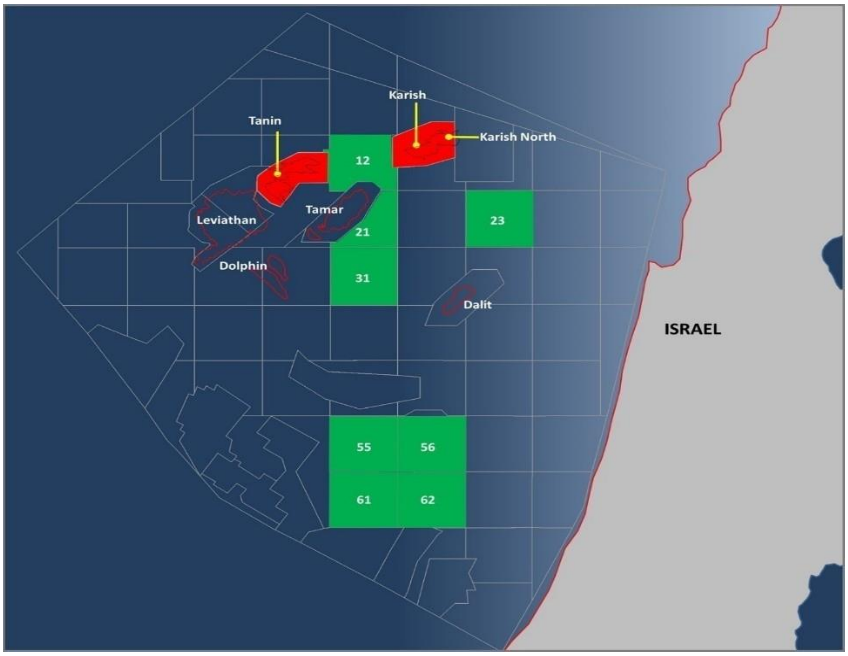
to carbon emissions intensity to 22.2 kgCO2/boe, when considering 2020 pro forma performance data versus 2019 Energean standalone data.

Where we operate

Energean holds a balanced portfolio of exploration, development and production assets, with operations in nine countries across the Mediterranean and UK North Sea. We have interests in more than 80 leases and licences, 10 of which are located offshore Israel, one of our core countries of operations.

Figure 1. Map of Energean's operations

Figure 2. Energean Israel Limited (EISL) leases and licences



Performance in 2020

From strength to strength

Despite the challenging macro environment, Energean continued to deliver strong performance against its strategic goals in 2020. In December 2020, we completed the first stage of our transition to become the leading independent gas-producer in the Mediterranean with the successful acquisition of Edison E&P. The second stage of this transformation will be completed once Karish, our flagship gas project offshore Israel, commences production, expected within the next 12-months, in 1Q 2022, enabling us to deliver material free cash flows and sustainable shareholder returns.

Operational highlights

- Working interest production 3.6 kboepd (*pro forma* 48.3 kboepd, 74% gas)
- *Pro forma* 2P reserves 982 MMboe[12], a 187% year-on-year increase[13]
- Karish development 87% complete at 31 December 2020 (90% at 31 March 2021)[14]
- FID taken on the >40% IRR Karish North project (Israel) in early 2021
- FID taken on the >30% IRR NEA/NI project (Egypt) in early 2021.

Commercial highlights

- Edison E&P acquisition closed 17 December 2020, expanding our operational footprint to nine countries, and representing a final net consideration (net of cash acquired) of approximately $1.0 / 2P boe
- Agreed to acquire Kerogen's 30% holding in Energean Israel Limited (EISL) for $380-405 million, representing an acquisition price of $1.74 - $1.85/2P boe. The acquisition closed on 25 February 2021
- Increased signed GSPAs in Israel to 7.4 Bcm/yr on plateau (from 5.0 Bcm/yr at year-end 2019).

Financial highlights

- Sales revenue of $28 million (*pro forma* $336 million)
- Operating cash flows of $2 million (*pro forma* $137 million)
- Adjusted EBITDAX of $(8) million (*pro forma* $108 million)
- Loss after tax of $(93) million (*pro forma* $(416) million)
- $429 million *pro forma* capital expenditure reduction achieved versus January 2020 guidance of $995 million.

Decarbonisation and ESG highlights

- 67% year-on-year reduction carbon emissions intensity to 22.2 kgCO2/boe, when considering 2020 pro forma performance data versus 2019 Energean standalone data.
- Successful roll out of 'Green Electricity' at Prinos in Greece and our premises in Israel
- Achieved a B- score on CDP climate change disclosure and a B score on supplier engagement, and aligned with all recommended pillars of TCFD disclosure
- Implemented climate-based scenario analysis and use of internal carbon pricing to assist with investment-decision making

[12] Reserves are pro forma Energean plus the acquisition of Kerogen's 30% holding in Energean Israel Limited ("EISL"). The transaction closed on 25 February 2021
[13] When considering 2020 pro forma 2P reserves (Energean plus the acquisition of Kerogen's 30% holding in EISL) versus Energean 2019 standalone 2P reserves
[14] As measured under the TechnipFMC EPCIC

- ESG ratings in top quartile, awarded 'Gold' by Maala[15] and ranked 16 out of 114 peer companies by Sustainalytics.

HSE highlights

- Safe and reliable operations for employees and contractors, with zero serious injuries recorded
- Zero oil spills and zero environmental damage.

Awards

- Awarded 'Best ESG Energy Growth Strategy in Europe 2020' and 'Transition Economist Strategy of the Year – Independent'
- Karish project received a Safety and Health Award Recognition for Projects (SHARP) for safety excellence in Singapore.

Figure 3. Karish project SHARP award at the Admiralty Yard (Singapore)

[15] Maala is a non-profit CSR standards-setting organisation in Israel

Chairman's Statement

Karen Simon, Independent Chairman

Board Priorities for 2021	
Cultural integration and people development	Fostering a culture of inclusion and diversity through the successful integration of Edison E&P and revamp of the organisational structure, as well as streamlining of learning and knowledge sharing processes. Continued improvement of employee skills, to maximise value and successfully delivering our strategy, is also a top priority.
TCFD alignment	Aligning with the TCFD recommendations across all TCFD pillars and ensuring that our portfolio is continuously tested against a range of plausible and robust Paris-aligned climate change scenarios.
Decarbonisation	Continuing to oversee the reduction of our carbon footprint, whilst continuingly assessing the impact of our operations on climate change. This will involve the tracking of key metrics and making appropriate adjustments to our strategy as we go forward. Low carbon business opportunities will also be evaluated, including the economic viability of carbon capture and storage projects. Employee education will play a leading role by enabling us to stay on top of key trends and capitalise upon our core strategic strengths, with the ultimate aim to develop the first carbon capture and storage project in Greece, alongside other energy related transition initiatives, including blue hydrogen.
Operational Delivery	Successful delivery of the Karish project in 1Q 2022 and the progression of further organic growth projects, including Karish North (Israel) and NEA/NI (Egypt), as well as our next exploration and appraisal campaign offshore Israel.
Capital Allocation	Deciding on how best to provide sustainable turns to shareholders whilst ensuring that the right level of reinvestment in the business is maintained to progress key organic growth projects.

Dear Shareholder,

I want to start by addressing the unprecedented and tragic events of the last year. Every day, the COVID-19 global pandemic seems to reach a new and terrible milestone. More than 100 million cases have now been reported worldwide, and millions have sadly lost their lives. Every loss of life is a tragedy and my sincere condolences go out to all who have been impacted by the virus.

It is also a motivation to keep going and do everything we can to stop transmission and save lives. As Chairman, my number one priority during this difficult time has been to ensure the safety of our employees, contractors and partners in all the countries in which we operate. At the same time, maintaining the business's strategic focus, responding quickly to the low commodity price environment and lowering the carbon intensity of our operations also continue to be key priorities.

I was highly impressed by the swift and decisive response taken by our CEO and senior management teams to protect our colleagues. I was also inspired by the positive attitude and mindset of our people. Your ability to keep calm and carry on, as the British saying goes, was key to the success of the business in 2020. Thank you all for your hard work, positivity and dedication during the last year.

Our key successes

On a more positive note, I want to celebrate some of our 2020 successes with you. We closed the strategic acquisition of Edison E&P in December 2020 and expanded our operational footprint to nine countries, becoming one of the largest listed E&P companies on the London Stock Exchange by market capitalisation. This was a landmark event that transitioned us into the top tier of European E&Ps by scale and significantly enhanced our gas portfolio. It also added around 250 new colleagues. I want to take this moment to extend a warm welcome to you all and look forward to working with you in 2021 and beyond. Integration of the two businesses has commenced and is a top priority for the Board. Through ensuring maximum alignment, the sharing of technical expertise and the amalgamation of our corporate cultures, I believe that further growth is not only possible, but new opportunities are there to be unlocked.

Despite challenges associated with COVID-19, solid progress was made on the Karish project, which was approximately 87% complete at year end 2020. In Israel, we further strengthened our commercial position through the signature of new GSPAs and have now substantially achieved our strategic goal of “filling the boat”. In addition, we acquired Kerogen’s 30% stake in EISL for around $400 million total consideration. This acquisition not only makes financial and strategic sense for Energean but showcases our commitment to ensuring diversity and security of natural gas supply into Israel. In doing so, we aim to facilitate the transition from coal fired power plants to cleaner sources of energy, in line with the goals set by Israel’s Ministry of Energy.

People, culture and development

Energean has always prided itself on its multicultural work environment and its strong values, ‘Our Ethos’ and the Board has worked hard to strengthen this environment by fostering a culture of inclusion and diversity. During 2020, we updated our ‘Equal Opportunities Policy’ and provided Group-wide training on diversity and inclusion best practices. In addition, our Intranet site, the Energean Transmission Hub Online System (ETHOS), was successfully launched and will help facilitate knowledge sharing and connect all Energean employees, including our new colleagues from Edison E&P.

To cultivate an open and honest culture we launched our first Energean Voice Survey, which achieved a response rate of over 90%. In 2021, we aim to use these results to further improve Energean’s corporate culture and ensure the smooth integration of Edison E&P. On the subject of integration, the Board is closely monitoring the implementation of the Group’s detailed strategic integration plan, including the alignment of the organisational structure and the roll out of key processes and procedures.

Decarbonisation strategy

The Board fully recognises the immediate challenges facing society and the energy sector from the impact of climate change. Our decision to align with the recommendations of the TCFD reflects our recognition of the severity of this threat and the need to support the objectives of the Paris Agreement to keep the increase in global average temperature to below 2°C above preindustrial levels, and pursue efforts to limit the temperature increase even further to 1.5°C.The time to act on climate change is now and for that reason I am fully supportive of Energean’s vision to lead the Mediterranean region’s energy transition, through a strategic focus on gas as a transition energy source. I was immensely proud of the commitment made by Energean to be a net zero emitter[16] by 2050 and am pleased by the immediate steps taken during 2020 to reduce our environmental footprint and further incorporate climate-based scenarios into our investment decision-making process. Some of these steps are described in more detail below.

In October 2020, we agreed with the Public Power Corporation of Greece to source 100% of electricity for the Prinos area assets from renewable energy sources. This delivered a 100% reduction in Scope 2 carbon emissions at Prinos and around a 45% reduction of Scope 1 and 2 emissions. Opportunities to convert Prinos into the first Carbon Capture and Storage project in the Eastern Mediterranean, as well as the development of a small-scale blue hydrogen within the existing onshore Sigma plant, are also under evaluation. If implemented in the next few years, the

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[16] Scope 1 and 2 emissions

projects would broaden and diversify Greece's existing energy infrastructure whilst providing a significant first step in the Greek energy transition towards a zero CO2 economy.

These actions, combined with the successful integration of the Edison E&P portfolio, delivered a 67% year-on-year reduction in the carbon intensity of our operations, when considering 2020 *pro forma* performance data versus 2019 Energean standalone data, to approximately 22 kgCO2/boe. In the medium-term we aim to achieve a carbon intensity target of approximately 9.5 kgCO2/boe, which is approximately half the current global average for the E&P sector.

In 2021, we will roll out three initiatives across all of our operated sites, including switching to purchasing "green" electricity, introduction of a zero-routine-flaring policy and establishment of procedures to reduce methane emissions. Looking ahead, we will continue to progress our feasibility study on carbon capture and underground storage at Prinos, whilst also evaluating the potential of a small-scale blue hydrogen project. I am proud that we have achieved a B- score in climate change and a B score in supplier engagement in our first CDP submission, and we aim to further improve upon this in future years, as we deliver our net-zero strategy.

Board composition

The Board is the steward of corporate governance and strong governance becomes even more important in challenging times and must underpin the culture of the whole business. As such, I as Chair, and the Board, are focused on developing in this area, particularly as we approach first gas from Karish and transition into the leading independent E&P company in the Eastern Mediterranean, with operations spanning multiple jurisdictions. Responsibility for the governance of climate change issues within Energean rests with the Board, as demonstrated by our Board-set target of 70% of our production volumes being gas. To reflect the increasing importance of climate change-related risks and opportunities, we have reshaped the Board committee structure and created a dedicated Environment, Safety and Social Responsibility Committee, chaired by Non-Executive Director Robert Peck. These changes are designed to ensure that environmental issues and specific corporate governance are dealt with by one committee, ensuring strong strategic focus and challenge in these areas.

During 2020, I was delighted to welcome Kimberley Wood and Andreas Persianis to the Board. They bring a wealth of experience in both the financial and natural resource sectors. The appointments also meant that we achieved greater than 30 percent female representation on our Board of Directors in 2020. Ohad Marani and David Bonanno stepped down in 2020. I am very grateful to them both for the expertise they brought to Energean during their time as Non-Executive Directors and wish them well in their future endeavors.

Looking ahead to 2021

2021 will be a pivotal year in Energean's journey to become the leading independent E&P company in the Mediterranean. In March 2021, we enhanced our Israeli position through the acquisition of Kerogen's Minority Interest in EISL. Moreover, we are targeting first gas from our flagship Karish gas development within the next 12-months, in 1Q 2022, and will further progress the development of Karish North, as well as two additional growth projects in Israel, namely the additional gas export riser and additional oil train. Successful delivery of these projects will significantly increase our production throughout the decade, enabling us to deliver material free cash flows and realise our ambition of paying a meaningful and sustainable dividend to our shareholders from 2022. As a Board, we aim to decide in 2021 on how to best provide returns to shareholders whilst ensuring that the right levels of both reinvestment and debt are maintained to ensure a sustainable long-term outlook for the business.

Stay safe and well.

Karen Simon

Chairman

Chief Executive's Review

Mathios Rigas, Chief Executive Officer

A year the world would rather forget but nevertheless another successful year for Energean

The year 2020 will go down in history as the year of the unexpected and the unknown. Life as we knew it came to a halt as the world battled the COVID-19 global pandemic, and government responses to limit the spread of the virus, including restricting people's movement, significantly weakened global energy demand, putting huge pressure on our sector. As a business, and on a personal level, conditions were extremely challenging. We were confined to our homes, in order to save lives and protect the wellbeing of our colleagues and had to adapt to new ways of working.

Despite a multitude of challenges, I am proud to say that Energean delivered on its promises, kept its sense of strategic direction and its people stayed positive. I will expand on this and our achievements in the paragraphs below, but first and foremost I want to sincerely thank our dedicated team, contractors and partners for their continued hard work and support during this difficult period. Our successes in 2020 would not have been possible without you. I also want to take this opportunity to extend a warm welcome to our new colleagues from Edison E&P. It is great to have you on board and I look forward to seeing what each of you brings to the business in 2021.

Strong delivery despite a challenging year

We entered 2020 in a strong financial position with a healthy balance sheet and funding in place for our core projects. This allowed us to quickly adapt to the unprecedented combination of the COVID-19 pandemic and record low commodity prices, and focus on delivering our goals and growing the business. Consequently, 2020 was a truly transformative year for Energean, and one that saw the business enter the last phase of its transition into the leading independent E&P player in the Mediterranean. We completed the acquisition of Edison E&P, expanded our operational footprint to nine countries and achieved a significant step up in production. We also increased *pro forma* 2P reserves by approximately 187% year-on-year[17] to almost 1 billion boe, marking our thirteenth consecutive year of reserves and resources growth.

Despite some COVID-19 related challenges, good progress was also made on our flagship multi-tcf Karish gas development offshore Israel, which was approximately 87% complete at year end 2020. Energean continues to work towards first gas from Karish in 1Q 2022. Excellent commercial progress was made in Israel during the year showcased by the signature of 2.4 Bcm/yr of new GSPAs. This increased signed gas contracts to around 7.4 Bcm/y (on plateau) and means that approximately 93% of the *Energean Power* FPSO's capacity will be utilised. But we have no intention of stopping there; we have an extremely exciting upcoming exploration programme and will continue to explore all options for commercialisation in the event of success.

Italian production is very important to our portfolio and, in 2021 to date, is performing significantly ahead of expectations; and will continue to benefit from our focus on optimisation. Smaller projects and interventions will compound in their impact and will have an important influence on our bottom line. In the medium-term term, we expect to roll out our mature assets transition strategy across several locations, significantly extending the life of our Italian business.

Croatia and Montenegro are exciting areas of growth and I look forward to seeing the potential of both areas being realised.

[17] When considering 2020 pro forma 2P reserves (Energean plus the acquisition of Kerogen's 30% holding in EISL) versus Energean 2019 standalone 2P reserves

Poised for further growth

Delivery of Karish will not be the only driver of near-term growth in Israel. In January 2021, we reached FID on our 1.1 Tcf (32 Bcm) Karish North project, less than two years after discovery, and first gas is anticipated in 2H 2023. Initial capital expenditure will be around $150 million and will coincide with an investment programme to expand liquids output through the addition of a second oil train and riser on the *Energean Power* FPSO, which are expected to become operational by year-end 2022.

Further organic growth is targeted in Israel through the delivery of our next exploration and appraisal programme. Drilling is expected to commence in early 2022 and will see up to four E&A wells drilled targeting over one billion boe of prospective resources. The Karish North development well will be drilled as part of this programme providing cost synergies.We also remained active in the M&A space in 2020, as demonstrated by our strategic acquisition of Kerogen Capital's 30% holding in EISL for $380-405 million. This was not a case of doing deals for the sake of doing deals. The acquisition is a natural strategic fit that is materially accretive to value, with excellent deal metrics. It gives us full control of EISL, adds 219 MMboe of 2P reserves and will lower the carbon intensity of the business. I am pleased to note that we closed the transaction in February 2021 and thank Kerogen for its support during the development of Karish.

In Egypt, FID was taken on the shallow-water NEA/NI subsea tie-back project. The integrated NEA/NI project is expected to deliver first gas from one well in 2H 2022 and from the remaining three wells in 1Q 2023. In line with our disciplined capital allocation policy, in which we focus on high-return organic growth opportunities, we expect the project to generate an IRR in excess of 30%. This is a crucial project for our Egyptian portfolio, and one that will significantly benefit the long-term production profile, whilst bringing significant cost and investment efficiencies.

Advancing our net zero strategy

At Energean, ultimate responsibility and accountability for our environmental and climate change policy, strategy and targets lie with me. I am proud of the achievements we have delivered to date and am confident that we will continue to deliver upon this strategy. In 2019, we were the first E&P company in the world to commit to net zero emissions[18] by 2050 and we have already started delivering on that promise. In 2020, we reduced the *pro forma* carbon intensity of our operations by almost 70%[19] and by 2023 expect our carbon emissions intensity to be around half the current global average for the oil and gas industry. In addition, we commenced several new initiatives, including disclosure of climate related data in line with TCFD recommendations, as well as evaluation of carbon capture and storage and a small-scale blue hydrogen project in Prinos in Greece. We aim to continue this momentum in 2021 through the continued roll out of our decarbonisation strategy and optimisation of our new portfolio.

Health, safety and environment

The health and safety of our staff and contractors was a top priority in 2020. We ensured all necessary measures to keep employees safe from COVID-19 were taken and maintained an exemplary HSE track record. At the Karish Project we reached the positive milestone of 12 million man-hours with no LTI[20] while Sembcorp Marine's Admiralty Yard was awarded a Safety and Health Award Recognition for Projects ("SHARP") for Safety Excellence for the Karish Project. At the Group level, and alongside our contractors, we achieved an LTIF[21] of 0.6 per million man-hours. In addition, we not only ensured the safety of our employees, but also extended a helping hand to local communities by supporting them in their battle against COVID-19.

[18] Scope 1 and 2 emissions
[19] When considering 2020 pro forma performance data versus 2019 Energean standalone data
[20] LTI: Lost Time Injuries
[21] LTI Frequency: The number of Lost Time Injuries per million hours worked

The outlook

With COVID-19 vaccines proving their efficacy, and worldwide vaccinations having started in late 2020, there is a path to recovery. 2021 is set to be another very exciting year for Energean. We aim to continue delivering on our promises, growing the business and decarbonising our operations, whilst keeping ESG at the heart of our organisation.

Take care.

Mathios Rigas

Chief Executive Officer

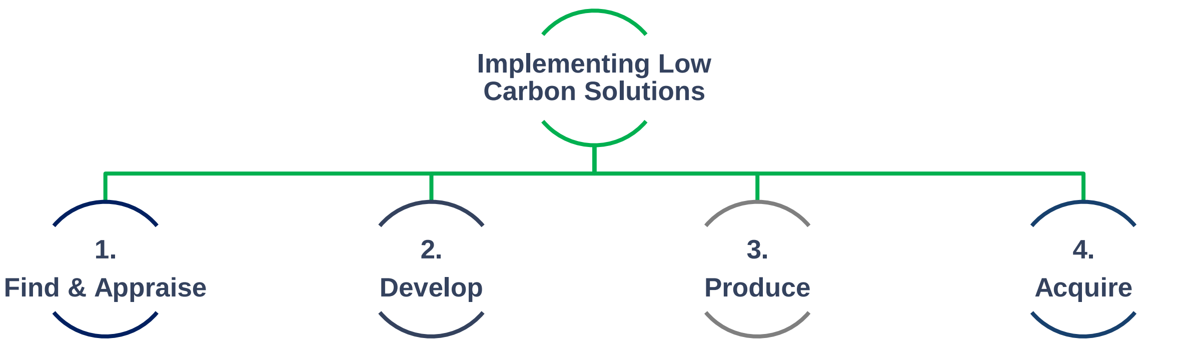
Our Business Model and Strategy

Our purpose

Energean's aim is to lead the energy transition in the eastern Mediterranean through a strategic focus on gas and achieve its net zero ambition in advance of 2050, whilst delivering meaningful and sustainable returns to shareholders.

Our business model

Across each part of the hydrocarbon lifecycle we work to create value for our investors, host countries and people.



Energean's business model is to find and monetise hydrocarbons from its portfolio of assets across the Mediterranean.

Our activities are focused on generating sustainable cashflow from production through selective development and appraisal of the highest return growth options with a focus on those opportunities with the lowest carbon intensities. We are focused on organic growth, but will continue to evaluate inorganic opportunities that complement and supplement our strategic targets and ambitions.

Underpinning our business model is a strategic focus on gas and a commitment to be a net zero emitter[22] by 2050.

Our value life cycle

Find & Appraise

Through targeted exploration and appraisal in the Mediterranean we aim to find hydrocarbons, to build reserves and resources, to monetise, or to selectively develop for future production. We have a ranked portfolio of prospects for drilling and remain agile to take advantage of opportunities that support our organic-focused growth strategy.

Develop

We focus on selective development of material hydrocarbon discoveries we have either found or acquired. We invest in low-cost, high-return drilling options that lie in close proximity to existing

[22] Scope 1 and 2 emissions

infrastructure and aim to deliver cost-effective, timely solutions to convert reserves into cash flows. In developing these solutions, minimising carbon emissions is at the forefront of our minds, and we apply an internal carbon pricing system in assessing new projects and investments.

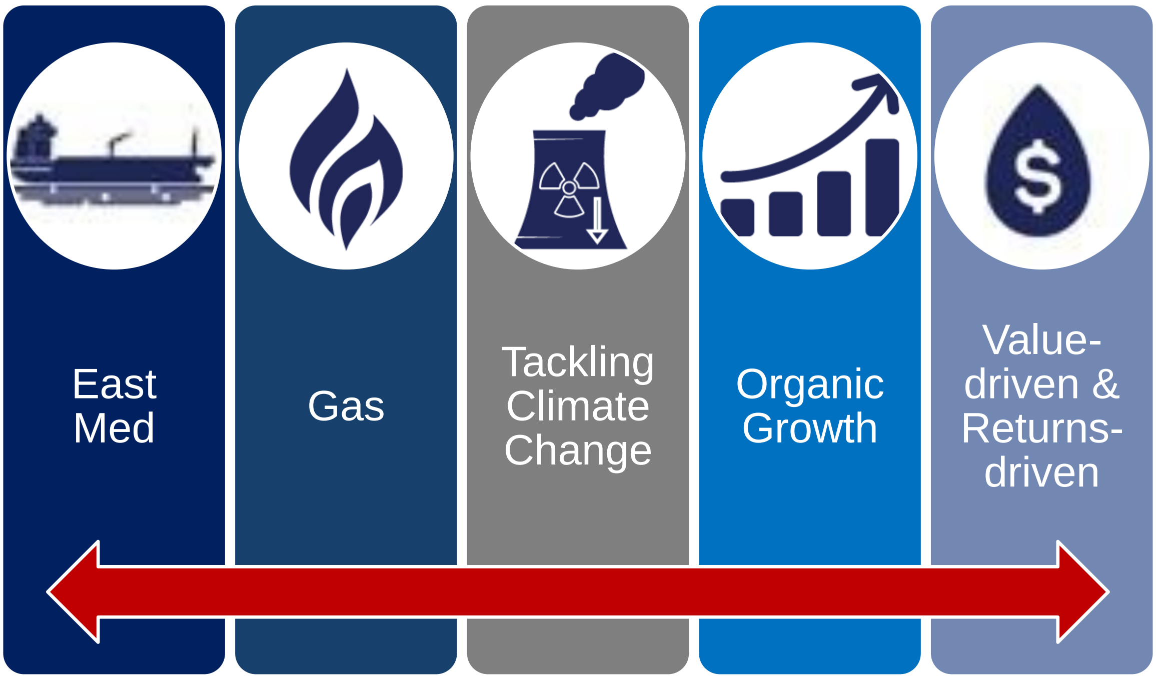
Produce

Production is the cash engine of our business and we are investing in in-field drilling programmes to maximise production across our producing assets in the Mediterranean, whilst also investing in opportunities to reduce the carbon footprint of these assets, such as the switch to sourcing electricity in Prinos from 100% renewable sources through the national grid. In addition, Energean is committed to the roll-out of sourcing of renewable energy across operated assets and premises in future, and will continue to pursue such options in 2021.

Acquire

Energean also seeks to grow its portfolio through highly selective and value accretive M&A that are a natural strategic fit.

Our Strategic Pillars



Our Strategy

1. East Mediterranean

Energean has a long-standing history of operating in the Mediterranean, having originated in Greece in 2007 with the purchase of the Prinos assets for approximately $1.5 million. We have demonstrated our ability to deliver growth and value in the Mediterranean and expect to continue to maintain our strategic focus and investment in this area. We know the governments and we know the rocks in this geographical area, and will continue to leverage this understanding and knowledge to grow the business.

2. Gas

We are committed to focusing our production mix in a way that promotes the Mediterranean's energy transition and creates long-term value for all or our stakeholders. Natural gas emits only half as much CO2 as coal, yet a large percentage of electricity generated in the region comes from coal-fired power plants. Replacing these facilities with gas-fired units is one of the fastest, most efficient and cost-effective ways to reduce global CO2 emissions. Israel, our core market, has understood this, as the Israeli government's decision to convert all coal powered stations to gas by 2025 attests. The Ministry of Energy is also targeting a fuel mix of 70% gas and 30% renewable energy by 2030.

However, the natural gas of the Mediterranean is not just an energy transition source, it is also an energy of the future. The region has sufficient large-scale natural gas resources to provide a sustainable supply to meet rising regional energy demand. Gas is also sustainable and efficient, and its flexibility as an energy source allows for agile production facilities. This makes gas a good partner for renewable energies, providing a useful backup source when there is no sunlight or wind.

3. Tackling Climate Change

Energean is fully committed to taking action on climate change. In a strong show of leadership and foresight, Energean was the first E&P company in the world to announce a net zero 2050 target, using gas as the transition medium to a low carbon future. This commitment will be delivered through the implementation of our Climate Change Strategy, which provides a blueprint for minimising our greenhouse gas ("GHG") emissions and strengthening our low carbon portfolio.

Our Climate Change Strategy commits to ensuring that all our assets will be operated on a carbon neutral basis in respect of Scope 1 and Scope 2 GHG emissions.

In 2020, as part of our commitment to a low-carbon future, we have aligned with the TCFD recommendations.

Paris Agreement alignment

It goes without saying, that the energy landscape has changed significantly over the past few years. 2020 has undoubtedly been a transformational year and major decisions towards a low carbon future were taken at governmental and business levels. Energean is firmly committed to playing a leadership role in the energy transition process, supporting the objectives of the Paris Agreement to keep the increase in global average temperature to below 2°C above preindustrial levels and pursuing efforts to limit the temperature increase even further to 1.5°C.

In 2020 our portfolio has been tested against a range of plausible and robust Paris-aligned scenarios, including the scenarios developed by the International Energy Agency (IEA) outlined in its 2019 World Energy Outlook, to advise our business strategy. Commodity prices derived from supply and demand fundamentals have been used in this scenario analysis, supplemented with additional variables that might impact market conditions or demand growth. We use the output of these scenarios as a key decision-making tool in our investment process.

Our Climate Change Strategy

To achieve this transition, climate change related risks and opportunities have been identified, and future scenarios that will aid in developing an integrated strategic approach have been analysed. Our strategy and business plan to limit global warming has been structured, and is currently being implemented, in three different phases: short, medium, and long-term.

We aim to achieve our net zero goal initially by reducing the company's absolute scope 1 and 2 emissions through increased efficiency of production installations by optimising performance and the transition to low or zero carbon electricity use, and by re-focusing our production mix from oil to gas.

In 2020, sales gas production as a percentage of total production was substantially increased year-on-year from 0% to 74%, when considering *pro forma* performance data versus 2019 Energean standalone data. This increase resulted in a 67% *pro forma* reduction of our carbon emissions intensity versus the 2019 Energean standalone baseline, compared to the 50% target disclosed in our 2019 Sustainability Report. Gas is expected to account for around 80% of Energean's future production mix, once the Karish and Karish North fields are brought onstream. This is expected to lead to a further decrease in the carbon emissions intensity of our operations.

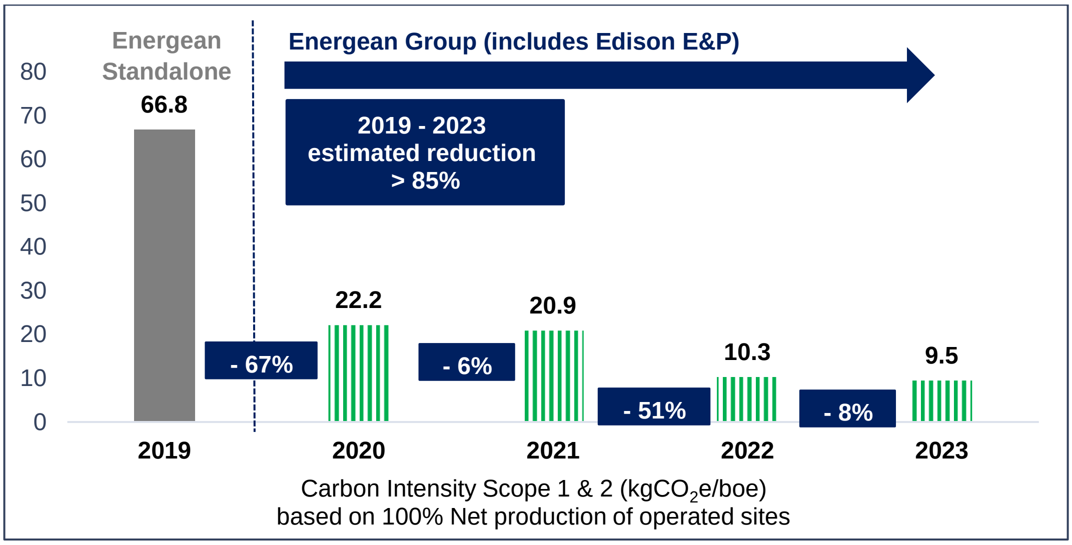
Electricity-wise, we agreed with the Public Power Corporation of Greece to provide to us Guaranties of Origin for the total amount of electricity consumed at Prinos in 2020. As such, all the electricity purchased to power the Prinos asset in 2020 was generated from renewable sources and reduced scope 1 and 2 absolute emissions by 45%.

In addition, we acquired International Renewable Energy Certificates ("I-REC") for the electricity that we consumed in Israel. Overall, approximately 98% of electricity purchased by Energean was generated from renewable sources during 2020.

A Leak Detection and Repair ("LDAR") program is also expected to be implemented in 2021, in order to monitor and actively reduce methane emissions from our installations.

The following graph is a representation of the short-term carbon intensity reduction plan of Energean, which estimates an 85% reduction in Scope 1 and 2 emissions by 2023 versus the Energean 2019 baseline.

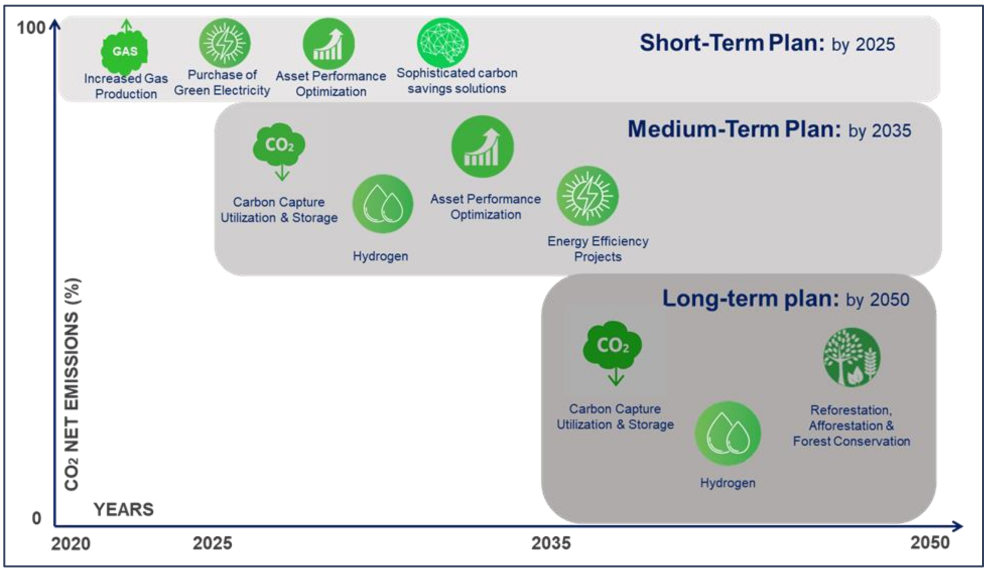
Figure 4. Short-term carbon emissions intensity reduction plan[23]



Following, these initial actions, remaining emissions will be balanced with an equivalent amount sequestered or offset, or through buying enough carbon credits to make up the difference. The company is currently reviewing various options such as Negative Emissions Technologies ("NETs") Carbon Capture and Storage ("CCS") and small-scale blue hydrogen projects, together with reforestation and afforestation initiatives.

Energean believes that there is considerable opportunity to employ efficient CCS technologies in the regions in which it operates. Ultimately, Energean aims to become a leader in CCS in the Eastern Mediterranean and is confident that it will be part of the solution. Besides interest from our own assets, we believe that there will also be external interest e.g. from power plants, in providing their emissions to be stored in our depleted reservoirs. Energean is well placed to realise such a project since it has over 40 years' experience in managing reservoirs, studying the Mediterranean's geology and market developments.

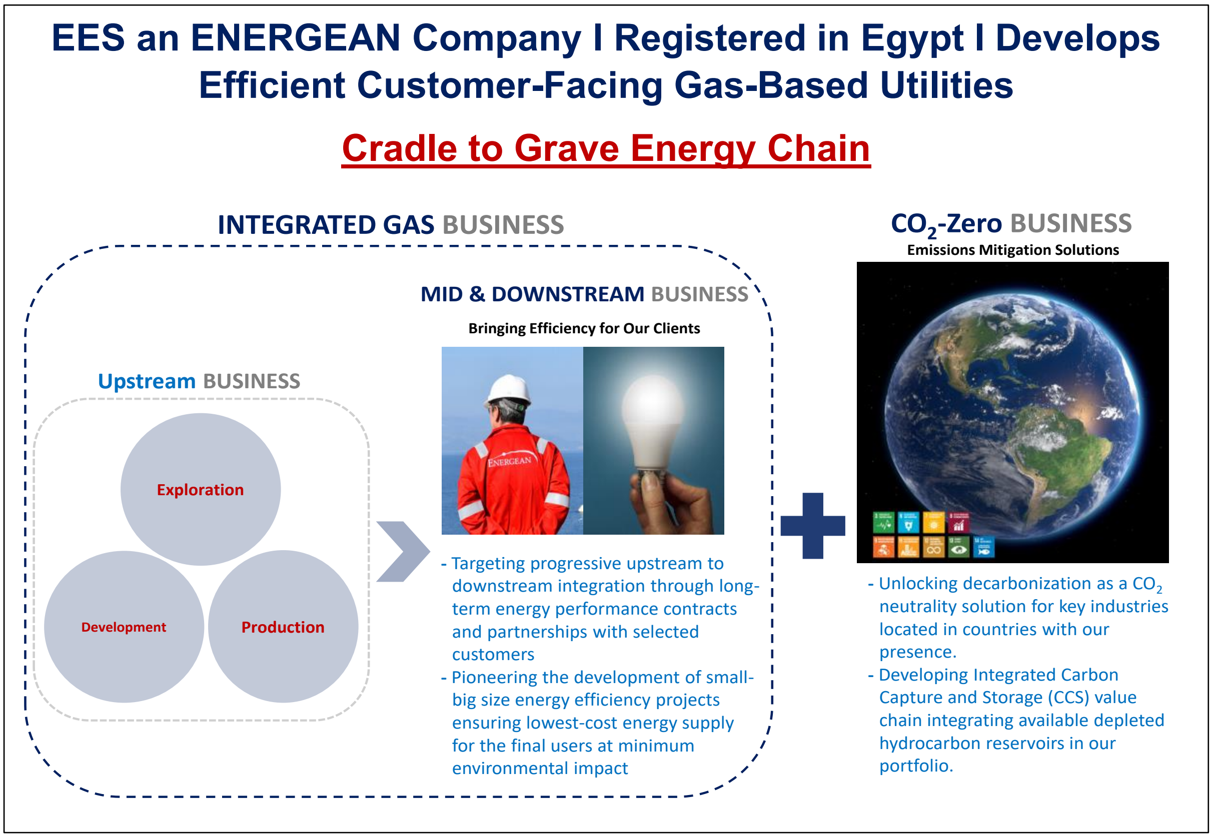
Figure 5. Long-term climate change plan



[23] The plan considers 2020 *pro forma* performance data versus 2019 Energean standalone data. 2021 onwards is based on Energean Group estimates.

In 2020, we established a new legal entity, "Energean Egypt Energy Services" that is responsible for evaluating low-carbon technology innovation, including potential new business lines in technical solutions such as the above-mentioned CCS and small-scale blue hydrogen projects.

Figure 6. Energean Egypt Energy Services



Scope 3 emissions

Energean calculated its scope 3 emissions, including emissions from the use of its products, for the first time in 2020. Scope 3 emissions coming from the processing and use of sold products were estimated at around eight times that of scope 1 and scope 2 emissions. Inclusive of all relevant activity, including the construction of the *Energean Power* FPSO in Asia, scope 3 emissions were estimated at around 10 times that of scope 1 and 2 emissions. As a next step, Energean will consider tangible actions to reduce its scope 3 emissions. Among other things, Energean will consider the environmental awareness of suppliers and contractors, as well as emissions management, in future recruitment processes.

The Group took decisive steps to adjust its business strategy to not only mitigate climate change-related risks but also to capture opportunities. Over the past four years, Energean shifted its portfolio from 100% oil to around 80% gas, recognising that gas plays an important role as a bridge fuel in the transition to a lower-carbon future. For example, in Israel, gas produced from our operations will be key in replacing high-carbon coal power plants and thus, will play a significant role in lowering the country's absolute emissions.

Recognitions of our Climate Change Strategy

Energean was awarded the 'Energy Transition Strategy of the Year (Independent)' at the Petroleum Economist 2020 Awards ceremony. Up against strong competition from a host of peers in the independent E&P space, the prestigious award recognised Energean as an independent oil and gas company that has committed to an ambitious target and set out a robust plan for how this will be achieved. Energean was judged against and awarded having satisfied the following criteria:

- Having a companywide strategy to lower emissions in compliance with the Paris Agreement and for its commitment to net zero carbon emissions[24] by 2050
- A strategy to decarbonise production from existing licences or refocus on lower carbon activities
- Committed capex to the early stages of its transition strategy
- Already achieved some reduction in emissions e.g. the reaching of an agreement with the Public Power Corporate of Greece that ensures that 100% electricity used in the Prinos asset originates from renewable energy resources
- Provided transparency and facilitated external auditing
- Carved out a unique role in the energy transition space.

Supporting climate change initiatives

By participating in the CDP for the first time in 2020 Energean promoted disclosure transparency and further developed its climate change initiatives which were recognised and awarded with a B-score on climate change and B score on supplier engagement based on our strategy and set targets.

Energean has strong disclosure with regards to its energy transition intentions and on long-term carbon neutrality, and has implemented the recommendations of the TCFD within its 2020 reporting structure.

The table below sets out where to find Energean's TCFD disclosures throughout the Company's 2020 Annual Report and Accounts.

Index to disclosures aligned to recommendations of the Task Force on Climate-related Financial Disclosures	
Governance: Disclose the organisation's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	**Page 110**
b) Describe management's role in assessing and managing climate-related risks and opportunities	**Pages 110-112**
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	**Page 24-26**
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	**Page 24-26**
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	**Page 24-26**
Risk Management: Disclose how the organisation identifies, assesses, and manages climate-related risks	
a) Describe the organisation's processes for identifying and assessing climate-related risks	**Page 74-76**
b) Describe the organisation's processes for managing climate-related risks	**Pages 89-92**
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	**Page 74-76**
Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	

[24] Scope 1 and 2 emissions

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	**Page 31-32**
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	**Pages 58-60**
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	**Pages 17-22**

4. Organic Growth

At the core of this strategic pillar is our commitment to explore, develop and learn. We explore new ways to find, produce and develop hydrocarbons. We explore new technologies and low carbon solutions, such as carbon capture and storage, and blue hydrogen. We at Energean believe that this mindset, combined with our strong subsurface and technical expertise, will enable us to deliver a growth strategy that is sustainable, successful and will lead to the achievement of our medium-term financial and operational targets. It was this approach that bore fruit in 2019 with the discovery of Karish North. By actively pursuing new exploration opportunities in core areas and maximising output from producing fields, we aim to constantly increase our reserves and resources. 2020 was the thirteenth consecutive year that we grew our reserve and resource base, and we aim to continue this track record in the years to come.

Our exploration portfolio is spread across the Mediterranean and represents a balanced mix of new frontier areas and lower risk mature basins. Planning for our next exploration and appraisal campaign offshore Israel is underway, with drilling expected to commence in early 2022. Targets include Block 12, which lies between the Karish and Tanin leases, where a discovery would significantly de-risk the surrounding acreage. We have two sanctioned projects under way to be developed, Karish North (Israel) and NEA/NI (Egypt) that will see the commercialisation of approximately 280 MMboe of 2P reserves, the majority of which are gas.

5. Value and returns-driven

Disciplined capital allocation that prioritises total shareholder returns is a top priority for Energean. In 2021, we intend to optimise our capital structure in a way that allows us to remain agile whilst moving towards a net debt/EBITDAX target of less than two times. At the heart of this aim is our intention to pay a meaningful and sustainable dividend to shareholders, with 2022 the target year for our inaugural dividend. Underpinning this capital allocation policy is a commitment to organic growth projects that meet strict investment criteria and generate returns in excess of 20% in the case of greenfield projects. An example of this approach is the recent sanctioning of the Karish North project, which is expected to generate IRRs above 40%. M&A will also play a role in growing the business; however, we will only do deals that are a strong strategic fit and value accretive. This is showcased by the approximately $1.85/boe acquisition price that we achieved for Kerogen's 30% holding EISL.

Business model foundations

These are the building blocks that every E&P business need and are critical foundations for what we do and how we do it.

Safe, Reliable and Responsible Operations

We value the safety of our workforce above all else and focus on maintaining a safe operating culture every day. This culture of safety also improves the integrity and reliability of our assets.

Partnerships and Collaboration

We aim to build long-term relationships with our key stakeholders, and partner with leaders of industry to find innovations that can improve efficiency and deliver low carbon solutions.

Talented People

We work to attract, motivate and retain talented people and provide our employees with the right skills for the future. Our performance and ability to grow depend on it.

Governance and Oversight

Our board has a diversity of knowledge, expertise, and ways of thinking that help us grow our business, manage risks and continue to deliver long-term value.

Technology and Innovation

New technologies help us produce energy safely and more efficiently. We selectively invest in areas with the potential to add greatest value to our business, now and in the future, including lower carbon solutions.

TCFD Scenario Analysis

As part of our overall approach for managing the risks facing our business and for maximising the opportunities in our portfolio, Energean conducts comprehensive financial modelling that includes the risks and opportunities presented by a transition to a lower-carbon economy. We regularly update our analysis to ensure our business is adaptable to changing market conditions and global trends. To address the risks and opportunities presented by a potential transition to a lower-carbon economy, Energean carried out a scenario analysis exercise in late 2020. We applied the scenarios developed by the IEA, outlined in its 2019 World Energy Outlook, as the basis for our recent scenario analysis. These scenarios are:

- **Current Policies Scenario**, which assumes no change in policies from today and therefore projects a warming of over 4°C
- **Stated Policies Scenario (STEPS)**, which assumes policies and targets announced by governments are enacted and estimates an average temperature rise of 2.7°C (some projections show up to 3.3°C)
- **Sustainable Development Scenario (SDS)**, which sees an accelerated transition to a low-carbon world and projects a 66% chance to limit temperature rise to 1.8°C and a 50% chance to limit it to 1.65°C.

Beyond the impact on commodity prices as a result of reduced demand (in STEPS and SDS), we considered other key value drivers, namely socio-political risks and fiscal risks in our key markets, to model the potential impacts on a country level, driven by a shift in global fossil fuel consumption (e.g. due to changing policies, different consumer behaviour, or technological advances). Our portfolio continues to create value under all scenarios and our gas-focused business positions us strongly to adapt to changing demand in a carbon-constrained world.

To further deepen our analysis, and ensure we consider additional downside risks to Energean’s business in what is increasingly being referred to as a ‘climate emergency’, we went beyond the demand assumptions inherent in the IEA scenarios and modelled a set of possible industry responses to the energy transition in the form of supply-side assumptions. These include a view on industry indiscipline, for example with hydrocarbon prices blighted by oversupply, at least for a period before the industry is forced to return to a more disciplined position, and a view on the disruptive impact of the ongoing COVID-19 crisis on investment levels and therefore longer-term productive capacity.

Our portfolio remains value-generative even under the most severe of these scenarios.

Net Present Value of portfolio[25]

	STEPS	SDS
Israel	0 to -9%	0 to -9%
Egypt	0 to -9%	0 to -9%
Italy	-10 to -20%	-21 to -50%
Greece	-21 to -50%	-21 to -50%
UK	0 to -9%	0 to -9%
Croatia	0 to -9%	0 to -9%

Impact on NPV
0 to -9%
-10 to -20%
-21 to -50%

The impacts to net present value described above are based on the development of our 2P reserves position 'as is', and do not include any unsanctioned steps that we are taking to mitigate the impacts of climate change. For example, our assets in Greece are amongst the most exposed to the effects of lower commodity prices that result under the various scenarios considered. We are already taking steps to mitigate this impact, and are looking at longer term, climate friendly solutions for the Prinos Basin, which include carbon capture solutions. Energean is a nimble operator with the ability to deliver solutions that deliver maximum value for our shareholders, and we view scenario analysis as a key tool in continuing to deliver upon this as we move into a lower-carbon world.

Inclusion of climate-related risks into decision making

Energean is in the process of moving towards full-incorporation of climate change-related risks into its investment decision-making. The findings of the recently conducted scenario analysis exercise, as well as stringent stress-tests for new investments, inform our corporate strategy and investment decision-making, ensuring that climate change-related risks are adequately considered in managing our portfolio. This includes planning capital allocations and making business decisions based on criteria that are as challenging as those posed by the carbon constrained scenarios examined

Our current portfolio remains resilient under the climate scenarios tested, and we expect to continue helping meet global energy demand over the coming decades. We will continue to make capital allocation decisions for our portfolio using rigorous planning assumptions flowing from the scenario analysis exercise.

Furthermore, Energean uses an internal price on carbon to stress-test new projects, acquisitions and investments. This stress test serves two purposes. It allows us to measure the impact of an investment decision on the company's carbon footprint, and if the project moves us too far away from our net zero 2050 target, Energean will not consider investing. Furthermore, the internal price on carbon ensures that we include the possibility of additional carbon taxation schemes being introduced (within our European markets and beyond), which would result in a reduction of our income on individual assets. In 2020, our internal carbon price was \$25/tCO_2, and it will rise to \$40/tCO_2 from 2025, \$100/tCO_2 from 2035 and \$200t//tCO_2 from 2050.

[25] Relative to Energean's long-term corporate planning Brent oil price of \$60/bbl

Year	€/tCO2
2020	25
2025	40
2035	100
2050	200

The internal carbon price helps mitigate future potential climate change impacts by helping us safeguard the value of future investments under different scenarios where the cost of emitting GHG increases as a result of more stringent regulated trading schemes. In our sensitivity analysis, we have seen that climate change constitutes a significant risk (albeit with a low probability) in this respect. Engineering solutions have been incorporated in the design of future projects and in operational performance improvements to emissions, in addition to considerations around carbon capture and offsetting projects in the medium term.

We have already pivoted our portfolio predominantly toward gas as part of an overall strategic decision to more strongly position the company to meet global energy needs in a carbon-constrained world.

Market Overview

Brent oil price

Brent crude made significant losses over the course of 2020 largely due to the COVID-19-driven recession. At the same time, geopolitical events, such as the Russia-Saudi Arabia oil price war, also contributed to price weakness. Prices fell to a 17-year low on 18 March, when Brent reached $24.7/bbl, as government responses to limit the spread of COVID-19, including restricting people's movement, significantly weakened global oil demand.

Under unprecedented market pressure, the OPEC+ group failed to agree on joint action to curb oil production to stabilise prices, triggering an oil price war. Crude prices remained depressed throughout March but, faced with a growing supply-demand imbalance OPEC+ agreed to end its price war on 9 April with a 9.7 mmb/d supply cut that will taper through to April 2022.

With Brent stable in the $40-45/bbl range throughout June and July, production cuts tapered to 7.7 MMbopd in August and remained at this level until year end 2020. At the December OPEC+ meeting it was agreed that oil production would be raised by 0.5 MMbopd in January 2021, with future output levels to be decided at monthly ministerial meetings. Brent closed the year priced at $51.8/bbl.

European gas prices

European gas and global LNG markets faced record low prices in summer 2020, with mild temperatures, strong wind generation and COVID-19 induced nationwide lockdowns depressing natural gas consumption. However, the market showed signs of tightening in 2H 2020 due to unexpected supply challenges in the global LNG market and higher demand in Asia supported by cold weather patterns across the northern hemisphere.

The latter saw LNG supply originally destined for Europe diverted to Asia. Coupled with further decline in European domestic production, this significantly tightened European inventories, with gas storage down by around 15% versus the same period in 2019, and more line with the 5-year average. As such, European gas prices closed the year in a significantly stronger position versus 1H 2020.

Israel

2020 was another pivotal year for Israel's upstream oil and gas sector, despite challenges related to COVID-19. The Chevron-operated (previously Noble Energy) multi-tcf Leviathan field achieved first gas in December 2019, commencing supplies to the Israeli domestic market, as well as the key regional export markets of Egypt and Jordan. Gas is exported to Egypt via the 7 Bcm/yr capacity Eastern Mediterranean Gas (EMG) pipeline in which Chevron (previously Noble Energy) and its partners have a 39% equity interest.

Robust gas demand outlook

Since 2018, the Ministry of Energy has focused its efforts on transitioning to greener sources of energy through the increased use of gas and renewables, while phasing out coal. The Israeli government aims to convert all coal powered stations in the country to gas by 2025 and is targeting a fuel mix of 70% gas and 30% renewable energy by 2030.

In 2020, demand for gas in Israel was approximately 11-12 Bcm. Despite near-term pressure on demand, Israel's long-term gas demand outlook remains robust, with demand forecast to grow to 18.2 Bcm by 2025 and approximately 21 Bcm by 2030[26].

[26] BDO market forecasts as of July 2020 report

Egypt

Egypt's gas market has seen substantial change in recent years, moving from supply deficit to surplus, owing to several recent large domestic discoveries, headlined by Eni's super-giant Zohr field. Egypt also started importing gas from Israel in January 2020, realising its ambitions to become a regional gas hub. However, gas production growth was contained in 2020 in the wake of the COVID-19 pandemic, which significantly weakened domestic demand and exports.

Italy

Italy is southern Europe's largest oil and gas producer. Oil production exceeded 100,000 bopd in 2020 following start-up of the Total-operated Tempa Rossa field, which has a processing capacity of 50,000 bopd. Future liquids output is underpinned by this and the Eni-operated Val d'Agri field. Together the projects will account for approximately 90% of Italian liquids output by the mid-2020s.

Gas production was around 500 MMcfd in 2020 and is expected to increase once the Eni-operated Cassiopea project (Energean 40%), offshore Sicily, comes onstream in 2024.

Regional pipeline developments

Energean is supportive of all gas infrastructure developments in the Mediterranean. Infrastructure is key to the Mediterranean achieving the status of a global gas hub, in which we aim to be the leading independent E&P player.

EastMed Pipeline – A potential export route to Europe

This is a proposed 1,900km pipeline connecting the Eastern Mediterranean's Levantine Basin (Israel) with the European gas network, via Greece, Cyprus and Italy. The pipeline has been classified as a European Project of Common Interest. FID is targeted in 2022, with construction of the pipeline scheduled for completion by 2025.

In early 2020, Energean and the Public Gas Corporation of Greece (DEPA) agreed to cooperate to further support construction of the EastMed Pipeline project. The agreement came into force ahead of EastMed Pipeline accord, which was signed by the leaders of Greece, Cyprus and Israel.

Energean and DEPA also signed a Letter of Intent (LoI) for the potential sale and purchase of 2 bcm/year of gas from Energean's fields offshore Israel. The agreement represents an important stepping stone for the project, paving the way for further commercial talks, whilst presenting Energean with another potential monetisation route for its gas.

TANAP and TAP – Two additional pipelines across Southern Europe

The Trans-Anatolian pipeline (TANAP) is a central part of Europe's Southern Gas Corridor and runs from the Turkish border with Georgia to the Greek border at Edirne. It will ultimately deliver 16 Bcm/year of Azerbaijani gas across Turkey, 6 Bcm/year for domestic offtake and 10 Bcm/year for onward export to southern Europe via the Trans-Adriatic pipeline (TAP). The latter commenced commercial operations in 4Q 2020, the project having been delivered on schedule, and runs from Greece to southern Italy.

Cyprus – Egypt pipeline

Cyprus has signed an agreement with Egypt that will eventually allow natural gas found in the Aphrodite field, estimated at approximately 6 Tcf, to be exported to Egypt, most likely for re-export as LNG to Europe.

Our Key Performance Indicators

We measure performance over a range of key operational, commercial, financial and non-financial metrics to ensure the sustainable management of our long-term success. This keeps us focused on our strategic objectives, whilst allowing us to remain agile and responsive to external events.

Energean completed the acquisition of Edison E&P on 17 December 2020[27], and in doing so, reinforced its commitment to the Mediterranean region. The economic reference date of the transaction was 1 January 2019 and all results subsequent to this date accrue to Energean. However, for accounting purposes, the figures for Edison E&P are only consolidated into the financial statements subsequent to the completion date; all results between the economic reference date and the completion date are reflected through a series of completion adjustments and are incorporated in the net consideration. Throughout the Key Performance Indicators section, both operational and financial results are presented on an actual and *pro forma* (Energean plus Edison E&P) basis.

Operational

We continued our strong track record of growing reserves, while *pro forma* production performance was around the mid-point of guidance of 44.5 - 51.5 kboepd.

1. *Working Interest Production*

Working Interest Production	*Pro forma* 2020	2020	2019	2018
Kboepd	**48.3**	3.6	3.3	4.1

Objective: Energean is focused on maximising production from its existing asset base and, in the medium-term, delivering net production of at least 200 kboepd from its gas-weighted portfolio.

2020 progress:

- Average working interest production of 3.6 kboepd (*pro forma* 48.3 kboepd)
- Karish project approximately 87% complete at 31 December 2020 (90% at 31 March 2021)
- Liquids production at Karish revised upwards and now expected to average 28 kbpd over a plateau period of approximately five years.

2. *2P Reserves and 2C Resources*

2P Reserves	*Pro forma* 2020[28]	2020	2019	2018
MMboe	**982**	762	342	347

2C Resources	*Pro forma* 2020[29]	2020	2019	2018
MMboe	**158**	158	216	58

[27] The gross consideration for the transaction, as at the locked box date of 1 January 2019, was $284 million and the final net consideration (net of cash acquired), as of 17 December 2020, was $203 million
[28] Reserves are pro forma Energean plus the acquisition of Kerogen's 30% holding in Energean Israel Limited ("EISL"). The transaction closed on 25 February 2021
[29] Resources are pro forma Energean plus the acquisition of Kerogen's 30% holding in Energean Israel Limited ("EISL"). The transaction closed on 25 February 2021

Objective: Energean aims to grow its reserve and resource base through a combination of successful exploration and appraisal and selective value accretive acquisitions.

2020 progress:

- 187% year-on-year increase[30] in *pro forma* 2P reserves to approximately 982 MMboe, 79% gas
- Increased working interest in Energean Israel to 100%, adding 219 MMboe of 2P reserves. The transaction was signed in December 2020 and closed on 25 February 2021
- In early 2021, the Group increased its equity interests in the producing Rospo Mare and Vega fields, offshore Italy, to 100% at zero consideration.

Financial

In 2020, we took major steps towards achieving a number of our medium-term financial targets, many of which have been enhanced in the period. Looking ahead to 2021 and beyond, Energean is focused on increasing production from its large-scale, gas-focused portfolio to deliver material free cash flows and maximise total shareholder return.

1. Revenues

Sales Revenues	*Pro forma* 2020	2020	2019	2018
$ Million	**335.9**	28.0	75.7	90.3

Objective: Energean's medium-term target is to generate revenues in excess of $2 billion per annum. With approximately 1 billion boe of 2P reserves to be monetised and a revenue growth profile underpinned by gas sold under fixed price contracts, Energean believes this target is both achievable and sustainable.

2020 progress:

- 2020 sales revenues of $28 million (*pro forma* $336 million)
- New GSPAs signed in Israel taking total gas sales to 7.4 Bcm.yr on plateau, further enhancing medium-term revenues
- All GSPAs in Israel contain provisions for take-or-pay and / or exclusivity, as well as floor pricing, ensuring that revenues are secured, predictable and largely insulated from downside commodity price risk.

2. Cost of Production[31]

Cost of Production	*Pro forma* 2020	2020	2019	2018
$/boe	**11.3**	21.4	21.5	17.6

Objective: Following completion of the Edison E&P acquisition Energean has started to implement programmes to further the reduction of operating costs with the aim of creating a sustainable low-

[30] When considering 2020 pro forma 2P reserves (Energean plus the acquisition of Kerogen's 30% holding in EISL) versus Energean 2019 standalone 2P reserves

[31] The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. These non-IFRS measures include Cost of Production. More information can be found in the Financial Review section, under the heading 'Non-IFRS measures'

cost business. The Group's medium-term cost of production (operating costs plus all royalties) target is $9-11/boe.

2020 progress:

- Full, bottom-up internal review initiated that will evaluate:
  - Operating cost reductions
  - Third party tariff optimisation
  - Mothballing; and
  - Production efficiencies, such as gas reinjection, to reduce power consumption
- Cost driven performance-management
- Karish, Karish North & Tanin operating costs expected to be $70 - 80 million per year
  - Limited variable costs

3. *Adjusted EBITDAX*[32]

Adjusted EBITDAX	*Pro forma* 2020	2020	2019	2018
$ Million	**107.7**	(8.3)	35.6	52.4

Objective: Energean aims to maximise EBITDAX to maintain the profitability of the business. The Group expects to grow EBITDAX to exceed $1.4 billion per annum in the medium-term through the successful delivery of key growth projects.

2020 progress:

- FID taken on the >40% IRR Karish North project (Israel) in early 2021
- FID taken on the >30% IRR NEA/NI project (Egypt) in early 2021 (Egypt).

4. *Cash Flow from Operating Activities*

Cash Flow from Operating Activities	*Pro forma* 2020	2020	2019	2018
$ Million	**137.0**	1.5	36.3	62.7

5. *(Loss)/Profit After Tax*

Profit After Tax	*Pro forma* 2020	2020	2019	2018
$ Million	**(416.4)**	(92.9)	(83.8)	100.8

Net Zero Carbon Emissions

Energean's aim is to lead the energy transition in the eastern Mediterranean through a strategic focus on gas and achieve its net zero ambition in advance of 2050.

1. *Carbon Intensity Reduction Programme*

Carbon Intensity	*Pro forma* 2020	2020	2019	2018

[32] The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. These non-IFRS measures include adjusted EBITDAX. More information can be found in the Financial Review section, under the heading 'Non-IFRS measures'

KgCO2/boe (Scope 1 and 2)	**22.2**	40.9	66.8	60.6

Objective: In 2019, we were the first E&P company in the world to commit to net zero emissions by 2050. As part of this commitment, we pledged to reduce the carbon intensity of our business, by 70% in 2023, versus our 2019 base year[33].

Energean used internationally recognised standards and guidance to calculate its GHG emissions. We followed the recommendations of the Greenhouse Gas Protocol, as well as guidance from IPIECA, the UK's Department for Environment, Food and Rural Affairs (DEFRA), the International Energy Agency (IEA), the UN Intergovernmental Panel on Climate Change (IPCC) and the EU Emission Trading System. Our scope 1 emissions have been verified by TUV Austria Hellas.

2020 progress:

- We delivered a 67% year-on-year reduction in the carbon intensity of our operations, when considering 2020 *pro forma* performance versus Energean 2019 standalone data
- Successfully rolled out the use of 'Green Electricity' at Prinos in Greece and our premises in Israel
- Set a new carbon intensity target of approximately 9.5 kgCO2/boe by 2023, approximately half the current global average for the upstream oil and gas sector
- Achieved a B- score on climate change and a B score on supplier engagement in our first CDP submission
- Aligned our year end 2020 reporting procedures with TCFD recommendations
- Reduced energy use intensity at our operating sites by 9.5% and increased energy efficiency by optimising production equipment and installing LED lighting.

HSE

Energean is fully committed to behaving responsibly and conducting its business with integrity in everything it does.

1. ***Lost Time Injury Frequency***

LTI Frequency Rate	*Pro forma* 2020	2020	2019	2018
No. Per Million Hours Worked	**0.63**	0.65	0.28	1.10

Objective: Energean is committed to managing its operations in a safe and reliable manner to prevent major accidents and to provide a high level of protection to its employees and contractors. 2020 performance was slightly poorer versus 2019 due to the inclusion of contractor data related to the onshore workstream of the Karish project in Israel.

2020 progress:

- Safe operations, zero injuries to Energean employees for a second consecutive year
- Zero environmental damage and zero oil spills
- Zero health damage and occupational illnesses.

Total shareholder return

In 2020, we completed the first phase of our transition to become the leading independent gas-producer in the Mediterranean with the completion of the acquisition of Edison E&P. The second

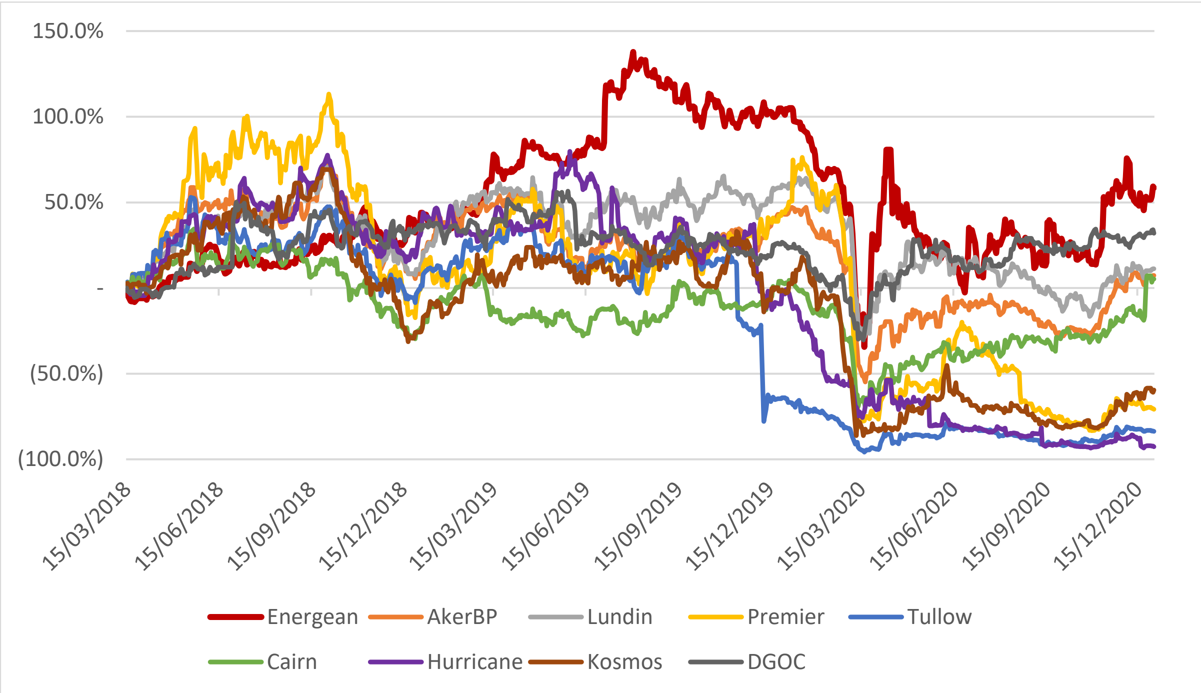
[33] Scope 1 and 2 emissions

phase of that transformation will be completed once our flagship gas project Karish commences production, in 1Q 2022, enabling us to deliver material free cash flows and meaningful, sustainable shareholder returns.

In 2021, the Board aims to decide on how to best provide returns to shareholders whilst ensuring that the right level of reinvestment is maintained in the business.

The target year for our inaugural dividend is 2022.

Figure 7. Share price performance (rebased) versus peers since IPO



Review of Operations

Energean's focus on developing its gas-weighted resource base in the Eastern Mediterranean is a key strategic priority. Strong operational and development progress was achieved in 2020 across the entire portfolio, despite some COVID-19 related challenges.

Key milestones achieved in 2020 and early 2021

Strong Operational Performance	Working interest 2P reserves increased to 762 MMboe (*pro forma* 982 MMboe[34], a 187% year-on-year increase[35])
	Working interest production 3.6 kboepd (*pro forma* 48.3 kboepd, 74% gas)
	Karish development 87% complete at 31 December 2020 (90% at 31 March 2021)
	FID taken on the >40% IRR Karish North project (Israel) in early 2021
	FID taken on the >30% IRR NEA/NI project (Egypt) in early 2021
Further Commercial Success	Closed Edison E&P acquisition. Operational footprint expanded to nine countries
	Acquired Kerogen's 30% holding in EISL for $380 - 405 million in early 2021
	Increased signed GSPAs in Israel to 7.4 Bcm/yr on plateau[36]
Robust *Pro Forma* Financial Performance	Sales revenues of $28 million (*pro forma* $336 million), operating cash flows of $2 million (*pro forma* $137 million) and adjusted EBITDAX of $(8) million (*pro forma* $108 million)
	$276 million capex reduction versus January 2020 guidance of $705 million (*pro forma* $565 million capex reduction versus January 2020 *pro forma* guidance of $995 million)
Advanced Net Zero Strategy	67% year-on-year reduction carbon emissions intensity to 22.2 kgCO2/boe, when considering 2020 pro forma performance data versus 2019 Energean standalone data.
	Successful roll out of 'Green Electricity' at Prinos in Greece, our premises in Israel and the EDINA operative site in Croatia
	Achieved a B- score on climate change and a B score supplier on engagement on CDP disclosure and aligned all recommended pillars of TCFD disclosure
	Implemented climate-based scenario analysis and internal carbon pricing to assist with investment-decision making
ESG and HSE Highlights	Safe operations, zero serious injuries
	Zero environmental damage and zero oil spills
	ESG ratings in top quartile, awarded 'Gold' by Maala and ranked 16 out of 114 peer companies by Sustainalytics
	Awarded 'Best ESG Energy Growth Strategy in Europe 2020' and 'Transition Economist Strategy of the Year – Independent'

Step up in production following the acquisition of Edison E&P

Group *pro forma* working interest production averaged 48.3 kboepd in 2020 (2020 actuals as reported: 3.6 kbopd) around the mid-point of guidance of 45.5 – 51.5 kboepd, with *pro forma* revenues of $336 million (2020 actuals as reported: $28.0 million). The acquisition of Edison E&P in December 2020 significantly enhanced the scale of Energean's operations and added a portfolio of high-quality producing assets. Moreover, additional steps were taken in 2020 towards achieving a number of the Group's medium-term targets, many of which were enhanced during the period. These targets include achieving net production of at least 200 kboepd once Karish and Karish North are onstream.

Working interest hydrocarbon production (kboepd)

[34] Includes an additional 219 MMboe of 2P reserves acquired from Kerogen Capital
[35] When considering 2020 pro forma 2P reserves (Energean plus the acquisition of Kerogen's 30% holding in EISL) versus Energean 2019 standalone 2P reserves
[36] From 5.0 Bcm/yr at year-end 2019

	2020 *pro forma*	2020
Egypt	35.4	1.4
Italy	9.1	0.3
Greece	1.8	1.8
UK North Sea	1.8	0.1
Croatia	0.2	0.0
Total	**48.3**	**3.6**

Israel

Karish Project

Under the Group's EPCIC contract with TechnipFMC, the Karish Project was approximately 87% complete at 31 December 2020 (90% at 31 March 2021). Energean continues to work towards first gas from Karish in 1Q 2022. The shipyard in Singapore remains under limitations imposed by COVID-related restrictions, including limited access to workers and yard productivity. Energean is working with its contractors to firm up this timetable and will update the market as the situation evolves.

Energean Power FPSO Progress and Key Milestones

The *Energean Power* FPSO was approximately 93% complete, at year end 2020. During the period the majority of the main modules and pipe racks were lifted onto the FPSO hull, marking the first major milestone of the hull and topside integration campaign. The flare-lift was completed in early 2021, signalling near completion of the lifting programme.

Post-period end Energean commenced its project to install a second oil train and second riser on the *Energean Power* FPSO, which will increase the *Energean Power* FPSO liquids production capacity to approximately 32 kbopd (from 21 kbopd) and allow maximum gas production of 800 mmscf/d (approximately 8 Bcm/yr, from 6.5 Bcm/yr).

Subsea and Onshore Progress

Subsea works were approximately 76% complete at year end 2020, with the 14-line mooring system and deepwater subsea production system fully installed. The 90-kilometre gas sales pipeline scope was also close to completion with the riser installation campaign expected to commence and complete in 1Q-2021.

During 1Q-2020, successful results were achieved from production measurement performed during clean-up of all three development wells (KM-01, KM-02 and KM-03), with all three wells demonstrating the capability to deliver at a combined capacity sufficient to fill the 8 Bcm/yr capacity of the *Energean Power* FPSO. High quality liquids, measured at 48 °API, were also identified in the KM-03 well.

Onshore work was substantially complete at year end (90% inclusive of Energean's scope of work; 100% under the Technip FMC EPCIC), with mechanical completion and commissioning of the Production Rate Measurement System at Dor anticipated during 1Q-2021. Installation of the onshore pipeline commenced in June 2020 and is also expected to complete in 1Q-2021. The system is expected to be ready for first gas by the end of April 2021. Civil works also progressed well during 2020 and are expected to complete in 2Q-2021.

Karish North

In January 2021, Energean reached FID at the 1.1 Tcf (32 Bcm) Karish North field, 21-months after the announcement of the discovery. The field will be commercialised via a low-cost tie-back to the *Energean Power* FPSO, which will be situated approximately 5 kilometres away. First gas is expected in 2H 2023, with production from the first well expected to be up to 300 mmscf/d (approximately 3 Bcm/yr). Initial capital expenditure in the project is expected to be approximately $150 million, or $0.6/boe; and Energean estimates that the project will generate IRRs above 40%.

GSPAs

A number of GSPAs were signed with Israeli buyers in 2020, taking total GSPAs to 7.4 Bcm/yr at plateau, meaning the 8 Bcm/yr capacity of the *Energean Power* FPSO will be approximately 93% utilised. All contracts contain provisions for take-or-pay and / or exclusivity, as well as floor pricing, ensuring that Energean's revenue stream in Israel is secured, predictable and largely insulated from downside commodity price risk. Energean is exploring options to fill the remaining 0.6 Bcm/yr spare capacity in its FPSO.

Exploration

Planning for the Group's next major exploration and appraisal campaign, offshore Israel, commenced in late 2020. Drilling is expected to commence in early 2022 and could see up to four exploration and appraisal wells targeting more than 1 billion boe of prospective resources. Targets include:

Block 12, which is situated between the Karish and Tanin leases, and is estimated to contain gross prospective recoverable resources of 108 Bcm (3.8 Tcf), with the primary targets having geological chances of success ranging from 63% to 79%. The first well is expected to target the 20 Bcm Athena prospect, for which the primary target (11 Bcm / 0.4 Tcf) has a 70% geological chance of success.

Success at Athena would significantly de-risk the remaining 88 Bcm (3.1 Tcf) of prospective resources in the block. Any discovery in that block would be prioritised over the development of Tanin due to i) lower capital expenditure investment (as compared to Tanin); and ii) the absence of any seller royalties on production from the lease.

Each well is expected to cost approximately $35-50 million and Energean expects to tender for a rig for the programme in 1H-2021. The first Karish North development well will be drilled as part of this programme to achieve cost synergies.

Well	Type	Approximate Cost $ Million	Prospect Size (Recoverable) MMboe[37]	Possibility of Success (PoS)
Athena-01	Exploration (Firm)	35	140	84%
KM-04 + Pilot Hole	Appraisal (Firm)	45	176 + 64	94% + 72%
Hermes-01	Exploration (Optional)	40	200	56%
Hercules-01[38]	Exploration (Optional)	50	488	Tbc
KN-04 ST-04	Development (Firm)	50	N/A	100%

Acquisition of Kerogen Capital's 30% Holding in EISL

In December 2020, Energean announced the proposed acquisition of Kerogen Capital's 30% holding in Energean Israel Limited (EISL) for a total consideration of $380-405 million. The acquisition is a natural strategic fit, that gives the Group 100% ownership of EISL's share capital

[37] Recoverable volume is the sum of the unrisked mean recoverable volumes with a recovery factor (gas) = 0.7 and a recovery factor (oil) = 0.4. This represent the total recoverable volumes targeted by the well bore
[38] Not yet audited. Management estimates presented

and structure, and adds 2P reserves of 219 MMboe (approximately 80% gas) enlarging the Group's reserves to around 1 billion boe.

The total consideration of $380-405 million includes an up-front payment of $175 million, payable on transaction close, as well as a deferred consideration of $125-150 million, the latest allowable payment of which is 30 days following practical completion of the Karish project. $30 million of additional deferred consideration is payable by 31 December 2022 and is expected to be funded by free cash flows. The consideration also includes $50 million of convertible loan notes, which have a maturity date of 29 December 2023, a strike price of GBP9.50 and a zero-coupon rate.

The acquisition of the minority interest in Energean Israel Limited closed on 25 February 2021.

Egypt[39]

Production

The Abu Qir gas-condensate field offshore Egypt is the largest producing asset in the Group's portfolio. The field delivered 35.4 kboepd of *pro forma* working interest production in the 12 months to 31 December 2020, approximately 86% of which was gas, in the middle of market guidance of 34 - 37 kboepd. 2021 production is expected to average 26 - 30 kboepd, lower than 2020 due to deferral of investments until after completion of the acquisition of Edison E&P.

Development

NEA/NI subsea tieback

In January 2021, Energean sanctioned the NEA/NI project, shallow-water offshore Egypt and neighbouring the Abu Qir concession. An EPCI contract for the four subsea wells and the associated tie-back to the Abu Qir platform and associated infrastructure was awarded to TechnipFMC in February 2021. The integrated NEA/NI project is expected to deliver first gas from one well in 2H 2022 and from the remaining three wells in 1Q 2023. The project contains an estimated 37 MMboe of 2P reserves according to D&M and peak production is expected to be approximately 90 MMscfd plus 1 kbopd of condensates. The North Idku field contains further 2C resources of 22 MMboe.In line with Energean's disciplined capital allocation and organic growth strategy, the project generates an IRR in excess of 30% and a payback period of approximately 3 years, at a long-term Brent price of $60/bbl, versus a Group IRR hurdle rate of more than 20% for greenfield projects.

Abu Qir infill drilling programme

Following the 4-well programme at NEA/NI, Energean expects to drill at least two sidetracks to support production in the Abu Qir concession, with the concurrent drilling programmes generating significant synergies.

Exploration

The Nigma-1 exploration well was spudded on the North East Hap'y Offshore block (Energean, 30%) in late 2019. The well was completed in early 2020 and did not encounter commercial hydrocarbons. In June 2020, a formal request was submitted to the Egyptian government to enter the second exploration period. A Zohr-like structure is being evaluated by Energean and Eni (70%, operator) for a potential exploration well in the early 2020s.

The Ameeq-1 exploration well was spudded on the North Thekah Offshore licence in January 2020 and drilled to a depth of 5,671 metres. The well did not encounter commercial hydrocarbons and was plugged and abandoned in March 2020. The licence was subsequently relinquished.

Italy[40]

[39] Portfolio acquired as part of the Edison E&P transaction, which closed in December 2020
[40] Portfolio acquired as part of the Edison E&P transaction, which closed in December 2020

Energean is the second largest oil and gas operator in Italy after Eni, with interests in more than 50 licences at 31 December 2020.

Production

Pro forma working interest production averaged 9.1 kboepd (52% gas) in 2020, just above the mid-point of guidance of 8 - 10 kboepd. 2021 production is expected to be between 8 - 9 kboepd.

During early 2021, Energean increased its positions in the Vega and Rospo Mare fields to 100% (from 60% and 62%, respectively) at nil cost and with an economic reference date of 1 January 2021. ENI retains its share of abandonment expenses associated with both fields.

The Vega and Rospo Mare licences are key targets of the cost reduction programme that has recently been implemented to capture cost savings across the portfolio, with the goal of improving profitability and cash flows.

Development

The Cassiopea project, in which Energean has a 40% non-operated equity stake, is ongoing with first gas expected in 2024. The field will deliver plateau production rates of approximately 150 MMsfcd from the middle of the decade and working interest capital expenditure to first gas is expected to total approximately EUR265 million. Upside exists within the surrounding area from potential satellite tie-back options, including the Gemini and Centauro prospects.

During 2021, the main activities in Italy outside of the Cassiopea development are expected to involve drilling sidetracks in the Callipso field and a workover in the Monte Urano licence. Rospo Mare sidetracks remain part of the 2023-24 drilling programmes.

Greece

Production

Working interest production in Greece was 1.8 kbopd in the 12 months to 31 December 2020 versus guidance of 1.5 - 2.0 kbopd. 2021 production is expected to be around 1.5 kbopd.

Development

Energean's acreage around the Prinos area remains under review. In March 2021, the European Commission approved €100 million of support for Energean’s Epsilon project, consisting of a public guarantee on a commercial loan of around €90.5 million to be contracted by Energean with its commercial banks and a €9.5 million subordinated loan from the Greek state. Terms are yet to be agreed. Energean has full control over whether or not it takes advantage of this funding, the decision being contingent primarily on an FID-decision on the 53 MMboe 2P + 2C Epsilon development. Under the terms of the approval, the support will be granted no later than 31 December 2021 and has a maximum duration of eight years. The uses of the loans are stipulated to cover Energean’s investment and working capital requirements in Greece for the next 12 monthsUnder a full-development scenario, Epsilon could deliver peak production in excess of 7 kbopd, with a five-year average of approximately 6.5 kbopd.

In October 2020, the Group reached an agreement with the Public Power Corporation of Greece to source 100% of electricity for the Prinos area assets from renewable sources to deliver a 100% reduction in Scope 2 carbon emissions at Prinos and an approximately 45% reduction of Scope 1 & 2 emissions.

Exploration

Ioannina and Aitoloakarnania

Interpretation of 2D seismic acquired on the Ioannina block (Energean 40%) is ongoing. In early 2021, Repsol (60%, operator) decided to withdraw from the licence. Energean is now the 100% owner and operator of the licence.

The Aitoloakarnania exploration licence in western Greece was relinquished in early 2021.

Block 2

In January 2021, Energean completed the acquisition of Total's 50% share in Block 2, offshore western Greece. Combined with the 25% working interest that was acquired through the acquisition of Edison E&P, the Group now holds a 75% stake in the block. Hellenic Petroleum holds the remaining 25%.

Carbon Capture and Storage

Energean is committed to meeting its carbon neutral target by 2050 and leading the Mediterranean region's energy transition. During 2020 the Group commenced evaluation of carbon capture and storage in the Prinos asset. Energean estimates that the Prinos subsurface volumes are sufficient to sequester up to 50 million tonnes of CO2. Use of captured CO2 for enhanced oil recovery is also under investigation.

Blue Hydrogen

In addition to a CO2 sequestration project, Energean is evaluating an opportunity to develop a small-scale blue hydrogen (H2) plant within the existing onshore Sigma gas plant. Natural gas would be converted into H2 and CO2 through an Oxy-combustion process with a Carbon Capture efficiency of over 99%.

Croatia[41]

Production

Pro forma working interest production in Croatia averaged 0.2 kboepd during 2020. No material production is expected in 2021.

Appraisal and Development

In September 2020, Edison E&P spudded the Irena-2 appraisal well which targeted the same gas-bearing horizon as the Irena-1 well. The well was successfully completed in October 2020 and subsequently suspended for future production.

First gas from the Irena field is expected in 2024 and working interest production is expected to peak at 3.5 kboepd (100% gas). Working interest capex to first gas is expected to total approximately EUR41 million.

Montenegro

Exploration

Energean was granted a one-year extension to the first exploration period to 15 March 2022. Technical evaluation of Blocks 26 and 30 is ongoing.

UK North Sea[42]

Production

Pro forma working interest production in the UK North Sea averaged 1.8 kboepd (32% gas) in 2020, towards the top end of full year guidance of 1 - 2 kboepd due to high operating efficiency and solid uptime performance. During 2020, Perenco shut in the Trent field to await higher gas prices before production resumes. As Trent is the host facility for production from the Tors fields, the Tors fields are currently offline.

2021 production is expected to average approximately 0.5 kboepd.

Exploration and Appraisal

[41] Portfolio acquired as part of the Edison E&P transaction, which closed in December 2020
[42] Portfolio acquired as part of the Edison E&P transaction, which closed in December 2020

The two-well Glengorm appraisal programme, in which Energean has a 25% non-operated interest, commenced in December 2020. Drilling of the first well is expected to take approximately 180 days. Isabella appraisal is expected to commence in 2022.

Reserves and Resources

Year-end *pro forma* 2020 Working Interest reserves[43] were 982 MMboe, a 187% increase[44] on Energean 2019 standalone 2P reserves.

			At 1 January 2020	Revisions and Discoveries	Acquisitions/ (Disposals)	Transfers from / (to) contingent	Production	**At 31 December 2020[45]**
Israel	Oil	MMbbls	29	20	30	21	-	100
	Gas	Bcf	1,460	153	1,042	817	-	3,472
	Total	**MMboe**	**287**	**55**	**219**	**169**	**-**	**730**
Greece	Oil	MMbbls	54	(0)	-	-	(1)	52
	Gas	Bcf	6	-	-	-	-	6
	Total	**MMboe**	**55**	**(0)**	**-**	**-**	**-**	**53**
Egypt	Oil	MMbbls	-	-	14	-	(0)	14
	Gas	Bcf	-	-	567	-	(0)	567
	Total	**MMboe**	**-**	**-**	**114**	**-**	**(0)**	**114**
Italy	Oil	MMbbls	-	-	36	-	(0)	36
	Gas	Bcf	-	-	249	-	(0)	249
	Total	**MMboe**	**-**	**-**	**79**	**-**	**(0)**	**79**
United Kingdom	Oil	MMbbls	-	-	2	-	(0)	2
	Gas	Bcf	-	-	2	-	(0)	2
	Total	**MMboe**	**-**	**-**	**2**	**-**	**(0)**	**2**
Croatia	Oil	MMbbls	-	-	-	-	-	-
	Gas	Bcf	-	-	13	-	(0)	13
	Total	**MMboe**	**-**	**-**	**2**	**-**	**(0)**	**2**
Total	Oil	MMbbls	83	19	82	21	(1)	204
	Gas	Bcf	1,466	153	1,870	817	(0)	4,306
	Total	**MMboe**	**342**	**105**	**417**	**119**	**(0)**	**982**

[43] Reserves are pro forma Energean plus the acquisition of Kerogen's 30% holding in Energean Israel Limited ("EISL"). The transaction closed on 25 February 2021
[44] When considering 2020 pro forma 2P reserves (Energean plus the acquisition of Kerogen's 30% holding in EISL) versus Energean 2019 standalone 2P reserves
[45] Pro forma Energean plus the acquisition of Kerogen's 30% holding in EISL

Corporate Social Responsibility

Our approach

Operating to the highest ethical standards

We are devoted to creating a sustainable future for society through responsible actions, whilst maintaining the viability of our company, by setting specific guidelines that comply with international standards of sustainability and best practice approaches. We do this through our work and our policy, which aims to protect the environment and the rights of all our stakeholders.

We recognise that oil and gas operations have a wide-ranging impact on the environment and society. To mitigate this impact, we are committed to achieving net zero emissions across all our operated assets by 2050[46]. In 2020, we have already started acting upon on this commitment and delivered a year-on-year reduction to carbon emissions intensity, when considering 2020 *pro forma* performance versus Energean 2019 standalone data, of almost 70%.

In addition, in our year-end reporting, we have aligned with the TCFD recommendations and also engaged with CDP, achieving a B- score in climate change and a B score in supplier engagement. We also established a new climate change and sustainable development department to manage climate change projects and introduced carbon shadow prices as a key sensitivity tool for decision making.

Key to Energean's success is its staff. We ensure that all employees are treated equally and with respect, and we strive to make our workplace as appealing as possible in order to attract new talent. In addition, we enforce and implement safe, healthy, and secure practices within the workplace to ensure that every employee feels safe inside our premises.

Energean also aims to build strong bonds with the local communities in which it operates. As such, we ensure that all our activities are in line with the interests of our stakeholders, and maintain an open dialogue with local communities.

Our CSR policy

Our CSR policy is embedded in our company values and is guided by international standards and best practices. As such, it is fundamental to how our business operates. Our CEO, Board of Directors and Senior Management are responsible for monitoring Energean's sustainability objectives and are highlight supportive of our desire to lead the Mediterranean region's energy transition, through a strategic focus on gas.

Our high ethical standards are applied to all aspects of our business model, as well as interactions with our stakeholders. Our CSR priorities are based on our stakeholders' needs and expectations, and we prioritise the areas that need our greatest attention. As such, our CSR policy is focused on four key areas: our people, health & safety, the environment, and community relations.

Energean is always seeking to improve its sustainable development agenda by collaborating with governments, the private sector, and society, as well as through receiving feedback from its stakeholders, in order to ensure alignment with best practice techniques.

Corporate Governance is a top priority

Strong corporate governance is a top priority that acts as a guide towards fulfilling our corporate social responsibilities, whilst ensuring the trust of our stakeholders. In accordance with this and best practice, we are always striving to enhance our business productivity whilst maintaining an agile response capability when it comes to changes in the macro environment. Furthermore, we

[46] Scope 1 and 2 emissions

aim to strengthen the supervisory function to management and internal control in order to maintain and enhance our efficiency and transparency.

Equality and transparency

Our Code of Conduct governs the way we work and conveys a clear message to all staff and stakeholders on how we commit to compliance with laws and regulations, as well as our ethical standards. The Code of Conduct is clear on our zero tolerance for bribery, corruption and other forms of financial crime and this position is strongly reinforced by Energean's Management and Board. The Code also covers our position and controls with regards to human rights, lobbying and advocacy, prevention of the facilitation of tax evasion, anti-slavery and the General Data Protection Regulation**.**

We require those who deliver services to us, or who act on our behalf, to abide by the Code and meet the requirements of specific business ethics and compliance clauses in their contracts. This ensures that third parties do not cause us to breach our own Code. Prior to awarding contracts, we conduct risk-based third-party due diligence to assess risks related to ownership structure, anti-bribery and corruption, sanctions, trade restrictions, human rights and labour conditions.

Bribery and corruption

It is our policy to conduct all our business in an honest and ethical manner, and comply with all applicable anti-bribery laws, including, but not limited to all applicable local laws where Energean operates and the U.K. Bribery Act, and to accurately reflects all transactions on Energean's books and records.

We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate.

Our contribution to the 17 United Nations' Sustainable Development Goals

We recognise that, as an energy company, we have an obligation to contribute to the United Nations 17 Sustainable Development Goals (SDGs). For this reason, we link our main actions and initiatives to these goals. The table below shows Energean's key 2020 CSR activities, alongside the respective SDGs that they serve.

SDGs	Our commitments and actions
1 NO POVERTY	• Donated essential children's items to "Together for Children" - an association of NGOs in the field of child welfare - in Athens, Greece.
2 ZERO HUNGER	• Continued the cooperation with "Boroume" ("We Can") - NGO that fights food waste – by donation of the surplus lunch food from the Athens office (Greece) • Donated food platters to the medical team of Rambam Hospital that fights COVID-19 - in Haifa, Israel • Donated food boxes to the local branch of the Red Cross - in Bar, Montenegro • Donated food packages to elderly and lonely people, in collaboration with the local NGO "Lev Hash" - in Haifa, Israel.
3 GOOD HEALTH AND WELL-BEING	• Continued our excellent HSE performance with more than 4 million man-hours with no Lost Time Injuries (LTI) in the building of the *Energean Power* FPSO, and more than 1.3 million man-hours (without LTI) in all Energean sites • Donated a Molecular Control Diagnostic Device (PCR) to the General Hospital of Kavala, allowing for more than 100 COVID-19 tests per day - in Kavala and Thassos Island, Greece

	• Supported the creation of protection face shields against COVID-19, invented by the engineers of the University of Thessaly, which were distributed to entities in several areas of Greece • Donated COVID-19 Medical Kits to the Israeli National Emergency Pre-Hospital and Blood Services Organisation (MDA), who treated thousands of infected individuals in their homes • Participated in “One Hand”, an initiative by Egypt Oil & Gas, to provide medical supplies and equipment needed by the Egyptian Ministry of Health to face COVID-19 challenges • Organised “Run for our Local Healthcare Heroes” initiative, to raise money for the front-line people needs of the COVID 19 fight, in all our areas of operation • Participated in an initiative by the Ministry of Health, the Ministry of Social Solidarity and the Food Bank, to secure medical supplies for hospitals and vulnerable & remote communities (Egypt).

4 QUALITY EDUCATION	• Offered paid internships to 14 college students in Greece
	• On 5 June 2020 (World Environment Day), Energean organised three environmental webinars:
	    ○ For our colleagues and Middle School students & above titled “How does Climate Change affect our lives” (Greece)
	    ○ For Elementary School students titled “Time for Nature” with units on biodiversity, recycling, waste management and the environment protection (Montenegro)
	    ○ For our colleagues titled “Blue Flags and Coastal Environments” on the preservation of the marine and coastal life (Israel)
	• Awarded 4 Master’s degrees scholarships to students at the University of Haifa and the Technion (Israel).

5 GENDER EQUALITY	• During 2020 we increased the overall percentage of women at Energean for a consecutive year from 13% to 15% and Board representation from 22% to 33% and we have a healthy mix of employees from three different generations.) • Welcomed Kimberley Wood to Energean’s Board of Directors as an Independent Non-Executive Director.
6 CLEAN WATER AND SANITATION	• Energean recycled 89% of water withdrawals in its production sites.
7 AFFORDABLE AND CLEAN ENERGY	• Energean realises the global demand and focus on providing cleaner energy, by becoming 70% gas focused.
8 DECENT WORK AND ECONOMIC GROWTH	• Number of Employees: 620 as at 31 December 2020 • Number of Nationalities: 19.
10 REDUCED INEQUALITIES	• During the year, Energean completed training webinars to all employees regarding Equal Opportunities, Diversity, and Inclusion. The webinars covered general knowledge for all employees and highlighted how managers can better support, manage, and contribute to their teams

	• Continued the support of the Association of Paraplegics and Disabled People in the Prefecture of Ileia (Greece) • Continued the support to 3 Paralympic swimmers in Israel in their journey to qualify for the Tokyo 2020 Paralympic Games via monthly financial aid and social media awareness • Continued the support to “Etgarim”, an NGO for the rehabilitation of disabled adults and children through outdoor sports (Israel) • Supported “Access Israel”, a non-profit organisation that promotes accessibility and inclusion in order to improve the lives of people with disabilities and the elderly • Organised a webinar titled “The Journey to Tokyo Paralympic Games”: an open conversation with our 3 sponsored Israeli Paralympic swimmers and our Energean employees asking questions and hearing their inspiring story • Initiated the “Energean Unathlon of Inclusion” campaign to promote awareness and support the rights of people with disabilities.
11 SUSTAINABLE CITIES AND COMMUNITIES	• Energean was the grand sponsor of the 4th Dodoni Festival - a summer Cultural Festival - Ioannina, Western Greece. • Continued the support to the Hof HaCarmel Regional Council in promoting community and environmental projects (Israel). • Neve Yam beach was awarded the “Blue Flag”, the first in the Regional Council of Hof HaCarmel, in collaboration with • Energean (Israel) • Continued the support to “Etgarim” - a Haifa Sailing Club that empowers activities for youth at risk (Israel).
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Recycled more than 95% of the waste generated during 2020 in production sites • Established an energy management system working complementary with the accredited ISO 14001 environmental management system, in Energean production sites.

13 CLIMATE ACTION	• Energean has pledged to become a net-zero emitter by 2050
	• Energean’s strategy to Net-Zero emissions by 2050:
	  ○ Short-term plan – next 5 years
	  ○ Medium-term plan – by 2035
	  ○ Long-term plan – by 2050
	• Reported to Carbon Disclosure Project receiving a high score (B- in climate change and B in supplier engagement)
	• Committed to align reporting to the TCFD recommendations
	• Energean’s CEO, alongside other business leaders, called on the UK Prime Minister to deliver a green COVID-19 recovery using the SDGs as a base
	• Purchased 100% renewable electricity for our operations in Kavala, Greece
	• Became the sole sponsor of the “Climate Track” field at the “Start-ups Go Global” competition, in partnership with EIT Hub Israel.

14 LIFE BELOW WATER	• Zero oil spills during 2020, while maintaining a completely clear record since the beginning of our operations • Installed the “ODYSSEA” platform, a deep-water marine data monitoring system, on our “Kappa” natural gas production – Prinos, South Kavala, Greece.
15 LIFE ON LAND	• Maintenance of Telemetric Stations in surface waters of Nestos River Delta, Lakes Vistonida-Ismarida and Thassos Island Management Body - in Northeastern Greece • Continued supporting the Israeli Nature and Parks Authority in protecting and conserving Israel’s nature, landscapes and heritage sites, through educational programs on nature preservation • Supported Tirat Hacarmel Municipality in a National Emergency Response Drill (Israel).

17 PARTNERSHIPS FOR THE GOALS	Energean collaborated with: • United Nations Global Compact • Maala, a non-profit, CSR standards-setting organisation in Israel, which has set a dedicated CSR index on the Tel Aviv Stock Exchange. Maala's CSR Index is an ESG rating system used as an assessment tool, benchmarking Israeli companies on their CSR performance. Energean was rated at Gold Level at the 2020 Maala Index – Israel • Management body of the Nestos River Delta, Lakes Vistonida-Ismarida and Thassos Island – Northeastern Greece • Sembcorp Marine Ltd, TechnipFMC & Sub-Con: Environmental Campaign "Say no to Plastics" – Israel • "Boroume" ("We Can"), an NGO that fights food waste - Athens, Greece • "Etgarim", an NGO dedicated to the empowerment and social integration of people with disabilities through outdoor sports - Haifa, Israel • "Together for Children", an association of NGOs in the field of child welfare - Athens, Greece • Red Cross - Local branch in the City of Bar, Montenegro • Israeli Paralympic Committee. • Medical Association of Kavala, Greece • Democritus University of Thrace (DUTH), Department of Environmental Engineering – Xanthi, Greece • EIT Hub Israel, under the European Institute of Innovation and Technology (EIT) • University of Thessaly: the Mechanical Engineering Department and the Pulmonary Clinic of the University – Volos & Larissa, Greece • Magen David Adom (MDA), Israel's National Emergency Pre-Hospital Medical and Blood Services Organisation • Association of Paraplegics and Disabled People of the Ileia Prefecture, Southwestern Greece • The University of Haifa and the Technion - Israel • "Ozon", an environmental NGO – Montenegro.

Excellence through our people

Our people are critical to our success, and we are committed to fostering an inclusive and high-performance culture based on trust and collaboration, to have fulfilling roles and careers, and shape the Energean of the future.

We rely on our people's commitment, skills and knowledge and it is vital we empower and engage our diverse workforce to deliver our strategy. The foundation of our success is our ability to recruit, retain and develop highly talented employees and contracted personnel who lead effectively at every level of our organisation safe and compliant operations and processes, ultimately delivering greater value to the business. That is why we continue to invest in these areas. In 2020 we increased by 14% the training hours in the group compared to 2019[47].

At the end of 2020, we also launched an upgrading project of our recruitment and e-learning systems by implementing the latest SAP SuccessFactors suite, which is expected to be completed in Q3 2021 and will play a key role in the talent acquisition and development. The upgrade will also simplify the employee experience starting from the recruitment and onboarding processes all the way to the daily administration, allowing greater autonomy to employees and making the HR-related activities more efficient overall.

[47] This figure excludes training hours from employees who joined Energean from Edison E&P

Developing our executive team skills is vital for leading their teams successfully, hence in 2020 we completed the first 360-degree feedback powered by Hogan. This resulted in the development of a targeted management action plan to address the outcomes of the feedback process.

For another year, we invested in developing the leaders of the future by offering both academic scholarships as well as external professional training.

Employee engagement

We strive to uphold a positive, open and honest culture to enable our people to fulfil their potential. Especially during the COVID-19 pandemic with the shift to remote work for a significant number of our workforce, regular and open communication, and staff engagement have been of utmost importance. We conducted a group-wide survey to understand how our staff felt with the measures implemented to tackle COVID-19 within the company with 93% of our staff felt that the steps taken have been effective. One of the main measures taken was the transition of most employees to work remotely, which proved successful both in terms of safety and work-life balance without adverse effects on the performance of our people. Based on these positive indications, we are planning to implement a more flexible working arrangement for our workforce.

In terms of communication, our CEO and senior management teams host regular town hall meetings, whilst manager meetings are also held on a weekly basis at the business unit level. From a wellbeing perspective, group exercise and cooking sessions were arranged during the COVID-19 pandemic by our CSR team to enable positive interaction between employees and to encourage a healthy lifestyle.

We cultivate an open feedback culture and we want our people to speak up. In 2020, we revised and updated our Open Door, Harassment and Bullying policies and Grievance mechanism. We conduct structured surveys at the Group level and in 2020 we launched our first Energean Voice Survey, which achieved a plus 90% response rate, which has helped us to focus on key areas and compare our outcomes with industry peers. In 2021 we plan to create action plans based on those results and undertake further targeted surveys to build deeper understanding of employees' views on the culture of the company after the acquisition of Edison E&P.

We respect the right of all employees to join a legitimate trade union and bargain collectively. We have collective bargaining agreements in place in our Greek and Italian business units and continue to have employee representation on the board since 2019.

Our Intranet called ETHOS (Energean Transmission Hub Online System) was successfully launched in 2020 to further enable communication, document sharing, knowledge exchange and connect all Energean employees, but also further enabling our people who joined Energean through the acquisition of Edison E&P to develop stronger relationships with their colleagues across different locations and time zones.

Diversity and inclusion

Our current and future success depends on a diverse range of talented people. We aim to treat people fairly, equally, and without prejudice, irrespective of gender, race, nationality, age, disability, sexual orientation or any other discriminatory attributes. In 2020, we updated our Equal Opportunities Policy and provided group-wide training on diversity and inclusion best practices.

To further develop our inclusive culture and initiatives, in 2020 we started participating in the D&I workgroups organised by UN Compact Global Network UK. In 2021 we aim to introduce new recruitment D&I targets to achieve an even healthier gender, age and nationality mix in all countries and levels within our organisation.

During 2020 we increased the overall percentage of women at Energean for a consecutive year from 13% to 15% and Board representation from 22% to 33% and we have a healthy mix of employees from three different generations.

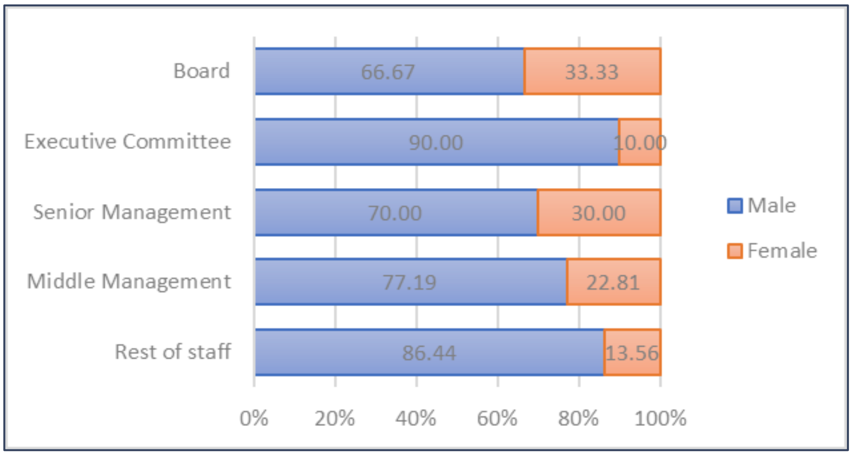
We aim to provide an optimal working environment to suit the needs of all employees, including those with disabilities. The Company welcomes job applications from those with disabilities.

We are proud to have an employee retention rate of 98.2%[48] despite the recent turbulent market conditions.

Headcount by seniority and gender

Gender Balance by Seniority	Male	Female	Total
Board	6	3	9
Executive Committee	9	1	10
Senior Management	14	6	20
Middle Management	44	13	57
Rest of staff	459	72	531

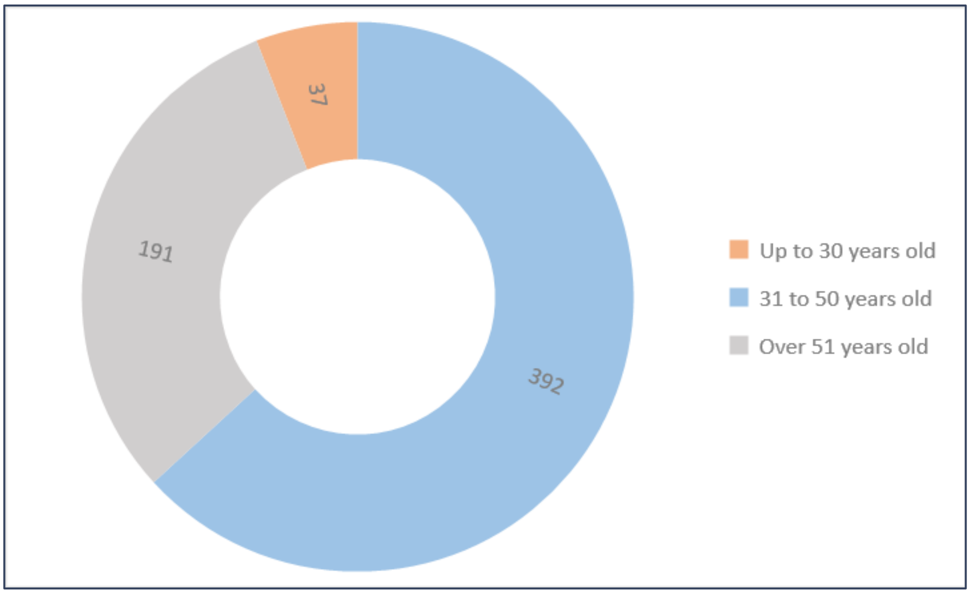
Gender balance by seniority



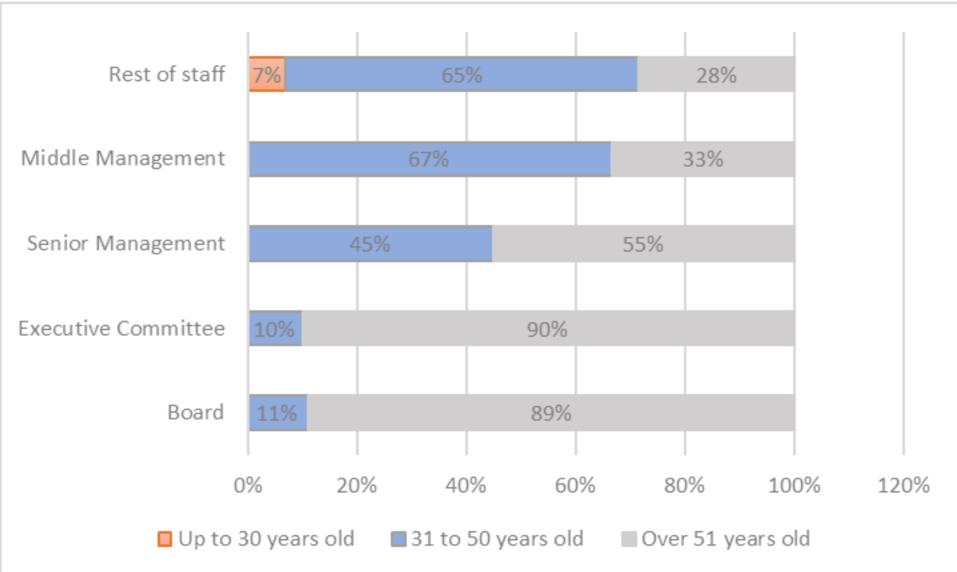
Headcount by age

Category	Number		% vs. total No. of employees	
	2020	**2019**	**2020**	**2019**
Up to 30 years old	37	39	6%	10%
31 to 50 years old	392	259	63%	66%
Over 51 years old	191	95	31%	24%

[48] Excludes employees who joined Energean at the end of 2020 as part of the Edison E&P acquisition



Headcount by seniority and age range



Headcount by country

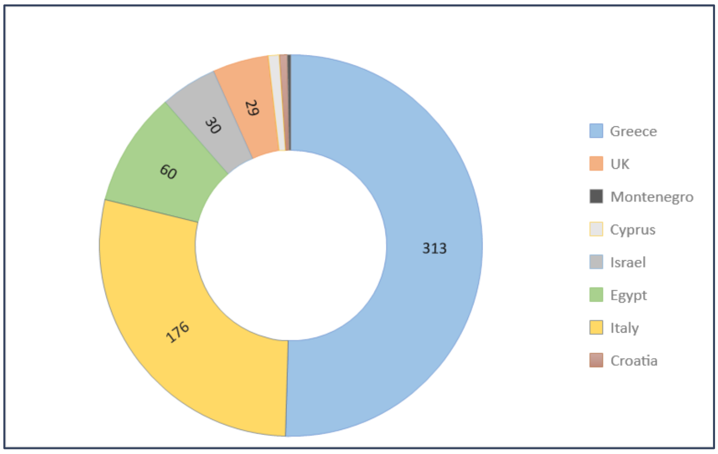
At the end of 2020 our workforce increased significantly, from 393 employees to 620 representing 19 different nationalities, due to the acquisition of Edison E&P which closed in December 2020.

Country	No of employees[49]	
	2020	2019

[49] Excludes JV partners

Greece	313	334
UK	29	21
Montenegro	2	3
Cyprus	6	6
Israel	30	24
Egypt	60	5
Italy	176	-
Croatia	4	-

Employees per country



Providing a safe working environment

Protecting the health and safety of all individuals affected by our corporate activities is our top priority. For another consecutive year we achieved zero serious injuries at our operating sites, ensuring a safe working environment for all internal stakeholders. 2020 performance was slightly poorer versus 2019 due to the inclusion of contractors working on the onshore section of the Karish project in Israel.

Key HSE metrics

LTIF[50]	*Pro forma 2020*	2020	2019	2018
Employees	**0**	0	0	2.81
Contractors	**0.72**	0.73	0.29	0
Personnel total	**0.63**	0.65	0.28	1.1

TRIR[51]	*Pro forma 2020*	2020	2019	2018
Employees	**0**	0	0	2.81
Contractors	**1.20**	1.46	0.88	2.71
Personnel total	**1.05**	1.31	0.84	2.74

[50] LTI Frequency: The number of Lost Time Injuries (fatalities +LTIs) per million hours worked
[51] TRIR: The number of Total Recordable Injuries (fatalities + LTIs+ restricted work cases + medical treatment cases)

FAR[52]	*Pro forma 2020*	2020	2019	2018
Employees	**0**	0	0	0
Contractors	**0**	0	0	0
Personnel total	**0**	0	0	0

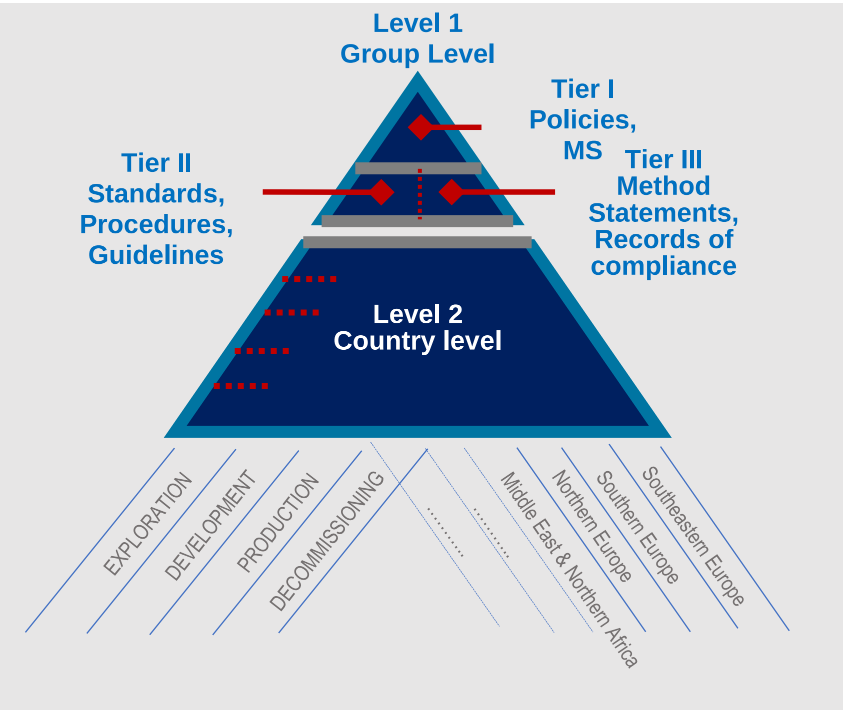
A robust H&S management system throughout all group assets

The cornerstone of our zero injuries achievement is a well-structured and continuously improving HSE Management system, providing the necessary framework for ensuring the safety of people, the protection of the environment and the integrity of the Company's assets.

Our integrated HSE Management System is aligned with the requirements and principles of international standards and European safety directives, and provides the required structure for maintaining the above principles across all Energean assets to reach our health and safety targets. During 2020, a common HSE management system has been introduced that has been integrated with the assets acquired from Edison E&P.

All operated assets in Italy are certified to ISO 45001, while the Prinos area assets in Greece are in the process of certification.

Our integrated HSE Management System is structured across two levels: the group level and the country level. The group level is based on tried and tested, internationally recognised best practices and standards, while the country level incorporates all relevant national regulations. It is structured around a classic 'Plan-Do-Assess-Adjust' cycle and comprises three distinct tiers covering Energean's activities in all operated areas.



Managing risks and opportunities efficiently

By implementing our HSE management system, we are confident that we can:

- Identify and efficiently manage all emerging and identified risks, associated with our operations

[52] FAR: The number of fatalities per 100 million hours worked

- Prevent events escalation that could potentially affect stakeholders and Energean
- Identify opportunities for improvement.

In 2020, we reached 2 million man-hours free of Lost Time Injuries (LTIs) at all Energean sites and 12 million man-hours free of LTIs at the *Energean Power* FPSO development and construction project in Asia.

Corporate Major Accident Prevention Policy (CMAPP)

Energean's Board of Directors is committed to promoting, enhancing and sustaining a strong health and safety culture, as well as the implementation of measures for maintaining safety, environmental protection and control of major accident hazards as core corporate values.

The Board has approved a Corporate Major Accident Prevention policy (CMAPP), that recognises:

- The harmful potential of major accidents in the upstream oil and gas sector and how prompt decisions and actions can prevent them from taking place
- Its responsibility to control the risks associated with major accidents and continuously improving these controls
- The necessity of advanced technology and the implementation of good oilfield practices
- Its commitment to achieve the highest standards of HSE performance
- The importance of the HSE Management System and its effectiveness.

During 2020 all risks were successfully identified and controlled, with no major accidents recorded.

Leadership and commitment

HSE leadership and accountability starts with the CEO, who ensures that all necessary steps are taken to achieve the highest possible level of HSE performance across the business. The CEO proposes to the Board of Directors all actions and activities related to HSE deemed necessary to fulfil Energean's commitments. In addition, the CEO defines the strategy and approves action plans suitable to control and mitigate identified risks and takes advantage of new opportunities. During 2020 more than 100 Senior Management visits and site walk-arounds were performed at our assets in Greece and Israel.

Crisis Management Plan (CMP)

Energean's Crisis Management Plan (CMP) has been expanded to include all new assets and operations, and meets all requirements at the strategic, incident management and response level. Early identification of a potential crisis and immediate action in the event of a crisis, provides the necessary management assurance for:

- Protecting human lives
- Protecting the environment
- Protecting tangible and intangible assets
- Ensuring business continuity and sustainable development
- Protecting the Company's reputation.

During 2020, more than 50 drills and exercises were performed at operated sites, while more than 300 were performed with regards to the construction and development of the *Energean Power* FPSO.

Legal compliance

Compliance with all applicable HSE legislation and regulations is a fundamental requirement of Energean's HSE Management System. Energean conducts its operations at all workplaces in accordance with the corresponding local laws and regulations, and European and international standards. During 2020, more than 90 HSE audits were performed on operated sites, while more than 800 were performed in relation to the *Energean Power* FPSO project.

Competence management and training

Energean maintains an ongoing competence and assurance management scheme and provides an adequate level of HSE training. All Energean personnel, are suitably trained to meet the standards set by the Statutory Bodies and the Company's requirements. This ensures the ongoing development of a competent workforce which, in the long term, benefits both individuals and Energean. During 2020, all employees participated in internal HSE training sessions. Moreover, dedicated teams participated in external certified training according to ongoing needs. More than 2,900 training hours were provided to personnel working in Energean sites, while more than 8,800 training hours were provided to personnel working on the *Energean Power* FPSO project.

Contractors' management

Energean evaluates and selects contractors based on their ability to provide services according to the project, contract requirements, HSE & climate change policies, as well as specific local requirements. Criteria for pre-qualification, selection, evaluation and re-evaluation of contractors are established to assure suitability and efficient monitoring of contractors' performance.

Occupational health

An annual health programme is provided to all employees to assure that the highest levels of health and wellbeing are maintained. All employees and contractors hold medical fitness certificates based on the requirements of their position. During 2020, all employees in operated sites participated in the annual health program while zero work-related illnesses occurred.

HSE Awards and Records

Energean continued delivering upon its exemplary HSE track record. At Energean, we believe that protecting the environment and the health & safety of our staff and stakeholders, is a key factor in the overall success of our business and we are committed to continuously improving in all aspects of HSE. In November 2020, Sembcorp Marine's Admiralty Yard was awarded a Safety and Health Award Recognition for Projects for Safety Excellence for Energean's Karish Project. To date, the project has completed 5.5 million-man hours with no LTIs in Singapore.

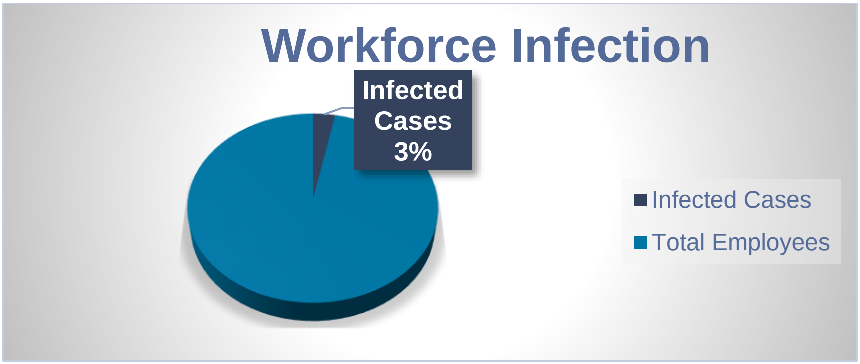
Our COVID-19 response

In early 2020, the COVID-19 pandemic spread globally, presenting enormous challenges to health systems, and spurring widespread shutdowns and business disruptions. In the face of the current global health crisis, Energean's number one priority is to protect the health and wellbeing of its people and to ensure business continuity.

Energean has taken significant actions to mitigate the impact of COVID-19 on its business, including:

- Specific control measures, social distancing, and working from home to protect its employees, in line with local regulatory obligations
- Suitable training to provide the necessary level of knowledge and self-protection.
- Provision of periodic COVID-19 tests
- Development and implementation of Business Continuity Plans at all workplaces, providing suitable mitigation measures ensuring operational continuity
- Closely monitoring official national guidance.

The below graph refers to the percentage of coronavirus (COVID-19) infections within the Energean employees in 2020, also taking into consideration Edison's E&P employees for the whole 2020. The infected cases constitute 3% of our workforce while all infected employees have fully recovered and returned to their duties.



Our Health and Safety performance in numbers

Occupational safety	*Pro forma 2020*	2020	2019	2018
Employees man hours worked	**1,130,183**	650,406	708,080	712,998
Contractors man hours worked	**8,362,784**	5,382,729	13,594,566	1,108,606
Total man hours worked	**9,492,967**	6,117,344	14,302,646	1,821,604
Number of Employees Fatalities	**0**	0	0	0
Number of Contractors Fatalities	**0**	0	0	0
Employees Fatal Accident Rate (FAR)[53]	**0**	0	0	0
Contractors Fatal Accident Rate (FAR)	**0**	0	0	0
Total Fatal Accident Rate (FAR)	**0**	0	0	0
Employees Lost Time Injuries (LTIs)	**0**	0	0	2
Contractors Lost Time Injuries (LTIs)	**6**	4	4	0
Total Lost Time Injuries (LTIs)	**6**	4	4	2
Employees LTI Frequency (LTIF)[54]	**0**	0	0	2.81
Contractors LTI Frequency (LTIF)	**0.72**	0.73	0.29	0.00
Total LTI Frequency (LTIF)	**0.63**	0.65	0.28	1.10
Employees Total Recordable Injuries (TRIs)	**0**	0	0	2
Contractors Total Recordable Injuries (TRIs)	**10**	8	12	3
Employees and Contr. Total Recordable Injuries (TRIs)	**10**	8	12	5
Employees TRI Rate (TRIR)[55]	**0**	0	0	2.81
Contractors TRI Rate (TRIR)	**1.20**	1.46	0.88	2.71
Employees and Contractors TRI Rate (TRIR)	**1.05**	1.31	0.84	2.74

Process safety	*Pro forma 2020*	2020	2019	2018
Process safety incidents	**0**	0	1	1
Loss of containment incidents	**0**	0	0	1

Safety training	*Pro forma 2020*	2020	2019	2018
Internal training (hours)	**3,366**	2,743	2,273	3,344
Certified training (hours)	**561**	183	1,631	1,164
Total training (hours)	**3,927**	2,926	3,904	4,508

[53] Per 100 million hours worked
[54] Per 1 million hours worked
[55] Per 1 million hours worked

Our environment, our highest commitment

At Energean we are committed to protecting the natural environment by identifying the potential impact of our operations and taking all necessary measures to prevent them. Adopting the highest level of environmental standards constitutes the core of our strategy.

Our environmental policy meets national and international standards including:

- Monitoring emissions
- Preventing and responding against oil spills and chemical leaks
- Responsible usage of fresh water and seawater
- Conserving biodiversity
- Managing waste at all facilities we operate.

During the planning of new projects, environmental and social impact assessments are carried out according to high local regulations and international standards. All our assets are certified for their operations according to the environmental management standard ISO 14001.

Key metrics monitored

Environmental KPIs	*Pro forma 2020*	2020	2019	2018
Environmental expenditure $ million[56]	**3.9**	0.3	1.2	0.8
Energy consumption intensity (MJ/boe)[57]	**186**	675	744	613
Scope 1&2 carbon emissions intensity (kgCO2e/boe)[58]	**22.2**	40.9	66.8	60.6
Water use intensity (m3/boe)[59]	**0.04**	0.25	0.87	0.65
Water volume recycled (%)[60]	**92**	92	89	90
Non- hazardous waste intensity (kg/boe)[61]	**0.07**	0.37	0.72	1.35
Hazardous waste intensity (kg/boe)[62]	**0.13**	0.71	2.29	1.16
Waste recycled (%)[63]	**74**	92	96	81
Waste energy recovery (%)[64]	**2**	42.8	0	9

Air quality

Maintaining high air quality through responsible and sustainable operations is a key priority for Energean. We continuously monitor all our atmospheric emissions to ensure this. During 2020, the total amount of nitrous and sulfurous emissions (NOx and SO2) generated by the Prinos area assets decreased by 13% and 39% respectively, versus 2019 performance. These reductions were due to the decrease of fuel gas use during operations, as well as the effective desulfurisation process of the

[56] Capital expenditures related to environmental protection activities
[57] Ratio of energy (thermal & electrical) consumption over gross hydrocarbons production
[58] Ratio of direct and indirect (consumed electricity) carbon emissions over gross hydrocarbons production

[59] Ratio of total fresh and seawater used for processes over gross hydrocarbons production
[60] Proportion of water used in the process that is returned to the same catchment area or the sea, from where is was initially drawn.
[61] Ratio of municipal and industrial waste, that according to regulation do not pose a severe threat to human health or the environment over gross hydrocarbons production
[62] Ratio of municipal and industrial waste, that according to regulation pose a severe threat to human health or the environment over gross hydrocarbons production
[63] Proportion of waste that are reprocessed into other products, materials or substances whether for the original use or for other purposes
[64] Proportion of non-recyclable waste materials that are converted into usable heat, electricity or fuel through a variety of processes.

acid gas produced. In future, we anticipate establishing Leak Detection and Repair (LDAR) procedures to monitor and reduce fugitive emissions across all our operating sites.

Energy efficiency

The Energy Management Team, as a part of the verified ISO 14001 Environmental Management System, monitors energy demands in the Prinos area assets, proposing performance optimisation ideas as well as working on energy efficiency projects. This initiative will be adopted across all our assets during 2021. In 2020, we reduced the injection water volume in the Prinos reservoirs and optimised our gas-lift operations, resulting in the reduction of seawater usage and consumed electricity.

Environmental studies

At Energean, we adopt a strong control and mitigation strategy to avoid potential environmental impacts across all projects and operations. In 2020, a number of environmental surveys were conducted within the scope of the Karish project:

- A Post Drilling Survey (PDS) that included sampling of sediments and water column for biological and chemical analysis. The purpose of the PDS was to compare the sampling analysis results to the baseline data that were collected during 2017. A geophysical survey was also implemented
- Three Environmental Baseline Surveys were conducted at Blocks 23 and 31, offshore Israel, to prepare for upcoming drilling activities
- A post pipelay sensitive habitats survey was conducted in the proximity of the gas transfer pipeline to ensure that no harm was caused due to pipelay
- A visual survey post High Density Polyethylene (HDPE) pipelay and post HDPE removal at Dor beach was implemented to ensure that no harm was caused to the local environment
- A preliminary survey prior to dredging was conducted at Dor Kurkar ridge.

Biodiversity

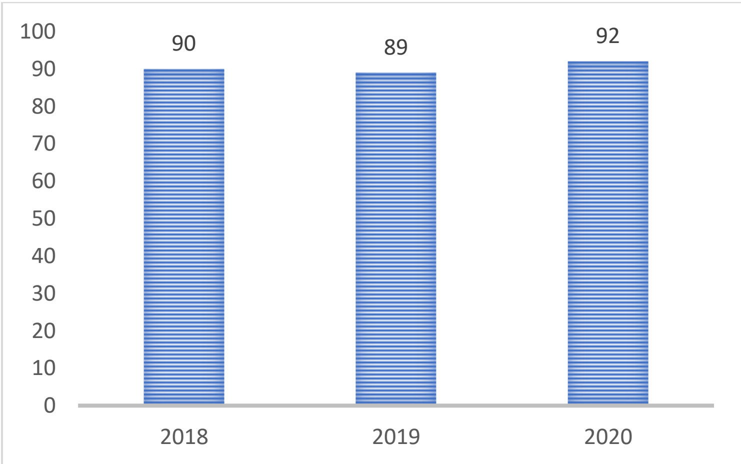
We are continuously looking at opportunities to protect and conserve the biodiversity in the areas in which we operate. During 2020, we renewed our Memorandum of Understanding with the Management Body of Nestos River Delta, Lakes Vistonida-Ismarida and Thassos, to maintain the biodiversity monitoring telemetric stations, in northeastern Greece. Additionally, Energean collaborated with the Democritus University of Thrace to install the Odyssea Platform (an innovative monitoring marine data system) at the Prinos area assets. The oceanographic data retrieved by the Odyssea platform, enhances the accuracy of marine simulations and forecasts, providing relevant information about the open sea and coastal zone areas to local fishermen and other professionals.

Figure 8. Odyssea platform

Water resources

Fresh water management is a high priority for Energean. We recognise the importance of freshwater availability, increased future global demands, high-quality standards requirements as well as stakeholders' expectations. Due to this reason, in 2020 we achieved a 21% reduction in fresh-water usage compared to 2019 and 8% seawater usage for cooling purposes. The recycled water percentage reached 97%, while injection water into our wells reduced by 76% compared to the previous year. Our onshore and offshore water discharges are continuously monitored by both automatic and manual analytical means to meet all relevant regulatory limits.

Total recycled water %

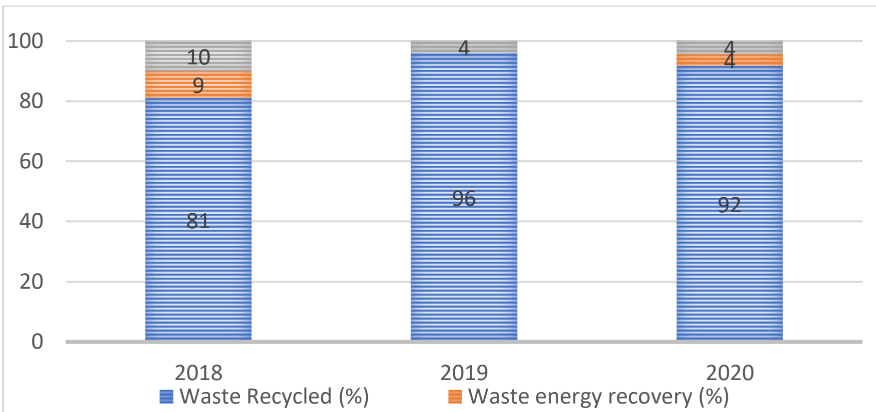


Oil spills prevention

Energean has established a robust and well-tested oil spill prevention management system through which we achieved a zero oil spills record at our operating sites in 2020. Oil spill emergency response drills and training are scheduled and take place on an annual basis to maintain a high level of equipment availability and personnel preparedness. Furthermore, we are associate members of Oil Spill Response Limited, an industry consortium that is a world leader oil spill response provider.

Waste management

At Energean, we maintain a strong code of ethics regarding discharges and waste, by enforcing waste recycling and energy recovery activities. In 2020, 92% of total waste was recycled, 4% was used for energy recovery, while only 4% was disposed at local landfill facilities.



Our environmental performance in numbers

Environmental records	*Pro forma 2020*	2020	2019	2018
Production				
Oil (Kboe)	**4,497.0**	807.0	1,209.0	1,479.4
Raw Gas (Kboe)	**13,985.91**	573.8	53.8	69.7
Total oil and raw gas (Kboe)	**18,482.9**	1,380.8	1,262.8	1,549.1
Ratio oil/total (%)	**24.3%**	58.4%	95.7%	95.5%
Ratio gas/total (%)	**75.7%**	41.6%	4.3%	4.5%
GHG emissions				
Total GHG emissions (tCO2e)	**364,839**	53,729	84,260	93,758
Scope 1 emissions (tCO2e)	**357,463**	53,407	47,692	45,404
Scope 2 emissions (tCO2e)	**37,465**	31,937	36,568	48,354

Scope 3 emissions (tCO2e)[65]	**-**	-	872,615	-
Guarantees of Origin (tCO2e)	**(31,542)**	(31,542)	-	-
I-REC (tCO2e)	**(73)**	(73)		
Scope 1 emissions intensity (kgCO2e/boe)	**21.8**	40.6	37.8	29.4
Scope 2 emissions intensity (kgCO2e/boe)	**0.4**	0.2	29	31.2
Total emissions intensity (kgCO2/boe)	**22.2**	40.9	66.8	60.6
Scope 1 UK emissions (proportion of total) (tCO2e)	**-**	-	-	-
Scope 2 UK emissions (proportion of total) (tCO2e)	**29.8**	4.8	4.8	-
Other air emissions				
NOx (tonnes)	**206.4**	33.5	30.6	29.6
SO2 (tonnes)	**909.1**	874.1	1,437	2.3
VOC (tonnes)	**25.2**	11.8	16.5	19.3
Water usage				
Fresh water (m3)	**411,679**	100,861	112,045	82,486
Seawater (m3)	**11,173,563**	8,589,344	9,234,113	9,182,950
Total water usage (m3)	**11,585,242**	8,690,205	9,346,158	9,265,436
Recycled water (m3)	**11,938,482**	8,354,263	8,363,527	8,333,968
Recycled water (%)	**92**	92	89	90
Dispersed oil concentration in discharged water (mg/L)	**9.6**	9.6	6.7	7.9
Water quantities disposal				
Non-hazardous waste (tonnes)	**1,209**	491	907	2,095
Non-hazardous waste intensity (kg/boe)	**0.07**	0.37	0.72	1.35
Hazardous waste (tonnes)	**2,061**	931	2,892	1,798
Hazardous waste intensity (kg/boe)	**0.13**	0.71	2.29	1.16
Total waste recycled (%)	**74**	92	96	81
Total waste energy recovery (%)	**2**	4	0	9
Spills				
Hydrocarbon spills	**0**	0	0	0
Flaring (non-routine)				
Total hydrocarbons flared (tonnes)	**5,201**	708	640	1,380
Flaring intensity (kg/boe)	**0.3**	0.5	0.6	0.9
Energy consumption				
Electrical energy consumption (GWh)	**76.9**	58.7	57.9	55.7

[65] To be disclosed in the Q2 2021 CDP climate change questionnaire

Electrical energy consumption in the UK (proportion of total) (GWh)	**0.127**	0.020	0.020	-
Electrical energy consumption (TJ)	**276.7**	211.2	208.4	200.5
Electrical energy consumption intensity (MJ/boe)	**16.9**	160.7	165.0	129.0
Thermal energy consumption (TJ)	**2,773.6**	675.5	731.3	749.3
Thermal energy consumption intensity (MJ/boe)	**169.1**	514.1	579.0	484.0
Total energy consumption intensity (MJ/boe)	**186.0**	674.8	744.0	613.0

Financial Review

Panos Benos, CFO

Dear Shareholder,

I am pleased to provide an update on the Group's financial performance in the 12-months to 31 December 2020.

2020 marked the start of our transition to become the leading independent gas-producer in the Mediterranean with the completion of the acquisition of Edison E&P, which closed on 17 December 2020. Financial results have been consolidated from the date of completion, with results between the economic reference date (1 January 2019) and the completion date being reflected through adjustments to the final net consideration. Throughout this report, and in our other external materials, we have provided *pro forma* information, which presents the results as if they were consolidated from the effective date of the transaction.

Looking ahead to 2021-22, the second phase of Energean's transformation will be completed once Karish, its multi-tcf flagship gas project offshore Israel, commences production enabling it to deliver material free cash flows and fulfil its medium-term goal of paying a meaningful and sustainable dividend.

<u>2020 Financial Performance</u>

Revenue, production, and commodity prices

Sales revenue decreased by approximately 63% to $28.0 million (2019: $75.7 million) due to the low commodity price environment. Edison E&P's contribution to total revenue between the date of acquisition and 31 December 2020 was $10.1 million. *Pro forma* revenues for the year were $335.9 million.

Working interest production averaged 3.6 kboepd in 2020 (2019: 3.3 kboepd), with the Prinos oil field, offshore Greece, accounting for approximately 50% of total output. Energean's acreage around the Prinos area remains under strategic review; in March 2021, the European Commission approved €100 million of support for Energean's Epsilon project, consisting of a public guarantee on a commercial loan of around €90.5 million to be contracted by Energean with its commercial banks and a €9.5 million subordinated loan from the Greek state. Terms are yet to be agreed. Energean has full control over whether or not it takes advantage of this funding, the decision being contingent primarily on an FID-decision on the 53 MMboe 2P + 2C Epsilon development. *Pro forma* working interest production averaged 48.3 kboepd in 2020, of which 74% was gas, with the Abu Qir gas-condensate field, offshore Egypt, accounting for over 70% of total output.

Depreciation, impairments and write-offs

Depreciation charges before impairment on production and development assets decreased by 38% to $24.1 million (2019: $39.1 million) due to decreased capital expenditure invested in Greece.

The Group recognised a gross impairment charge of $65.3 million in 2020 (2019: $71.1 million). During the year, the Group undertook an impairment test for the Prinos CGU (the Prinos and Epsilon fields). In the period, indicators of impairment were noted for the Prinos CGU, being a reduction in both short-term (Dated Brent forward curve) and long-term price assumptions and a change in the Group's Prinos field production forecast, which have resulted in an impairment of $65.3 million in the carrying value of the Prinos CGU. Impairment charges for the year also include an additional amount of $4.9 million related to the disposal of the Energean Force rig unit.

Selling, general and administrative (SG&A) expenses

Energean incurred SG&A costs of approximately $15.3 million in 2020 (2019: $13.7 million). This represents a 12% increase versus 2019 and is due to the additional staffing and administrative costs associated with the continued growth of the Group’s portfolio, including the acquisition of Edison E&P, and the efforts associated with developing the Karish field.

Other expenses

Other expenses of $28.3 million in 2020 (2019: $21.6 million) consisted predominantly of direct costs incurred related to the acquisition of Edison E&P, as well as losses from disposal of property, plant and equipment and intra-group merger costs.

Finance costs

Financing costs before capitalisation for the period were $102.7 million (2019: $48.9 million). Included within this balance is $90.0 million of interest (2019: $34.4 million), which $7.4 million relates to the interest incurred on the Greek RBL facilities, $81.3 million on the Karish project finance facility (2019: $27.4 million) and $1.3 million on the Egypt RBL facility (2019: $nil). In addition, there was $6.7 million (2019: $7.2 million) of interest expenses relating to long-term payables, representing future payments to the previous Karish & Tanin licence holders. This was offset by capitalised borrowing costs to $97.7 million (2019: $39.9 million). The remainder of the total finance costs expenses relate primarily to finance and arrangement fees and other finance costs and bank charges. Total finance costs expensed amount to $5.0 million (2019: $9.0 million).

Commodity price risk

Energean had no hedges during the period and has no outstanding hedges in relation to oil and gas prices at year-end. Energean will keep its hedging position under review.

Taxation

Energean recorded tax income of $20.7 million in 2020 (2019: $20.5 million tax income) which can primarily be attributed to the deferred tax impact of the impairment losses associated with the Prinos assets.

Operating cash flow

Cash from operations before tax and movements in working capital was $(25.5) million (2019: $18.5 million). After adjusting for tax and working capital movements, cash from operations was $1.5 million, a 95% decrease on the comparable period (2019: $36.3 million). The decrease was primarily driven by reduced production, and therefore revenue, during the period, alongside the low commodity price environment in 2020, and also $17.9 million of exceptional transaction costs expensed in relation to the acquisition of Edison E&P.

Financial results summary

	Pro forma 2020	2020	2019
Average working interest production (Kboepd)	**48.3**	3.6	3.3
Sales revenue ($m)	**335.9**	28.0	75.7
Cost of production ($m)	**198.9**	28.5	25.9
Cost of production ($/boe)	**11.3**	21.4	21.5
Administrative & selling expenses ($m)	**33.1**	15.3	13.7
Loss ($m)	**(422.2)**	(124.5)	(93.9)
Adjusted EBITDAX ($m)	**107.7**	(8.3)	35.6
Loss after tax ($m)	**(416.4)**	(92.9)	(83.8)
Cash flow from operating activities ($m)	**137.0**	1.5	36.3
Capital expenditure ($m)	**565.4**	429.0	684.4
Cash capital expenditure ($m)	**550.8**	419.0	954.6
Net debt (cash) ($m)	**1,240.1**	1,240.1	561.6
Net debt/equity (%)	**103.83**	103.83	44.5

Non-IFRS measures

The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. These non-IFRS measures include adjusted EBITDAX, cost of production, capital expenditure, cash capital expenditure, net debt and gearing ratio and are explained below.

Cost of production

Cost of production is a non-IFRS measure that is used by the Group as a useful indicator of the Group's underlying cash costs to produce hydrocarbons. The Group uses the measure to compare operational performance period to period, to monitor costs and to assess operational efficiency. Cost of production is calculated as cost of sales, adjusted for depreciation and hydrocarbon inventory movements.

	Pro forma 2020 $m	2020 $m	2019 $m
Cost of sales	**364.6**	48.4	65.6
Less:			
Depreciation	(163.1)	(22.1)	(36.6)
Change in inventory	(2.6)	2.2	(3.0)
Cost of production	**198.9**	**28.5**	**25.9**
Total production for the period (kboe)	**17,621**	1,331	1,209
Cost of production per boe ($/boe)	**11.3**	**21.4**	**21.5**

Adjusted EBITDAX

Adjusted EBITDAX is a non-IFRS measure used by the Group to measure business performance. It is calculated as profit or loss for the period, adjusted for discontinued operations, taxation, depreciation and amortisation, other income and expenses (including the impact of derivative financial instruments and foreign exchange), net finance costs and exploration costs. The Group presents adjusted EBITDAX as it is used in assessing the Group's growth and operational efficiencies, because it illustrates the underlying performance of the Group's business by excluding items not considered by management to reflect the underlying operations of the Group.

	***Pro forma* 2020 $m**	**2020 $m**	2019 $m
Adjusted EBITDAX	107.7	(8.3)	35.6
Reconciliation to profit/(loss):			
Depreciation and amortisation	(166.3)	(24.1)	(39.1)
Share-based payment	(3.2)	(3.2)	-
Exploration and evaluation expense	(164.6)	(4.4)	(0.8)
Impairment loss on property, plant and equipment	(182.9)	(65.3)	(71.1)
Other expense	(35.0)	(28.3)	(21.6)
Other income	22.1	9.1	3.1
Finance expenses	(16.9)	(5.0)	(9.0)
Finance income	1.2	0.4	2.5
Net foreign exchange	7.8	15.5	(3.9)
Taxation income/(expense)	13.7	20.7	20.5
Loss for the year	**(416.4)**	**(92.9)**	**(83.8)**

Capital expenditure

Capital expenditure is a useful indicator of the Group's organic expenditure on oil and gas assets and exploration and appraisal assets incurred during a period. Capital expenditure is defined as additions to property, plant and equipment and intangible exploration and evaluation assets less decommissioning asset additions, right-of-use asset additions, capitalised share-based payment charge and capitalised borrowing costs:

	***Pro forma* 2020 $m**	**2020 $m**	2019 $m
Additions to property, plant and equipment	659.1	550.6	670.6
Additions to intangible exploration and evaluation assets	108.1	11.8	61.7
Less:			
Capitalised borrowing costs	(97.7)	(97.7)	(39.9)
Right-of-use asset additions	(17.2)	(2.0)	-
Lease payments related to capital activities	12.0	6.6	-
Capitalised share-based payment charge	(0.1)	(0.1)	(0.7)
Capitalised depreciation	(0.6)	(0.6)	(1.9)
Change in decommissioning provision	(98.2)	(39.6)	(5.4)
Total	**565.4**	**429.0**	**684.4**
Movement in working capital	(14.6)	(10.0)	270.2
Cash capital expenditures per the cash flow statement	**550.8**	**419.0**	**954.6**

Capital expenditure was $429.0 million, of which $411.9 million was invested in Israel and $14.4 million in Greece and, for the 14-day period following closing of the Edison E&P transaction, $1.8 million in Italy and $0.9 million in Egypt. Cash capital expenditure was $419.0 million (FY 2019: $954.5 million).

The decrease versus 2019 is predominantly due to deferral of capital expenditure from the 2020 Karish programme, as well as limited investment in the Prinos area in Greece.

Pro forma capital expenditure was $565.4 million, of which $411.9 million was invested in Israel, $16.4 million in Greece, $93.1 million in Egypt, $17.3 million in Italy, $18.9 million in the UK North Sea and $7.1 million in Croatia.

	***Pro forma* 2020 $m**	**2020 $m**	2019 $m
Payment for purchase of property, plant and equipment	419.4	404.0	897.2
Payment for purchase of intangible assets	131.4	15.0	57.4
Acquisition of a subsidiary, net of cash acquired	203.2	203.2	-
Total	**754.0**	**622.2**	**954.6**

Net debt/(cash) and gearing ratio

Net debt is defined as the Group's total borrowings less cash and cash equivalents. Management believes that net debt is a useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of borrowings after taking account of any cash and cash equivalents that could be used to reduce borrowings. The Group defines capital as total equity and calculates the gearing ratio as net debt divided by capital.

	2020 $m	2019 $m
Current borrowings	1,113.0	38.1
Non-current borrowings	330.0	877.9
Total borrowings	**1,443.0**	**916.0**
Less: Cash and cash equivalents and bank deposits	(202.9)	(354.4)
Net (Funds)/Debt (1)	**1,240.1**	**561.6**
Total equity (2)	1,194.4	1,260.8
Gearing Ratio (1)/(2)	**103.8%**	**44.5%**

Acquisition of Kerogen Capital's 30% holding in Energean Israel (EISL)

In December 2020, Energean agreed to acquire Kerogen Capital's 30% shareholding in Energean Israel Limited (EISL) for a total consideration of between $380 and $405 million. Energean closed the transaction on 25 February 2021. The acquisition has an economic reference date of 1 January 2021 and the total consideration consists of:

- An up-front payment of $175 million
- Deferred consideration of between $125 million and $150 million, the latest allowable payment of which will be 30 calendar days following Practical Completion of the Karish project (as defined under EISL's contract with TechnipFMC). Before Practical Completion, Energean has the option, at its sole discretion, to pay the deferred cash consideration at any point, in accordance with the following schedule:

Payment date	Amount payable $m
On or before 31 March 2021	125.0
On or before 30 April 2021	127.5
On or before 31 May 2021	130.0
On or before 30 June 2021	132.5
On or before 31 July 2021	135.0
On or before 31 August 2021	137.5
On or before 30 September 2021	140.0
On or before 31 October 2021	142.5
On or before 30 November 2021	145.0
On or before 31 December 2021	147.5
After 31 December 2021 or at Practical Completion	150.0

- A further $30 million of deferred cash consideration, payable on 31 December 2022
- $50 million of convertible loan notes which have a maturity date of 29 December 2023, a strike price of GBP 9.50 and a zero-coupon rate.

If the deferred cash consideration is paid following Practical Completion of the Karish Project (as defined under EISL's contract with TechnipFMC), the total consideration will be $405 million. If Energean elects to pay the deferred cash consideration earlier than 31 December 2021, the total consideration could be reduced by up to $25 million, to $380 million.

Acquisition rationale

The acquisition is a natural strategic fit that results in Energean owning 100% of EISL's share capital. It adds 2P reserves of 29.5 Bcm of gas and 30 MMbbls of liquids, representing 219 MMboe. The enlarged Energean group has *pro forma* 2P reserves of approximately 982 MMboe (79% gas) and a working interest production trajectory to more than 200 kboepd, once Karish and Karish North are producing at plateau gas rates.

The Company believes that the acquisition is highly value accretive and that the total consideration represents attractive valuation metrics, including:

- A 43% discount to the estimated Enterprise Value of the Minority Interest, based on the latest 2P CPR valuation estimates
- A price of approximately 1x the forecast Minority Interest annual EBITDAX, which is expected to be approximately $400 million per year when the gas sales profile is on plateau
- An equity acquisition price of between $1.74 and $1.85 per 2P boe
- A leverage-accretive acquisition that is well within Energean's target to keep its corporate net debt / EBITDAX ratio below 2.0x.

Moreover, taking a 100% interest in EISL enables Energean to fully control its capital structure, enhancing its ability to maximise total shareholder returns.

Acquisition financing

On 13 January 2021, Energean signed an 18-month, $700 million term loan facility agreement with J.P. Morgan and Morgan Stanley, one of the primary uses of which was to fund the $175 million up-front consideration for the acquisition of the minority interest in EISL. Subsequently, in 1Q 2021, Energean Israel Finance Limited issued a $2.5 billion bond, part of which will be used to refinance the term loan facility and the $1.45 billion project finance facility, and a further part of which is expected to be used to pay the deferred consideration. The bond is split into four equal tranches with maturities in 2024, 2026, 2028 and 2031. This is non-recourse to the Group with the gross proceeds held in a segregated escrow account until certain release conditions, including the receipt of regulatory approvals and the registration of certain pledges, are satisfied.

The $30 million additional deferred consideration will be funded by free cash flows from the project. The convertible loan notes will be satisfied by either new share issuance (if called by Kerogen), or by repayment of the principal balance.

Acquisition of Edison E&P

Energean completed its acquisition of Edison E&P from Edison S.p.A. on 17 December 2020. The gross consideration for the transaction, as at the locked box date of 1 January 2019, was $284 million and the final net consideration (net of cash acquired), as of 17 December 2020, was $203 million.

Amendments to the SPA during 2020

In December 2019, Energean announced that it had agreed to exclude the Algerian asset from the transaction perimeter. On 19 May 2020, the Group agreed to terminate the agreement for Neptune Energy to acquire Edison E&P's UK and Norwegian subsidiaries. As such, Energean entered into further discussions with Edison to amend its SPA, following which it was agreed that the Norwegian subsidiary would be formally excluded from the transaction perimeter. Combined with the previously announced exclusion of the Algerian asset, ultimately $466 million of total reductions to the original gross consideration of $750 million were agreed.

In addition, under the amended SPA the $100 million Cassiopea contingent payment will now vary between $0 and $100 million, depending on future Italian gas prices at the point at which first gas production is delivered from the field, currently anticipated in 2024.

Acquisition financing

On 20 June 2020, Energean signed a $220 million reserve-based lending facility with ING, Natixis and Deutsche Bank to fund the acquisition of Edison E&P. The facility was subsequently upsized to $280 million and carries a $75 million accordion facility.

The RBL has a tenor of six years from the closing date and is subject to semi-annual redeterminations. The interest rate is LIBOR plus a margin of 4.75% per annum during the first, second and third years after closing, and 5.75% thereafter. The RBL carries covenants that are customary for this type of facility.

In addition to the RBL, Energean entered into a standalone bilateral letter of credit ("LC") facility with ING. The facility will be for an amount up to GBP 80 million provided for the purpose of issuing LCs for United Kingdom decommissioning obligations and obligations under the United Kingdom licences and does not impact upon the availability of the new RBL.

Liquidity risk management and going concern

The Group carefully manages its risk to a shortage of funds by monitoring its funding position and its liquidity risk. The going concern assessment covers for the period to 30 April 2022 'the Forecast Period'.

Cash forecasts are regularly produced based on, inter alia, the Group's latest life of field production and budgeted expenditure forecasts, management's best estimate of future commodity prices (based on recent published forward curves) and the Group's borrowing facilities. The Base Case conservatively assumes first gas from Karish in April 2022, Brent at $60/bbl flat and PSV (Italian gas price) at an average of EUR16/MWH.

In addition, on a regular basis, the Group performs sensitivity tests of its liquidity position for negative impacts that may result from changes to the macro economic environment such as a fall in commodity price or increase in interest rate. The Group also looks at the impact of changes or deferral of key projects and/or portfolio rationalisation. This is done to identify risks to liquidity and covenant compliance and enable management to formulate appropriate and timely mitigation strategies in order to manage the risk of funding shortfalls or covenant breaches and to safeguard the Group's ability to continue as a going concern.

Post-period end, Energean signed an 18-month, $700 million term loan facility agreement with J.P. Morgan AG and Morgan Stanley Senior Funding, Inc, the primary uses of which are to accelerate the Karish North development and to fund the up-front consideration for the acquisition of the minority interest in Energean Israel. At the same time, Energean also agreed with the existing lenders of its $1.45 billion project finance facility to extend its maturity by nine months, from December 2021 to September 2022.

On 24 March 2021, Energean Israel Finance Limited completed the issuance of $2.5 billion aggregate principal of senior secured notes. The gross proceeds are currently held in a segregated escrow account until the date upon which certain escrow release conditions are satisfied. Amongst other things, the escrow release conditions include the receipt of regulatory approvals and the registration of certain pledges. Upon satisfaction of the escrow release conditions and release of the proceeds of the issuance, the proceeds are expected to be used i) to repay outstanding indebtedness under Energean's and its subsidiaries' $1.45 billion project finance facility and $700 million term loan; to replace the existing undrawn amounts available under those facilities; to fund certain reserve accounts; and for transaction expenses and the Group's general corporate purposes.

The $2.5 billion principal is be split into four equal tranches with coupon rates as follows:

- $625 million maturing 30 March 2024, at fixed 4.5%
- $625 million maturing 30 March 2026 at fixed 4.875%
- $625 million maturing 30 March 2028 at fixed 5.375%
- $625 million maturing 30 March 2031 at fixed 5.875%

Interest will be paid semi-annually, on 30 March and on 30 September of each year, beginning on September 30, 2021.

The Group's revised forecasts show that the Group will be able to operate within its current debt facilities and has sufficient financial headroom for the 12 months from the date of approval of the 2020 Annual Report and Accounts.

Based on an assessment of the Group's cash flow forecasts under various scenarios, including the identification of associated risks and mitigants, the Directors have concluded that they have a reasonable expectation that the Group will continue in operational existence for a 12-month period from the date of approval of the 2020 Annual Report and Accounts and have therefore adopted the going concern basis in preparing the Group and parent company financial statements.

COVID-19 pandemic

Energean continues to monitor the ongoing COVID-19 global pandemic, using the advice of the World Health Organisation and Public Health England to ensure that best-practice precautions are always being applied. Clear information and health precautions on how employees should protect themselves and reduce exposure to, and transmission of, a range of illnesses along with general advice has been communicated across the organisation. In addition, specific HSE control measures, ensuring adequate including social distancing and home working, have been implemented to protect the wellbeing of employees in line with local regulatory obligations.

Events since December 2020

Energean is exposed to macro-economic risks, including pandemic diseases that could have a material adverse effect on its operations. The Group continues to monitor the COVID-19 pandemic, which is continuing to cause global economic disruption and impact the oil and gas sector in 2021. While to date, COVID-19 has had a limited impact on Energean's activities, it is not possible to predict whether the outbreak will have a material adverse effect on our future earnings, cash flows and financial condition.

In January 2021, Energean reached FID on its Karish North (Israel) and NEA/NI (Egypt) projects.

On 13 January 2021, the Group signed with its existing lenders for the US$1.45 billion facility for Karish development a nine- month extension for the facility maturity date, from December 2021 to September 2022.

On 13 January 2021, the Company signed an 18-month, $700 million term loan facility agreement with J.P. Morgan and Morgan Stanley.

On 25 February 2021, Energean completed its acquisition of the 30% minority interest in EISL, from Kerogen Capital. Energean now owns 100% of EISL.

On 24 March 2021, Energean issued $2.5 billion aggregate principal amount of senior secured notes. The gross proceeds were deposited into an escrow account pending the receipt of regulatory approvals and registration of certain pledges. Following release, the funds will be used to replace the $1.45 billion project finance facility and $700 million term loan, fund certain reserve accounts and for general corporate purposes. The notes will be listed for trading on the TACT Institutional of the Tel Aviv Stock Exchange (TASE).

Four-year financial summary

	***Pro forma* 2020 $m**	**2020 $m**	2019 $m	2018 $m	2017 $m
Group income statement					
Revenue	335.9	28.0	75.7	90.3	57.8
Cost of sales	(364.6)	(48.4)	(65.6)	(60.0)	(48.6)
Gross profit/(loss)	(28.7)	(20.4)	10.2	30.3	9.1
Administrative expenses	(33.0)	(15.1)	(13.3)	(11.7)	(6.0)
Selling and distribution expenses	(0.1)	(0.1)	(0.3)	(0.5)	(0.4)
Exploration and evaluation expenses	(164.6)	(4.4)	(0.8)	(2.1)	(10.0)

	Pro forma **2020 $m**	**2020 $m**	2019 $m	2018 $m	2017 $m
Impairment of property, plant and equipment	(182.9)	(65.3)	(71.1)	-	-
Other expenses	(35.0)	(28.3)	(21.6)	(1.1)	(8.2)
Other income	22.1	9.1	3.1	8.9	1.8
Operating profit/(loss)	(422.2)	(124.5)	(93.9)	23.8	(22.8)
Finance income	1.2	0.4	2.5	1.7	0.0
Finance costs	(16.9)	(5.0)	(9.0)	(13.5)	(22.9)
Gain on derivative	-	-	-	96.7	25.8
Net foreign exchange (loss)/gain	7.8	15.5	(3.9)	(23.5)	36.2
Loss from continuing operations before tax	**(430.1)**	**(113.6)**	**(104.3)**	**85.3**	**25.4**
Taxation income/(expense)	13.7	20.7	20.5	15.5	(14.1)
Profit from continuing operations	**(416.4)**	**(92.9)**	**(83.8)**	**100.8**	**11.3**

	2020 $m	2019 $m	2018 $m	2017 $m
Non-current assets	3,540.7	2,087.1	1,515.4	328.0
Current assets	594.3	421.1	262.6	143.2
Total assets	**4,135.0**	**2,508.2**	**1,778.1**	**471.2**
Total assets less current liabilities	2,659.7	2,301.9	1,392.4	382.9
Non-current liabilities	(1,465.3)	(1,041.1)	(304.6)	(93.9)
Net assets	**1,194.4**	**1,260.8**	**1,087.8**	**289.0**
Share capital	2.4	2.4	2.1	0.9
Share premium	915.4	915.4	658.8	-
Merger reserves	139.9	139.9	139.9	139.9
Other reserves	1.8	5.9	5.9	73.8
Foreign currency translation reserves	(0.1)	(19.3)	(15.5)	(11.4)
Share based payment reserve	13.4	10.1	6.6	-
Retained earnings	(144.7)	(53.3)	30.0	(138.5)
Equity attributable to equity holders of the parent	**928.1**	**1,001.0**	**827.8**	**64.7**
Non-controlling interests	266.3	259.7	260.0	224.3
Total equity	**1,194.4**	**1,260.8**	**1,087.8**	**289.0**

Risk Management

Risk management framework

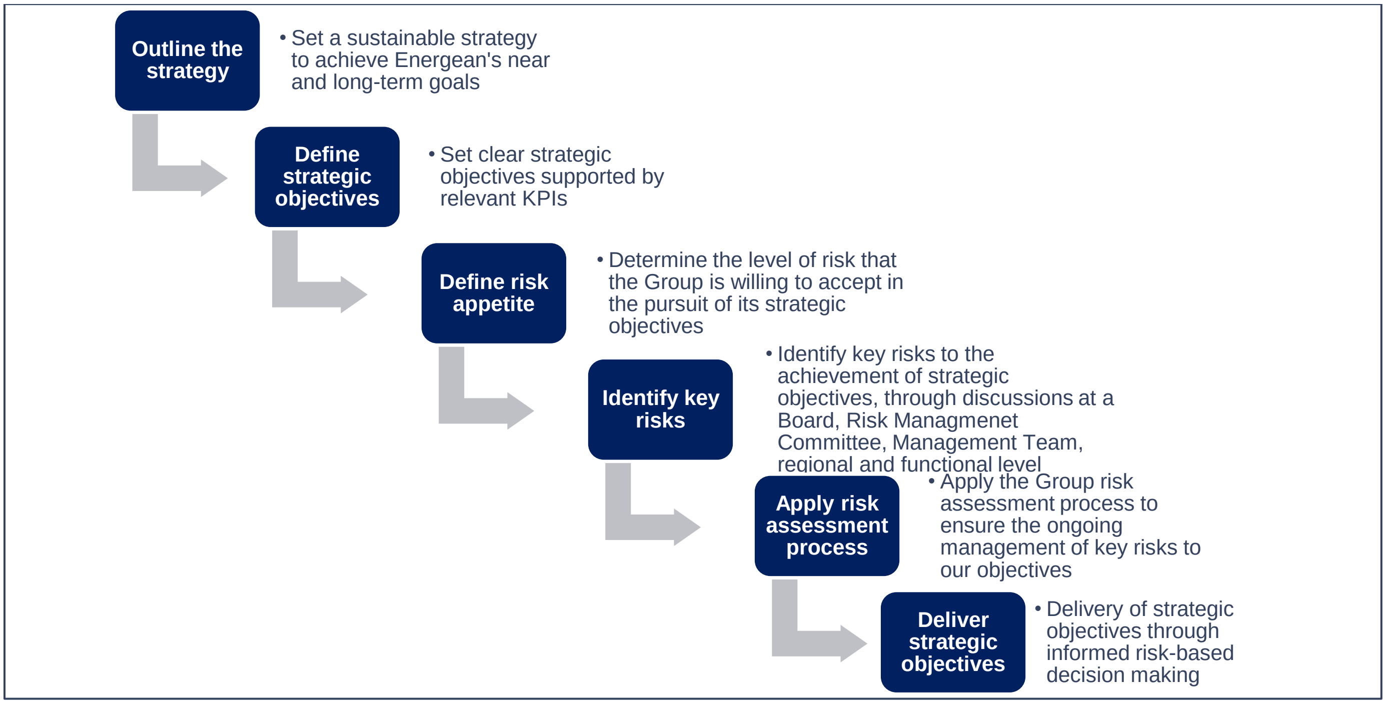
Energean recognises that strong corporate governance and the effective management and oversight of risks and opportunities are essential to its long-term success and sustainably implementing its strategy. As such, the Board strives for continuous improvement in this area. All investment opportunities expose Energean to increased risks, including climate change, as well as commercial, technical and geopolitical risks. Energean manages its exposure to such risks in accordance with the Board's appetite for risk.

Energean's risk management framework provides a systematic process for the identification and management of the key risks and opportunities which may impact the delivery of its strategic objectives. KPIs are set annually and determining the level of risk Energean is willing to accept in the pursuit of these objectives is a fundamental component of its risk management framework.

The Board operates a risk management framework for the Company and its in order to identify, assess, control and monitor all current and emerging risks to the business arising from the achievement of its strategic objectives. The risk management framework establishes the internal control and risk management process and includes the following:

- Risk reporting and oversight structure
- Identification
- Methodology and classification
- Risk appetite
- Group risk register
- Reporting and monitoring framework.

Group’s risk management framework



Risk oversight and governance

Overall responsibility for risk oversight and the effectiveness of the Company’s risk management and internal control systems rests with the Board. Principal risks, including emerging risks, as well as progress against key performance indicators, are reviewed at each quarterly scheduled Board meeting and deep dives on identified risks are undertaken by the Audit and Risk Committee, when deemed appropriate.

The Group’s framework for risk management promotes a bottom-up approach to risk management with top-down support and challenge. The risks associated with the delivery of the strategy and work programmes and the associated mitigation measures and action plans are maintained in a series of risk registers at Group, audit and project level. Reporting of these risks within the organisation is structured so that risks are escalated through various internal management, Board committees and to the Board itself.

Energean’s Management Team is responsible and accountable for overseeing and monitoring risks that fall under their identified remit, while the Audit and Risk Committee is additionally responsible for continuously evaluating the effectiveness of the Group‘s system of internal control and risk management methodology.

Group's risk governance framework

Top-down:
Oversight, accountability, monitoring and assurance
The Board

Audit and Risk Committee	Executive Management Team
Chaired by Andy Bartlett, Senior Independent Non-Executive Director	**Chaired by Mathios Rigas, CEO**
• Responsible for setting the direction for risk management • Facilitates continual improvements of the risk management system • Monitors and reviews the scope and effectiveness of the Company's systems of risk and internal control • Reviews principal risks and output from the Risk Management Committee.	• Performs a quarterly 'deep-dive' revew of the Group risk register.

Board of Directors

The Board is responsible for overseeing the risk identification, assessment and mitigation process and undertakes regular assessments of the risks facing the Group, including current and emerging risks that could potentially threaten our business integrity, strategy, operating model, future performance, solvency and liquidity.

The overall tone for risk management is driven by the Board, which works closely with the Executive Management team and Audit and Risk Committee to regularly review Energean's risk portfolio, monitor any emerging risk and better understand how risks are being managed across the Company. It considers:

- Executive Management / Committee updates
- Strategic plan and budgets
- Risk assessments.

Audit and Risk Management Committees

The Board delegates to the Audit and Risk Committee the responsibility for reviewing the effectiveness of the Group's systems of internal control and risk management methodology. As part of this review, the Audit and Risk Committee considers the principal risks facing the Group and the nature and extent of these risks, based on assessments by management and the Group's Internal Auditors. The Group currently outsources its Internal Audit function, which also provides independent assurance over the effectiveness of the systems of risk management and internal control. The detailed assessments are consolidated to provide input for the overall Group risk assessment. It considers:

- Internal audit work plans
- Executive Management / Committee / Senior Management reports; and
- External auditor reports.

Supplementing this is the Internal Audit Reporting and Monitoring function, which is responsible for reviewing the Risk Management Framework. It reports directly to the Audit and Risk Committee.

Management Team Committee

The Executive Management Committee is responsible for detailed assessment of the risks to the business.

It considers risks linked to:

- Strategic objectives
- Business model.

Risk management process

Energean’s risk management framework provides a systematic process for the identification, evaluation and management of the key risks and opportunities which may impact the delivery of its strategic objectives. This framework utilises a bottom-up approach to risk management with top-down support and challenge led by the Board. The risk management framework establishes the inputs for the internal control and risk management process and includes the following:

- Risk reporting structure
- Identification
- Methodology and classification
- Risk appetite
- Group Risk Register
- Reporting and monitoring framework.

Group risk register

Energean maintains a Group risk register that encompasses all identified risks, the impact of those risks, the mitigating controls the Company has in place to reduce those risks to an acceptable level and the actions it must take to further mitigate risks that are not yet deemed to be at an acceptable level. The Group risk register is reviewed by both the Audit and Risk Committee and the Board and is updated on a quarterly basis based on the latest developments in the business. The risks are represented on the basis of the likelihood of occurrence and the impact on matrices that allow their comparison and classification by relevance.

Each risk in the risk register has a dedicated assigned risk owner who is responsible for reviewing and reassessing it at least on a quarterly basis to evaluate the strength of existing controls and mitigating actions and determine whether additional risk reduction actions are required to align the level of risk with the risk appetite set by the Board. Energean recognises that risk can be mitigated by effective management but cannot always be fully eliminated; and the Board and Executive Management team will decide the level of post-mitigation risk that they are willing to accept when pursuing strategic business opportunities.

The Board and the Executive Management team use a combination of different and complementary skills to assess the risks facing the business. In determining its risk appetite, the Board considers a range of information when reviewing the Group's operations and in approving key matters reserved for its decision. This information includes:

- Updates provided by Senior Management on key strategic and operational matters;
- Discussion and approval by the Board of the Group budget (including its working capital);
- Information provided for the purposes of deciding whether to approve those significant matters which have been reserved for the Board;
- Group risk assessments facilitated by the Company's management and monitored by the Internal Audit function; and
- The reports of the external auditors.

Climate change-related risks are fully integrated with Energean's multi-disciplinary, company-wide risk management process, per the recommendations of the TCFD. Through the framework, Energean adheres to the latest sustainability and sector-related standards and guidelines (such as TCFD, SASB, and IPIECA) and is able to identify multi-disciplinary risks and opportunities, including climate change-related risks that could affect the Company, its strategy and operations. The risk management framework ensures effective identification, assessment, control and monitoring of risks to the Company's business, in addition to capitalising on potential opportunities. Climate change-related risks are assessed against their potential financial, legal, physical, market and reputational impact, and key strategic and commercial decisions are assessed on their financial importance.

In focus – climate change risk

During the 2019 risk identification and assessment process, Energean recognised climate change as a rapidly emerging risk. This was reflected by the Company's decision to establish a target to achieve net zero emissions by 2050[66] and a near-term commitment to reduce the carbon intensity of our business by over 70%. During 2020, responsibility and accountability for climate change-related risks was assigned to Karen Simon (Non-Executive Chair) and a new Climate Change and Sustainable Development department. The latter has identified key risks and opportunities related to climate change which are outlined in the principal risk section below. These risks and opportunities are reviewed by the Nomination and ESG Committee.

Risk appetite

The Board sets Energean's risk appetite and acceptable risk tolerance levels for each of the [eight] key risk categories and has reviewed the strategies devised by the Executive Management Team to mitigate them. In considering Energean's risk appetite, the Board has reviewed the risk process, the assessment of risks and the existing controls and mitigating actions that reduce overall risk. During this process, the Board articulated which risks Energean should not tolerate, which should be managed to an acceptable level and which should be accepted in order to deliver our business strategy.

[66] Scope 1 and 2 emissions

Principal risks and uncertainties

The following pages provide a summary overview of the principal risks to the Group, the potential impacts, the mitigation measures, the risk appetite and the strategic objectives the risks may impact.

SYMBOLS USED IN THE FOLLOWING PAGES		
Trend versus prior year indicates our perception of pre-mitigation risk	Link to Business Model	Link to Strategy
▲ Increasing / worsening	A – Find and appraise	① - Eastern Mediterranean
▼ Lessening / improving	B – Develop	② - Gas
▬ Static	C – Produce	③ - Tackling climate change
N New Risk	D – Acquire	④ - Organic growth
	E – Implementing low carbon solutions	⑤ - Value-driven and return-driven

Energean's principal risks are considered, in line with the Group Viability Statement, over a [three-year period]. In addition to this assessment, Energean actively considers emerging risks and threats as part of its risk assessment process.

All of these risk factors and events are contingencies which may or may not occur. The Group may face a number of the risks described below simultaneously and one or more risks described below may be interdependent.

Categories of principal risks

Strategic risk

#1 Progress key development projects in Israel

Principal risk: Delay to first gas at Karish
Owner: Chief Executive Officer
Link to strategy: ① ② ③ ④ ⑤
Link to business model: B C
Link to 2020 KPIs: Delivering our strategy, growing our business and tackling climate change

Risk appetite	**Low** – Successful delivery of the Karish project is crucial to achieving the Group's ambition of becoming the leading independent E&P company in the Mediterranean and securing the Group's future revenue stream and its ability to deliver material free cash flows, the latter of which underpins the Group's commitment to deliver material and sustainable returns to shareholders.
2020 movement	▲ This risk increased primarily due to COVID-19 related challenges at the Admiralty yard in Singapore, where the *Energean Power* FPSO is under construction. Energean continues to work towards first gas from Karish in 1Q 2022. The shipyard in Singapore remains under limitations imposed by COVID-related restrictions, including limited access to workers and yard productivity. Energean is working with its contractors to firm up this timetable and will update the market as the situation evolves
Impact	Delayed sailaway of the FPSO could result in a delay in delivering future cash flows, and delay Energean's ability to pay a meaningful and sustainable dividend to its shareholders. Delays could also result in increased capital expenditure and incremental G&A costs, which could result in a reduction to said cash flows. A failure to achieve certain milestones, such as targeted sailaway date and / or first gas delivery could result in reputational damage within the wider market, including with Energean's investors, banks, gas buyers and wider stakeholders. Under its gas sale agreements (GSPAs), the Group may be subject to various contractual consequences in case of a delayed start up in supplying gas in accordance with specific deadlines detailed in the relevant GSPAs. Such contractual consequences may include early termination rights that certain buyers potentially have after applicable long-stop dates, and in the majority of the GSPAs, monetary contractual payments or early shortfall after the long-stop dates.
Mitigation	Energean has actively engaged with its contractors early to ensure highly effective working relationships and to discuss incentivising contractors to accelerate completion of the works. Energean's contract with TechnipFMC is a lump-sum, turnkey EPCIC, which minimises development risk and the potential for significant cost overruns. Energean's 2021 budget has been updated

	to reflect increased cost of interest and potential liquidated damages arising from a delay to first gas. Energean benefits from strong support from Government and continued engagement with customers in Israel. Energean's GSPAs are priced amongst the lowest in Israel, suggesting that buyers (who have signed GSPAs that contain termination rights) will have limited incentive to terminate them due to delay in first gas. Ongoing monitoring of the exercise or threat of liquidated damages, which might at a certain point be diminished by Force Majeure relief due to COVID-19. Force Majeure notices have been served on all gas buyers. Access to funding: during the year, the Karish project finance facility was upsized from $1.275 billion to $1.45 billion. Post-period end, the maturity date was extended to September 2022 providing additional flexibility on refinancing timing, in the event of ongoing delays. In addition, the Company undertook a $2.5 billion Bond Issue to refinance the Karish project finance facility and raised a $700 million Term Loan. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Deliver first gas at Karish in 1Q 2022. Continued quantitative assessment of the impact of delay to the Karish Project to the revenue stream secured by the GSPAs and of potential mitigating actions.

#2 Market risk in Israel

Principal risk: The potential for Israeli gas market oversupply may result in offtake being at the take-or-pay level of existing GSPAs and could result in the failure to secure new GSPAs
Owner: Commercial Director
Link to strategy: ① ② ④ ⑤
Link to business model: B C
Link to 2020 KPIs: Delivering our strategy, growing our business and tackling climate change

Risk appetite	**Low** – Strong commercial terms and contract security are a core component of Energean's business model and investment case. The Group utilises its strong regional ties and the experience of Energean's commercial teams to mitigate this risk.
2020 movement	▲ This risk increased in 2020 after the Leviathan field came onstream in December 2019, significantly increasing the supply of gas into Israel. COVID-19 also negatively impacted upon regional gas demand, further contributing to potential regional market oversupply.
Impact	Increased market competition may drive Israeli domestic gas prices down. Lower pricing may incentivise gas buyers to make nominations that are restricted to the take-or-pay levels within the

	GSPAs, rather than the full annual contracted quantities. This could reduce Energean's future net revenues and cash flows, potentially impacting upon its ambition to pay a meaningful and sustainable dividend. An oversupplied gas market may impact upon Energean's ability to commercialise future gas discoveries.
Mitigation	Energean's GSPAs contain provisions for floor pricing, take-or-pay and/or exclusivity. Energean is investigating all options for the commercialisation of future exploration success, including further domestic supply as well as supply to key regional gas markets. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Energean will continue to maintain good relationships with its gas buyers, whilst also evaluating potential export routes and other options for monetisation.

#3 Progress key development projects

Principal risk: Delayed delivery of future development projects (including NEA / NI in Egypt, Cassiopea in Italy and Karish North in Israel)
Owner: Chief Executive Officer
Link to strategy: ① ② ④ ⑤
Link to business model: B C
Link to 2020 KPIs: Delivering our strategy and growing our business

Risk appetite	**Low** – The three key new development projects are viewed as essential for the relevant country portfolios, substantially benefitting the long-term production profiles of the Company, whilst bringing cost and investment efficiencies and strategic benefits.
2020 movement	▲ This risk increased during 2020 as Energean's development portfolio increased with (i) the maturation of the Karish North development, which was sanctioned in early 2021; and (ii) the acquisition of Edison E&P resulting in the addition of the Cassiopea (Italy) and NEA/NI (Egypt) projects to the portfolio.
Impact	A delay to any of these projects could result in a delay to, or reduction of, future cash flows, which could impact upon Energean's goal of paying a meaningful and sustainable dividend to its shareholders.
Mitigation	Energean is actively engaged with its partners, contractors and all other relevant stakeholders on all development projects to ensure effective working relationships. Ongoing monitoring of KPIs by Executive Management.

2021 Objectives	Developments to progress in line with expectations, targeting first gas from NEA/NI in 2H 2022, Karish North in 2H 2023 and Cassiopea in 1H 2024. Continue to monitor project progress.

#4 Deliver exploration success and reserves addition

Principal risk: Lack of new commercial discoveries and reserves replacement
Owner: Chief Growth Officer
Link to strategy: ① ② ④
Link to business model: A
Link to 2020 KPIs: Delivering our strategy and growing our business

Risk appetite	**Medium** - Exposure to exploration and appraisal failure is inherent in accessing the significant upside potential of exploration projects, and this remains a core value driver for Energean. The Group invests in data and exploits the strong experience of Energean's technical teams to mitigate this risk.
2020 movement	— This risk remained static in 2020 following the decision of the Group to postpone its exploration plans offshore Israel due to the low commodity price environment. The Group is preparing for its next four-well exploration and appraisal campaign offshore Israel in 2022.
Impact	Failure to make new significant gas discoveries and replenish the exploration portfolio will reduce the Group's ability to grow the business and deliver its strategy.
Mitigation	Energean focuses on high-grading of its exploration and appraisal programme and maintains a focus on low-risk, high-reward prospects with clear and short-term routes to commercialisation. Planning for the Group's next major exploration and appraisal campaign, offshore Israel, are underway. Drilling is expected to commence in early 2022 for up to four exploration and appraisal wells. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Maturation of planning for the four-well exploration and appraisal campaign offshore Israel.

#5 Portfolio Integration

Principal risk: Failure to successfully integrate Edison E&P into Energean's day-to-day business activities resulting in limited financial, social and environmental benefits
Owner: Chief Executive Officer
Link to strategy: ① ② ④ ⑤
Link to business model: A B C
Link to 2020 KPIs: Growing our business

Risk appetite	**Low** – Edison E&P integration is a top priority for the Board and Executive Management. Successful integration of Edison E&P with Energean's existing business will depend on our ability to combine the two businesses, including bringing together the cultures and capabilities of both organisations in an effective manner, which will require the co-operation of Edison E&P's existing workforce.
2020 movement	▬ This risk remained static in 2020. The acquisition of Edison E&P closed successfully in December 2020 and constitutes the largest acquisition the Group has undertaken to date.
Impact	The potential impacts of inadequate portfolio integration are multi-fold and include: • Disruption to ongoing operations and development projects • Diversion of Executive Management's attention; and • A lack of ability to realise anticipated financial benefits and cost synergies. The challenges and/or costs associated with integration may be higher than expected and the benefits expected from the acquisition of Edison E&P may not be fully achieved.
Mitigation	Energean developed a detailed integration and strategic plan with activities and milestones, for example, providing strategic access to the Edison E&P SAP system from day one to provide immediate and full control over the acquired business. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Continued implementation of the integration roadmap, including further definition of the one-year ahead plan and mapping of identified synergies, resulting in finalisation and implementation of the end-state operating model.

Operational risk

#1 Production performance

Principal risk: Underperformance at core producing assets in Egypt and Italy
Owner: Chief Growth Officer
Link to strategy: ① ② ④ ⑤
Link to business model: C
Link to 2020 KPIs: Growing our business

Risk appetite	**Low** – Delivering operational excellence in all of Energean's activities is a strategic objective and we work closely with all partners to mitigate the risk and impact of any operational delay or underperformance. As such, the Company has a low appetite for risks which may impact on operating cash flow.
2020 movement	▲ This risk increased during 2020 following the acquisition of Edison E&P, which has seen increased scrutiny on the performance of the acquired assets. Pro forma Working Interest production averaged 48.3 kboepd, around the mid-point of guidance of 44.5 - 51.5

	kboepd. The risk around operational readiness e.g. the availability of highly trained technical staff to operate assets and man vessels, also increased in 2020 largely due to the COVID-19 pandemic.
Impact	Delay to, or reduction of, operating cash flows. Increased unit operating costs.
Mitigation	Executive Management works closely with technical leads, the HSE Director and Country Managers to deliver risk mitigation plans and project solutions. Positive regular engagement with the Technical team and partners to share knowledge, offer support and exert influence. Strong work ethic and culture, with good policies, procedures and practices in place. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Ongoing management of risks surrounding production.

#2 JV Misalignment

Principal risk(s): Misalignment with JV operators
Owner: Chief Growth Officer
Link to strategy: ① ② ③ ④ ⑤
Link to business model: C
Link to 2020 KPIs: Growing our business

Risk appetite	**Medium** – The Group seeks to operate assets which align with the Group's core areas of expertise, but recognises that a balanced portfolio will also include non-operated ventures. The Group accepts that there are risks associated with a non-operator role and will seek to mitigate these risks by working with partners of high integrity and experience and maintaining close working relationships with all JV partners.
2020 movement	▲ - This is an increased risk in 2020 that follows the acquisition of Edison E&P. Commodity price volatility continues to have a financial impact across the sector and the risk remains that the Group's JV partners may not be able to fund work programme expenditures and/or reprioritise projects. A large component of the Italian portfolio and the entire UK portfolio are operated by joint venture partners.
Impact	Cost/schedule overruns. Poor operational performance of assets. Poor HSE performance. Delay in first production from new projects. Negative impact on asset value. Ability to effect change towards lowering carbon footprint.

Mitigation	Actively engage with all JV partners early to establish good working relationships. Actively participate in operational and technical meetings to challenge, apply influence and/or support partners to establish a cohesive JV view. Active engagement with supply chain providers to monitor performance and delivery. Application of the Group risk management processes and non-operated ventures procedure. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Continue to engage with JV partners and monitor project progress.

Financial risk

#1 Maintaining liquidity and solvency

Principal risk: Insufficient liquidity and funding capacity
Owner: Chief Financial Officer
Link to strategy: ① ② ③ ④ ⑤
Link to business model: A B C D E
Link to 2020 KPIs: Growing our business

Risk appetite	**Low** – Energean seeks to maintain liquidity and to develop and implement a funding strategy that allows a value generative plan to be executed and ensures minimum headroom from existing sources of funding is maintained.
2020 movement	— This risk remained static in 2020.
Impact	The Company has secured loan agreements and is subject to restrictive debt covenants and security arrangements that may limit its ability to finance its future operations and capital needs and to pursue business opportunities and activities. Breach of financial covenants may lead to default and/or liquidity risk. The Company is exposed to commodity prices in relation to its sales and revenues under its crude oil and gas sales contracts, which are subject to variable market factors. The full impact of COVID-19 to a lower price environment could impact the Group's cash flows and results. Interest and foreign exchange rate movements could negatively affect profitability, cash flow and balance sheets (see Note ___ to the consolidated financial statements). Funding and liquidity risks could impact viability and ability to continue as a going concern, including a downturn in business operations for unexpected factors, e.g. COVID-19. Erosion of balance sheet through impairments of financial assets

	may further impact the Group's financial position.
Mitigation	Regular monitoring of financial covenants on an actual and forecast basis as part of the monthly reporting to management and the Board. The Karish project finance facility, Egypt RBL and Greek RBL have covenants and metrics to monitor the ability to refinance via capital markets or by conversion of existing commitments to a term loan. The Company ensures that these covenants are met on a quarterly basis. During the period, the Karish project finance facility was upsized from $1.275 billion to $1.45 billion and, post-period end, maturity was extended to September 2022. Post-period end, a new 18-month, $700 million term loan was arranged in January 2021, and both facilities will be refinanced under a $2.5 billion Bond Issue in March 2021. The Group's debt facilities have been sized and structured on conservative oil and gas price assumptions versus the prevailing market prices. The Group actively monitors oil price movements and may hedge part of its production to protect the downside while maintaining access to upside and to ensure availability of cashflows for re-investment and debt-service. All Karish gas contracts are based on pricing formulas which include floor prices; that ensures a minimum price for gas sales whatever the market conditions or pricing formulas outcome. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Refinance the Israeli project finance facility and $700 million term loan. Continuous stress testing of short-term cash forecasts.

#2 Egypt receivables

Principal risk: Recoverability of revenues and receivables in Egypt
Owner: Chief Financial Officer
Link to strategy: ① ② ④ ⑤
Link to business model: A B C D E
Link to 2020 KPIs: Growing our business

Risk appetite	**Low** – Edison E&P has receivables due from its operations in Egypt which have historically been paid irregularly and after significant delay. Energean management believes that this risk is not specific to Edison E&P and affects all operators in the country. The Group utilises its strong regional ties and the experience of its commercial teams to mitigate this risk.
2020 movement	**N** – This is a new risk for 2020 that arises due to the acquisition of producing assets in Egypt through the acquisition of Edison E&P. At 31 December 2020, net receivables (after provision for bad and doubtful debts) in Egypt were $153.5 million.

Impact	Loss of value. Work programme restricted by reduced financial capability. Inability to fund key development projects, including NEA/NI. Reduced ability to meet debt covenants and service outstanding debt.
Mitigation	Energean has a number of contractual solutions with EGPC to ensure an effective collection policy, including condensate proceeds, lump-sum payments, Abu Qir payables offsetting and local currency collection. Continued engagement with the Egyptian government and Ministry of Petroleum. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Improve receivables position and agreements in place to accelerate recovery of overdue receivables. Maintain an active investment programme.

#3 Decommissioning liability

Principal risk: Higher than expected decommissioning costs and acceleration of abandonment schedules
Owner: Chief Financial Officer
Link to strategy: ① ② ④ ⑤
Link to business model: A B C D E
Link to 2020 KPIs: Growing our business

Risk appetite	**Low** – Energean is committed to optimising its decommissioning activities and spend.
2020 movement	**N** – This is a new, but material risk for 2020 onwards following the closing of the acquisition of Edison E&P. Decommissioning estimates and timing of abandonment schedules are subject to uncertainty but are expected to be material for the Group, particularly in the UK and Italy. The estimates for decommissioning obligations vary depending on the sources provided during the due diligence undertaken as part of the competitive sale process for Edison E&P but are estimated to be in excess of $500 million.
Impact	Reduction in cash flow. Work programme restricted by reduced financial capability. Negative impact on asset value.
Mitigation	Utilisation of the strong experience of Energean's technical teams and commercial partnerships Proactive interaction with local government and regulation bodies to jointly design/review decommissioning regulation.

	Scale achievement through grouping of assets in adjacent areas also promoting increased negotiation leverage in contracting activities. Potential creation of partnerships for decommissioning activities, further increasing scale potential and promoting transfer of decommissioning solutions. Adoption of new technologies promoting innovative solutions to further optimise costs and maximise operational excellence. Continued effort in identifying potential alternative uses for existing platforms prioritising assets with higher cost base. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Continue to develop and refine strategy for optimising decommissioning spend.

Organisational, compliance and regulatory risk

#1 Cyber

Principal risk: Major cyber-attack or information security incident
Owner: Information Technology Manager
Link to strategy: ① ② ③ ④ ⑤
Link to business model: A B C D
Link to 2020 KPIs: Growing our business and ‘Best in Class’ on safety

Risk appetite	**Low** – Energean is committed to maintaining the security and integrity of its data and IT systems.
2020 movement	▲ This risk increased in 2020. Energean continues to grow its operational presence in the Mediterranean and is in the process of integrating the recently acquired Edison E&P company into its day-to-day business activities, putting the Group at further risk of cyber-attacks or IT system failure.
Impact	Loss of value. Reputational damage. Loss of data and theft of confidential information, and personal data. Regulatory implications and financial penalties.
Mitigation	Digital transformation of email and collaboration services to the Cloud. Constant implementation and monitoring of the Company’s IT Security Policy. Control of disclosures and protection of any disclosed confidential information in third party contracts. Advanced network security detection and data encryption. Vulnerability Assessment and Penetration Testing.

	Annual mandatory security and GDPR awareness training. Staff susceptibility to phishing regularly tested. Insurance policies in place. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Complete digital transformation and integration project as part of Edison E&P acquisition.

#2 Ethics, culture and compliance

Principal risk: Major breach of values, business principles and 'Ethos'
Owner: Compliance Officer
Link to strategy: ① ② ③ ④ ⑤
Link to business model: A B C D E
Link to 2020 KPIs: Growing our business and 'Best in Class' on safety

Risk appetite	**Low** – Energean is committed to maintain integrity and high ethical standards in all of the Group's business dealings. The Group has a zero-tolerance approach to conduct that may compromise its reputation, safety procedures or integrity.
2020 movement	▬ This risk remained static in 2020. There were no reportable instances of fraud, bribery or corruption.
Impact	Reputational damage. Financial penalties or civil claim. Criminal prosecution. Breach of safety procedures resulting in a HSE incident.
Mitigation	Business Code of Ethics and bribery and corruption policies and procedures. Audit reviews, use of data analytics and continuous monitoring of policies. Financial procedures in place to mitigate fraud. Annual training programme in place for all employees. Enhanced due diligence of business partners and suppliers and compliance auditing of contractors. Enhancement of our whistleblowing process through creation of a confidential reporting channel. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Continued focus on enhanced due diligence and monitoring, as well as the review of higher risk areas. Implementing compliance programmes and employee awareness communication and training to all different countries of operations, translated to local languages where appropriate, to enhance corporate compliance and governance and ensure the organisational culture is 'fit for purpose' everywhere that the Company operates.

#3 HSE

Principal risk: Lack of adherence to health, safety, environment and security policies
Owner: HSE Director
Link to strategy: ① ② ③ ④ ⑤
Link to business model: A B C
Link to 2020 KPIs: 'Best in Class' on safety

Risk appetite	**Low** – Energean continuously strives to reduce risks that could lead to an HSE incident to as low as reasonably practicable
2020 movement	▬ This risk remained static in 2020. The Group's pro forma LTIF[67] for operated activity in 2020 was 0.63 per million hours worked. Our *pro forma* TRIR[68] for 2020 was 1.05 per million hours worked. There were no spills to the environment.
Impact	Serious injury or death. Negative environmental impacts. Reputational damage. Regulatory penalties and clean-up costs. Physical impact of climate change. Loss or damage to Company's assets and potential business interruption. Loss or damage to third parties and potential claims.
Mitigation	Effectively managing health, safety, security and environmental risk exposure is the first priority for the Board, Senior Leadership Team and Management Team Training for all employees and creation of a strong HSE culture. Additional HSE training is included as part of all staff and contractor inductions. Crisis and emergency response procedures and equipment are maintained and regularly tested to ensure the Group is able to respond to an emergency quickly, safely and effectively. Process in place for assessing an operator's overall operating and HSE capabilities, including undertaking audits to determine the level of oversight required. Comprehensive insurance policies in place. Ongoing monitoring of KPIs by Executive Management.
2021 Objectives	Achieve a number of specified indicators in relation to governance, people and society.

[67] Lost Time Injury Frequency
[68] Total Recordable Incident Rate

Climate change risk

#1 Failure to manage the risk of climate change and to adapt to the energy transition

Principal risk: Climate change policy, technological development, changing consumer behaviour and reputational damage
Owner: Chief Executive Officer
Link to strategy: ① ② ③ ④ ⑤
Link to business model: A B C D E
Link to 2020 KPIs: Delivering our strategy, growing our business and tackling climate change

Risk appetite	**Low** – The Group is committed to achieving its net zero emissions[69] target by 2050 and reducing the near-term carbon intensity of its operations by over 70% through the implementation of low carbon solutions and the acquisition of low carbon intensity hydrocarbons. Energean is focused on taking near-term investment decisions that ensure its assets remain competitive in an environment where demand for oil and gas may be lower than today and will continue to stress test its portfolio against a range of climate change scenarios, in line with the recommendations of the TCFD.
2020 movement	▲ This risk increased in 2020. There was continued and increased attention to climate change from a range of stakeholders in 2020. This attention has led, and we expect it to continue to lead, to acceleration of the energy transition, as well as additional regulations designed to reduce greenhouse gas (GHG) emissions.
Impact	Providers of capital limit exposure to oil and gas projects (short-term). Increasing costs e.g. higher compliance costs and increased insurance premiums (short to medium-term). Early asset retirement (medium to long-term) Limited access to R&D opportunities (medium to long-term). Climate-related policy changes (short to medium-term). Reputational damage (medium to long-term). Retaining and attracting talent (short to medium-term). Ability to effect change towards lowering carbon footprint (medium to long-term).
Mitigation	Aligned with the TCFD recommendations across all TCFD pillars in our year-end reporting. Established a new climate change and sustainable development department to manage climate change projects.

[69] Scope 1 & 2 emissions

	Implemented climate-based scenario analysis and internal carbon pricing to assist with investment-decision making. Enhanced climate disclosure in our Annual Report and Sustainability Report. Achieved a B- score on climate change and B score on supplier engagement in our first CDP. ESG ratings in top quartile, awarded ‘A’ rating by MSCI, ‘Gold’ by Maala and ranked 16 out of 114 peer companies by Sustainalytics. Executive compensation tied to ESG performance targets from 2020. Fully committed to transparency and adherence to the 17 UN SDGs. First E&P company globally to commit to net zero emissions by 2050. Ongoing monitoring of KPIs by Executive Management. Established a dedicated Environment, Safety and Social Responsibility committee chaired by Non-Executive Director Robert Peck to review climate change related risks and projects.
2021 Objectives	Evaluation of Carbon Capture and Storage (CCS) projects underway, including the maturation of the conversion of Prinos into the first CCS project in the East Med. Small-scale blue hydrogen production facility at the Sigma plant in Kavala, Greece, also under evaluation. Evaluation of use of captured CO_2 at Prinos for enhanced oil recovery (EOR), to unlock additional upstream value. Explore the roll out of ‘Green Electricity’ across all operated assets.

#2 Physical risks related to climate change

Principal risk: Disruption to operations and/or development projects due to severe weather (both acute and chronic)
Owner: Chief Executive Officer
Link to strategy: ① ② ③ ④ ⑤
Link to business model: A B C D E
Link to 2020 KPIs: Delivering our strategy, growing our business and tackling climate change

Risk appetite	**Low** – Management recognises that Climate change is expected to lead to rising temperatures and changes to rainfall patterns in all the countries where it operates. Energean is reviewing its response to the increased risk that changing weather events presents to both its assets and its people.
2020 movement	— This risk remained static in 2020. Rising sea levels coupled with extreme flooding could cause disruptions to the operational performance of Energean’s assets, especially those located in higher risk areas, in the medium-term. This could also result in damage to infrastructure and an increase in associated asset integrity and insurance costs. Longer term atmospheric or sea temperature rises

	could result in faster degradation of infrastructure and necessitate operational changes to the running of the Group’s facilities.
Impact	Unexpected asset costs arising from operational incidents (medium to long-term). Early asset retirement e.g. due to damage or property being situated in high risk locations (long-term) Negative market reaction (medium to long-term). Loss of investor confidence (medium to long-term). Serious injury or death (medium to long-term). Environmental impacts due to spills (medium to long-term). Reputational damage (medium to long-term). Loss or damage to assets and business interruption (medium to long-term).
Mitigation	Monitoring of weather conditions and sea conditions. Use of protective barriers to combat flooding. Comprehensive insurance policies in place for key assets and infrastructure. Established a dedicated Environment, Safety and Social Responsibility committee chaired by Non-Executive Director Robert Peck to review climate change related risks and projects.
2021 Objectives	Continue monitoring of environmental conditions and reporting at both an asset and corporate level. Evaluation of climate change projects and data by Energean Egypt Energy Services (EES).

External risk

#1 Geopolitical events

Principal risk: Political and fiscal uncertainties in the Eastern Mediterranean
Owner: Chief Executive Officer
Link to strategy: ① ② ③ ④ ⑤
Link to business model: A B C D E
Link to 2020 KPIs: Delivering our strategy and growing our business

Risk appetite	**Medium** - Energean faces an uncertain economic and regulatory environment in some countries of operation. The Company is willing to invest in countries where political and/or fiscal risks may occur provided such risks can be adequately managed to minimise the impact where possible.
2020 movement	▲ This risk increased in 2020. Energean continues to source new opportunities in the Eastern Mediterranean and this can be in jurisdictions deemed at higher risk of political or fiscal uncertainty. In

	addition, Energean entered into new countries, through the acquisition of Edison E&P, with an increased risk profile. The Group will strive for full compliance with regards to fiscal requirements across all assets.
Impact	Loss of value; increasing costs; uncertain financial outcomes; HSE incidents; loss of production.
Mitigation	Operate to the highest industry standards with regulators and monitor compliance with the Group's licence, Production Sharing Contracts and taxation requirements. Maintain positive relationships with governments and key stakeholders through robust investment plans and engagement in local projects. Continuous monitoring of the political and regulatory environments in which we operate.
2021 Objectives	Maintain balance sheet strength, continued monitoring of geopolitical events and regulatory changes. Undertake risk assessment and internal audit activities in relation to the Karish project (development project-to-operations transition). Integration of targets and sustainability projects (i.e. community investment) within the strategic plan and management incentive program.

#2 Global pandemic

Principal risk: Operational uncertainties and HSE incidents due to COVID-19 pandemic
Owner: Executive Management and HSE Director
Link to strategy: ① ② ③ ④ ⑤
Link to business model: A B C D E
Link to 2020 KPIs: Delivering our strategy, growing our business and 'Best in Class' on Safety

Risk appetite	**Low** – COVID-19 and its impact on Energean's development projects and operations was identified as an emerging risk to its business in 2019. Energean has been tracking the spread of COVID-19 and its impact over the past year, recognising it as a principal risk to the business for the first time in 2020; and is continuing to actively monitor developments and take precautions to ensure the health and safety of employees, partners and contractors.
2020 movement	▲ This risk increased in 2020. COVID-19 spread across the globe in 2020 and government responses to limit transmission of the virus significantly weakened global energy demand, putting huge pressure on the E&P sector. As a business, and at individual levels, conditions were extremely challenging.
Impact	Project delays; delay in revenue income, termination of GSPAs, penalties under GSPAs, supply chain interruption; HSE risk / risk to

	employee wellbeing; operational restrictions e.g. ability to mobilise workforce.
Mitigation	Energean is constantly re-assessing our contingency planning, our emergency/incident response plan and our business continuity management plan. Effective communication plans are in place to respond to the changing demands of the crisis. As part of the HSE policies, various measures have been introduced to protect the health and safety of employees and contract personnel. Working from home, revamping office space and a COVID-19 business continuity plan is in place for all the company's offices and plant.
2021 Objectives	Continued modelling of COVID-19 scenarios to identify and evaluate financial impacts, with an assessment of potential mitigating options. Continued quantitative assessment of the impact of delay to the Karish Project to the revenue stream secured by the Israel GSPAs and of potential mitigating actions. Conduct risk assessments for each country where operations exist to identify potential strategic, operational, regulatory and people related-exposures.

Emerging risks

Energean faces a number of uncertainties that have the potential to be materially significant to its long-term strategy but cannot be fully defined as a specific risk at present, and therefore cannot be fully assessed or managed.

These emerging risks typically have a long-time horizon, such as earlier and increased decommissioning liabilities in the UK and Italy, and elsewhere where the Company operates; increased calls for cash or L/C guarantees to be put in place; inadequate management of reserves and production risk resulting in poor returns and impairment. The Group identified the increasing threat from cyber security attacks, uncertainty around decommissioning legislation and direct impacts from unanticipated production downtime emerging risks that will be actively assessed and monitored.

In early 2020, the Board and Executive Management decided to elevate the development, operational and safety risks posed by COVID-19 from an emerging risk to a principal risk to the business. With this shift in emphasis, all employees were provided with clear information and health precautions on how to protect themselves and reduce exposure to, and transmission of, the virus.

Viability Statement

The Directors have assessed the viability of the Group over the period to December 2023, taking account of the Group's current position and the potential impact of the principal risks documented in this report.

The Board conducted the review for the purposes of the Viability Statement over this period for the following reasons:

i) The Group's Karish Field is expected to be on stream during the first quarter of 2022 delivering long-term credible and predictable cash flow based on signed gas contracts with take or pay provisions and floor prices

ii) The Group's funding cycle follows a 3-year horizon: (i) there is a 3 year grace period under the $280 milion Egypt RBL until 2023, (ii) the Greek RBL will be almost fully amortised by the end of 2023 with only 7% of the outstanding loan remaining, and (iii) the first tranche under the USD2.5bn Bond issued in March 2021 by Energean Israel is due for repayment in March 2024, therefore the viability forecast takes into account the reserving requirement for such repayment

iii) The majority of the Energean and Edison capital expenditure occurs during the next three years, including for projects such as the Karish and Karish North gas developments in Israel, the NEA and NI gas developments in Egypt and the Cassiopea gas development in Italy. This means the assessment period contains all material capital investments, which will in turn significantly increase the Group's free cash flow from H1 2022 (beginning with Karish in Israel).

Based on these factors, the Board considers that an assessment period up to 31 December 2023 appropriately reflects the underlying prospects and viability of the Group, and the period over which the principal risks are reviewed.

In order to make an assessment of the Group's viability, the Board has made a detailed assessment of the Group's principal risks, and the potential implications these risks would have on the Group's liquidity and its business model over the assessment period. This assessment included (i) monthly cash flow analysis, (ii) a number of sensitivity scenarios and (iii) a reasonable worst-case scenario including a combination of various sensitivities, together with associated supporting analysis provided by the Group's finance team. Sensitivity analysis focused on development project delay, oil prices, EGPC receivables from operations in Egypt and portfolio rationalisation.

A summary of the key assumptions, aligned to the Group's principal risks, and the sensitivity scenarios considered can be found below.

Principal Risks	Base Case Assumptions	Sensitivity Scenarios
Strategic Risk: Delay to First Gas at Karish	First Gas from Karish in April 2022 (conservative assumption as compared to the Group's target of first gas end of 2021/Q1 2022)	Further 3-month delay to first gas, July 2022
Market Risk in Israel: The potential for Israeli gas market oversupply may result in offtake being at the take-or-pay level of existing GSPAs and could result in the failure to secure new GSPAs	Minimum ACQ contracted volumes at floor prices.	Take or Pay volumes at floor prices
Progress key development projects: Delayed delivery of future development projects (including NEA / NI in Egypt, Karish North in Israel)	First gas from Karish conservatively assumed April 2022, Cassiopea in H1 2024.	Karish first gas delayed to July 2022.
Financial Risk: Recoverability of revenues and receivables in Egypt	Gradual reduction of receivables balance from $180m gross as at YE2020 to $60m by the end of 2023 which reflects approximately 140 DSO.	Gradual reduction in receivables in Egypt from $180m YE2020 to c. $100m by YE2023, this reflects approximately 240 DSO.
Financial Risk: Insufficient liquidity and funding capacity	Oil price based on Group planning assumption of $60/bbl (real) plus discount to Brent. PSV gas price based on Group planning assumption of EUR15/MWH in 2021, and EUR17.50/MWH thereafter FX rate for costs in EUR of €1: $1.2 Interest Rate based on floating USD LIBOR set by the Lending banks at each interest rate period under the Loans, this applies to the Greek RBL and the Egypt RBL. The USD2.5bm bond has a fixed coupon i.e. no exposure to LIBOR	Gradual reduction in oil price from $60/bbl to $50 flat for 2023. PSV gas price of EUR12/MWH flat throughout the period LIBOR rate increased by 1%

Under such individual and combined sensitivity scenarios the Board has considered the availability and likelihood of mitigating factors such as the impact of hedging, additional funding options, further rationalisation of our cost and asset base, including cuts to discretionary capital expenditure such as exploration or indeed shifting of expenditure under our control. Based on the results of the analysis the Board of Directors has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

Corporate Governance

Board of Directors

Karen Simon

Non-Executive Chairman Karen Simon is newly retired from J.P. Morgan as a Vice Chairman in the Investment Bank with over 35 years of corporate finance experience with the firm. Most recently, Ms. Simon headed up Director Advisory Services, a newly established client service at J.P. Morgan focused on public company directors. From 2004 to 2016, Ms. Simon worked with private equity firms in J.P. Morgan's Financial Sponsor Coverage group and was promoted to Head the European group in 2007 and the North American group in 2013. Ms. Simon held a number of other senior positions previously, including Co-Head of EMEA Debt Capital Markets and Head of EMEA Oil & Gas Coverage. Ms. Simon spent 20 years of her career working in London and is a dual US/UK citizen. She currently sits on the boards of Aker ASA in Oslo, an industrial investment company, and the Texas Woman's Foundation, a non-profit charity focused on the needs of underprivileged girls and women across Texas. Ms. Simon graduated from the University of Colorado and has Master's degrees from Southern Methodist University and from the American Graduate School of International Management.

Independent:

- Upon appointment as Chair.

Committee membership:

- Nomination & Governance – Chair
- Remuneration & Talent – Member.

Current external appointments:

- Aker ASA.

Matthaios (Mathios) Rigas

Chief Executive Officer Mr. Rigas has over 20 years of investment banking and private equity experience and is a founding shareholder of the Energean Group, serving as CEO of the Energean Group since 2007. During the years 2001 to 2007 Mr. Rigas set up, and was Managing Partner of, Capital Connect Venture Partners, a private equity fund in Greece with investments in innovative enterprises in IT, healthcare, waste management and food industries. From 1999 to 2001 Mr. Rigas was in charge of Piraeus Bank's Shipping Division. Prior to that, from 1993 to 1999, he was the Vice President of Shipping, Energy & Project Finance at Chase Manhattan Bank in London where he arranged financing in excess of US$5 billion, mainly in the oil and gas sector. Mr. Rigas holds a degree in Mining and Metallurgical Engineering from the National Technical University of Athens and an MSc / DIC degree in Petroleum Engineering from Imperial College London.

Independent:

- N/A.

Committee membership:

- Not applicable.

Current external appointments:

- None.

Panagiotis (Panos) Benos

Chief Financial Officer Mr. Benos has 17 years international experience in the oil and gas sector, both in banking and industry, with a long track record of upstream financing in emerging markets. Mr. Benos joined the Energean Group in 2011 from Standard Chartered Bank, where he was a director in the Oil and Gas team in London delivering a number of award-winning projects and acquisition finance deals in Africa, Asia and the Middle East. Before that he worked for ConocoPhillips from 2002 to 2006, where he held positions in European Treasury, North Sea Economics and International Downstream with a focus on the North Sea, Central Europe and the Middle East. He commenced his career at Royal Bank of Scotland in Shipping Finance. He is also a Chartered Accountant (ICAS) and holds an MSc in Shipping, Trade and Finance from Cass Business School.

Independent

- N/A.

Committee membership

- Not applicable.

Current external appointments

- None.

Andrew Bartlett

Senior Independent Director Mr. Bartlett has over 32 years' experience in the upstream oil and gas industry and currently serves as a Non-Executive director for Africa Oil Corporation, Petrobras Oil & Gas BV and Impact Oil & Gas and adviser to Helios Investment Partners LLP (a private equity partnership focused on Africa). Before his current directorships, Mr. Bartlett served as the chairman and Non-Executive director of Azonto Energy from 2013 to 2015 and Eland Oil & Gas from 2012 to 2013. He was also previously the Global Head of Oil & Gas M&A and Project Finance for Standard Chartered Bank between 2004 and 2011. Prior to this, he worked on the Trading and Derivatives desk of Standard Bank in South Africa. Before joining the investment banking industry, Mr. Bartlett worked for Royal Dutch Shell between 1981 and 2001, as a petroleum engineer and development manager, where he gained extensive experience in the operation of oil and gas fields. He holds an MSc in Petroleum Engineering from Imperial College London.

Independent:

- Yes.

Committee membership:

- Audit & Risk Committee – Chair
- Remuneration & Talent Committee – Member.

Current external appointments:

- Non-Executive Director of Africa Oil Corporation
- Non-Executive Director of Impact Oil & Gas Limited
- Adviser to Helios Investment Partners LLP
- Non-Executive Director of Petrobras Oil and Gas B.V.

Efstathios (Stathis) Topouzoglou

Non-Executive Director Mr. Topouzoglou, is a founding shareholder of the Energean Group and co-founder of Prime Marine Corporation ("Prime"), serving as Prime's chief executive officer and managing director. Prime, a leading worldwide product tanker company, is a major global provider of seaborne transportation for refined petroleum products, LPG and ammonia. Mr. Topouzoglou has more than 38 years of experience in founding and growing companies in the energy transportation sector and holds a B.A. in Business Administration and Economics from the University of Athens, Greece.

Independent:

- No.

Committee membership:

- Nomination & Governance – Member
- Environment, Safety & Social Responsibility – Member.

Current external appointments:

- Chief Executive Officer and Managing Director of Prime Marine.

Robert Peck

Independent Non-Executive Director Ambassador Mr. Peck worked for 35 years in the Government of Canada as a career Foreign Service Officer. Ambassador Peck was Canada's Ambassador to the People's Democratic Republic of Algeria from 2004 to 2007 and Ambassador to Greece and High Commissioner to the Republic of Cyprus from 2011 to 2015. Ambassador Peck was also Counsellor to the Canadian Embassy in Greece from 1995 to 1998. As Canada's representative to both Algeria and Greece, Ambassador Peck worked closely with the Canadian oil and gas and mining sectors. During a two-year leave of absence from the Government of Canada, Ambassador Peck was Director of Corporate Communications and Investor Relations at CAE Inc., the global leader in aerospace simulation technology. Ambassador Peck holds a B.A. in History and Journalism from Concordia University in Montréal.

Independent:

- Yes.

Committee membership:

- Nomination & Governance – Member
- Environment, Safety and Social Responsibility Committee – Chair.

Current external appointments:

- Board Member - Michaëlle Jean Foundation.

Amy Lashinsky

Ms. Lashinsky trained as a securities analyst on Wall Street before joining Kroll in New York in 1985. She moved to London in 1988 to help establish Kroll's first overseas office where she became Managing Director of its business intelligence unit. In 1995, Ms. Lashinsky set up Asmara Limited, which was sold to NYSE-listed Armor Holdings in 1998, before founding Alaco in 2002. Ms Lashinsky graduated from the University of Michigan.

Independent:

- Yes.

Committee membership:

- Environment, Safety and Social Responsibility – Member
- Audit & Risk Committee – Member.

Current external appointments:

- Alaco Limited – Chief Executive Officer

Kimberley Wood

Ms. Wood is an upstream energy lawyer based in London with over 20 years' experience and is a former partner of Vinson and Elkins LLP (2011-2015) and Norton Rose Fulbright LLP (2015-2018), where she is currently a senior consultant. She has extensive experience in the oil & gas sector, as well as existing independent non-executive director experience. Throughout her career, she has advised a wide range of companies in the sector, from small independents through to super-majors. She is included in the Who's Who Legal: Energy for 2020 and Women in Business Law for 2020. She holds a Bachelor of Law from the University of Edinburgh and a Master of Law from University College London; and she is admitted as a solicitor in England & Wales. She is also a Director of Gulf Keystone Petroleum Ltd, a company listed on the main market of the London Stock Exchange, where she chairs the Remuneration Committee, and is also a member of its Audit & Risk Committee, Nomination Committee and Safety & Sustainability Committee. She is also a Director of Africa Oil Corp, a company listed on the Toronto Stock Exchange and the NASDAQ Nordic Exchange, and a Director of Valeura Energy Inc., a company listed on the Toronto Stock Exchange and the London Stock Exchange.

Independent:

- Yes.

Committee membership:

- Remuneration & Talent Committee – Chair

- Audit & Risk – Member
- Nomination & Governance – Member.

Current external appointments:

- Gulf Keystone Petroleum Ltd – Non-Executive Director
- Africa Oil Corp – Non-Executive Director
- Valeura Energy Inc – Non-Executive Director.

Andreas Persianis

Mr. Persianis is an experienced Non-Executive Director with over 30 years' international financial markets experience in central banking, asset management and Corporate Strategy. He is currently the Managing Director of Fiduserve Asset Management in Cyprus, a regulated Alternative Investment Fund Management company that sets up and manages private funds for a diverse range of private and institutional clients. Before that he was Founder and Managing Director of Centaur Financial Services, a discretionary portfolio management company with presence in the UK and Cyprus. He has served as a Non-Executive Director at Central Bank of Cyprus (2014-2019) and on the Bank of Cyprus Board in 2013. He was recently elected to the board of Hellenic Bank (pending ECB approval) as an independent Non-Executive Director. He has also worked as a Senior Manager at Bain & Company (London), one of the world's largest strategy consulting firm with Boston, USA Headquarters. He holds an Electrical Engineering undergraduate degree from the University of Cambridge and a Master's in Business Administration (MBA, Major in Finance & Investment Banking) from the Wharton Business School.

Independent:

- Yes.

Committee membership:

- Audit & Risk Committee – Member
- Environment, Safety and Social Responsibility – Member.

Current external appointments:

- Hellenic Bank (pending ECB approval) – Non-Executive Director.

Section 172 (1) Companies Act 2006 Statement

The Directors confirm that, throughout the year, they have acted in accordance with their responsibilities to promote the success of the Company, as required by section 172 of the Companies Act 2006.

This section further requires the Directors to have regard to a range of factors when making decisions, including the likely long-term consequences of any decision, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers and others, the impact of the Company's operations on the environment, maintaining a reputation for high standards of business conduct, and the need to act fairly between members of the Company. The Company's key stakeholders are its employees, local communities, governments in the countries in which the Company operates, customers, lenders and shareholders.

Throughout the year the Board placed a high importance on stakeholder considerations and considered these at the centre of its decision-making process.

The Board also had teach-in sessions with leading figures in the industry in relation to ESG matters, underpinning the commitment of the Company to be a net-zero emitter by 2050.

Long term impact of decisions

Energean has a clear ambition to be an Eastern Mediterranean focused dividend yield company committed to sustainability and being a net zero emitter by 2050. Strategic decisions are taken at the Board with this ambition at the forefront and as such requires the Board to consider the long term impact of any decisions, especially in relation to reviewing the investment decisions in the Group's portfolio of assets.

Engagement with:

Workforce

As required by the 2018 Corporate Governance code, Robert Peck, a Non-Executive Director, was appointed by the Board in 2019 to be the "employee voice" in the boardroom. During 2020, COVID restrictions meant that physical visits to staff sites were not possible, however, subject to COVID restrictions being lifted in 2021, Robert Peck intends to visit company sites to meet with employees and further understand their views. All members of staff are able to confidentially email Robert to express any concerns or raise any issues, Robert in turn reports to Nomination & ESG Committee (now called the Nomination & Governance Committee) when any issues are raised and the Non-Executive Directors are able to investigate further, if appropriate. Furthermore, Robert attends all Remuneration & Talent Committee's meetings, in order to ensure that the "employee voice" is heard during discussions around bonus awards and targets for future years.

As part of the 2020 bonus KPIs, the Executive Directors were set objectives relating to conduct and culture. The Executive Directors were awarded a full pay-out on this metric following high levels of staff retention, the intranet "go live" being completed, 360 assessments being carried out for senior management and an all-staff engagement survey having been rolled out at the end of the 2020, the results of which will be built upon during 2021. All of these achievements demonstrate the Board's focus on improving the employee experience and the Board looks forward to seeing these achievements furthered during 2021.

Local communities

Energean is very active in the communities in which it operates (further information on this can be found on pages 43-46), and the Directors are cognisant of their responsibilities to "give something back" by means that are appropriate to the particular communities. The Board receives information on such activities being carried out by the Company in monthly reports and at Board meetings. The activities are tied to the Company's commitment to the fulfilment of the 17 UN Sustainable Development Goals. Examples include:

- In Greece, donated essential children's items to "Together for Children" - an association of NGOs in the field of child welfare - in Athens, Greece; donated a Molecular Control Diagnostic Device (PCR) to the General Hospital of Kavala, allowing for more than 100 COVID-19 tests per day - in Kavala and Thassos Island, Greece; continued the support of the Association of Paraplegics and Disabled People in the Prefecture of Ileia (Greece)
- In Israel, donated food platters to the medical team of Rambam Hospital that fights COVID-19 - in Haifa, Israel. Donated COVID-19 Medical Kits to the Israeli National Emergency Pre-

Hospital and Blood Services Organization (MDA), who treated thousands of infected individuals in their homes; continued supporting the Israeli Nature and Parks Authority in protecting and conserving Israel's nature landscapes and heritage sites; continued the support to 3 Paralympic swimmers in Israel in their journey to qualify to the Tokyo 2020 Paralympic Games via monthly financial aid and social media awareness; continued the support to "Etgarim", an NGO for rehabilitation of disabled adults and children through Outdoor Sports (Israel)

- In Montenegro, donated food boxes to the local branch of the Red Cross - in Bar, Montenegro
- In Egypt, participated in "One Hand", an initiative by Egypt Oil & Gas, to provide medical supplies and equipment needed by the Egyptian Ministry of Health to face COVID-19 challenges; participated in an initiative by the Ministry of Health, the Ministry of Social Solidarity and the Food Bank, to secure medical supplies for hospitals and vulnerable & remote communities (Egypt)
- In the UK, Energean's CEO, joined other leaders in calling on the UK Prime Minister for a green COVID-19 recovery using the UN's Sustainable Development Goals

On June 5th (World Environment Day), Energean organized three environmental webinars:

- For our colleagues and Middle School students, titled "How does Climate Change affect our lives" (Greece)
- For Elementary School students titled "Time for Nature" with units on biodiversity, recycling, waste management and the environment protection (Montenegro)
- For our colleagues titled "Blue Flags and Coastal Environments" on the preservation of the marine and coastal life (Israel).

During 2020, Energean collaborated with:

Globally:
United Nations Global Compact
In Greece:
Management body of the Nestos River Delta, Lakes Vistonida-Ismarida and Thassos Island – Northeastern Greece
"Boroume" ("We Can"), an NGO that fights food waste - Athens, Greece
"Together for Children", an association of NGOs in the field of child welfare - Athens, Greece
Red Cross - Local branch in the City of Bar, Montenegro
Democritus University of Thrace (DUTH), Department of Environmental Engineering – Xanthi, Greece
University of Thessaly: the Mechanical Engineering Department and the Pulmonary Clinic of the University – Volos & Larissa, Greece
Association of Paraplegics and Disabled people of the Ileia Prefecture, Southwestern Greece
In Israel:
Maala, a non-profit, CSR standards-setting organisation in Israel. Maala's CSR Index is an ESG rating system used as an assessment tool, benchmarking Israeli companies on their CSR performance. Energean was rated at Gold Level at the 2020 Maala Index
Sembcorp Marine Ltd, TechnipFMC & Sub-Con: Environmental Campaign "Say no to Plastics"
"Etgarim", an NGO that: a) empowers activities for youth at risk, b) provides rehabilitation of disabled adults and children through outdoor sports
Israeli Paralympic Committee
Carmel Sailing Community, an NGO that develops the sailing community in Haifa
Magen David Adom (MDA), Israel's National Emergency Pre-Hospital Medical and Blood Services Organization
The University of Haifa and the Technion

“Access Israel”, a non-profit organisation that promotes accessibility and inclusion in order to improve the lives of people with disabilities and the elderly
“Eco Ocean”, an NGO for the marine and coastal life preservation
EIT Hub Israel, under the European Institute of Innovation and Technology (EIT)
In Montenegro:
“Ozon”, an environmental NGO
Red Cross - Local branch in the City of Bar, Montenegro.

Governments

The Company has a transparent dialogue with all host governments in countries where it operates and seeks to operate. All these discussions are led by the Chief Executive Officer. The Company regularly engages in industry forums in these countries to further demonstrate its commitment to working closely with their governments.

Shareholders

Energean is committed to transparency and engaging with its shareholders, including providing all appropriate information to the investment community. The annual report and accounts are available from www.energean.com/investors/reports-presentations and, where elected or on request, will be mailed to shareholders and to stakeholders who have an interest in the Company’s performance. The Company responds to all requests for information from shareholders and maintains a separate Investor Relations department within the existing www.energean.com website, as a focal point for all investor relations matters. Moreover, there is regular dialogue with institutional shareholders via face-to-face meetings, investor roadshows, RNS announcements, regular trading updates and conferences, as well as general presentations that are published on the Company’s website. Furthermore, the Board is advised of any specific remarks from institutional investors, to enable it to develop an in-depth understanding of the views of major shareholders. All shareholders have the opportunity to put forward questions to the Company’s AGM.

At the 2020 AGM, the Company received less than 80% of votes in favour for the resolution 14, which sought authority to allot ordinary shares in the Company. The Company undertook to carry out a detailed review of feedback received on this resolution to ensure that it fully understood the reasons behind the voting result and allow it to understand shareholders' concerns. In line with the provisions of the Code, the Company provided an update on its website on the views received from shareholders.

Maintaining a reputation for high standards of business conduct

During the year, the company refreshed its Anti-Bribery and Corruption policies as well as undertaking due diligence on counterparties to ensure that their internal policies meet the high standards that Energean expects from its partners. Furthermore, the company ensures that all counterparties comply with its anti-slavery contract clauses and has carried out audits of counterparties to ensure compliance with the high standards that Energean expects when working with its counterparties.

Corporate Governance Report

Statement of Compliance

Good corporate governance is essential to creating trust and engagement between us and our stakeholders, as well as contributing to the long-term success of our strategy. The Board is committed to the highest standards of corporate governance in accordance with the 2018 Corporate Governance Code (the "Code"), which the Company is pleased to confirm it has complied with.

In this report, we describe our corporate governance arrangements and explain how the Group applies the principles of the Code. The Code is available at www.frc.org.uk.

- Board Leadership and Purpose is set out on page 105-106
- Division of responsibilities is set out on page 106-107
- Composition, Succession an Evaluation is set out on page 107-108
- Audit, Risk & Internal Control is set out on page 109
- Remuneration is set out on page 109-110

We also set out our governance structures to deal with climate change in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TFCD").

Attendance

Type and number of meetings held during the year

	Board (9)	Audit & Risk (11)	Remuneration (5)	Nomination & ESG (6)
Director				
Karen Simon	9	10	5	-
Mathios Rigas	9	-	-	-
Panos Benos	9	-	-	-
Andrew Bartlett	9	11	5	-
Robert Peck	9	11	-	6
Efstathios Topouzoglou	9	-	-	6
Amy Lashinsky	9	11	-	6
Kimberley Wood[70]	2	-	2	6
Andreas Persianis[71]	2	3	-	-
Ohad Marani[72]	7	-	3	6
David Bonano[73]	7	-	-	-

The Board met on 9 occasions during 2020 and the key matters considered by the Board are set out below.

[70] Appointed on 26 July 2020
[71] Appointed on 26 July 2020
[72] Stepped down on 26 July 2020
[73] Stepped down on 26 July 2020

The Board has a formal schedule of matters that can only be decided by the Board, and this schedule is reviewed by the Board.

The key matters considered by the board in 2020 were:

• HSE performance	• Taking final investment decision (FID) on the Karish North development
• Taking final investment decision (FID) on NEA/NI , Egypt	• Approving revised perimeters for the Edison E&P transaction and its completion
• Acquisition of Kerogen's 30% stake in Energean Israel Limited and approval of SPA	• Approving additional gas sales & purchase agreements (GSPAs)
• Met with key executives from TechnipFMC to discuss the progress being made on the Karish EPCIC contract	• Approving the Group 2021 budget
• Strategic decisions on capital expenditure	• Group strategy in light of the increased focus on ESG matters
• Appointments to the Board	• Board & Board Committee terms of reference
• Review of related party transactions	• Board composition
• Company's performance in light of COVID-19 including the safety of employees	• Operation as a listed company
• Material contracts	• Reviewing and approving the financial statements for the 2019 year-end and 2020 half year
• Financial reporting and controls	• Material tenders
• Material litigation	• Compliance with statutory and regulatory obligations
• Internal controls and risk management	• Significant transactions
• Executive remuneration	• Delegations of authority
• Review of risk register	• Finalising the Edison transaction

Board leadership and company purpose

The Board's primary role is to promote the long-term sustainable success of the Company and to ensure that value is being generated for shareholders and contributing to wider society. Details of the Company's Corporate Social Responsibility commitments and actions are found on pages 43-46. Details of the Companies engagement with stakeholders is detailed in the section 172 (1) statement on pages 100-103.

As part of the Company's contribution to the wider society, the Board was pleased to see the progress that the Company has made during 2020 on its commitment to the UN's Global Compact campaign and pledge to net-zero emissions by 2050. Furthermore, the Remuneration Committee included targets to reduce emissions included in the short-term and long-term bonus plans. This demonstrates the Company's commitment to creating value through sustainable development, taking into account the environmental aspects of its business. Further details of activity in relation to protecting the environment can be found on pages 51-58.

Following the acquisition of the Edison portfolio in December 2020, Energean has grown from a company that produces 4,000 barrels of oil equivalent per day (boepd) in 2019 to over 48,000 boepd at the end of 2020 and made significant progress in reducing the carbon intensity of its operations. Energean's reserves have also significantly increased during the year. The Company is also proud of its health and safety record, further details of which can be found at page 55.

In June 2019, Robert Peck was appointed by the Board as the workforce Board representative. Employees can confidentially email Robert to raise any issues, and to the extent appropriate. During the year matters raised were discussed by the Nomination & ESG Committee and followed up with management to ensure that any identified issues are appropriately dealt with. In addition, employees can raise concerns through the confidential whistleblowing procedure, for which the key point of contact is Andrew Bartlett, Chairman of the Audit & Risk Committee and Senior Independent Director.

The Board receives monthly updates from the Group HR Manager on staff-related matters and has a direct line of communication if required. The Company is committed to investing in its workforce and employees are able to submit requests for training to enable them to pursue professional training in their respective areas which is funded by the company. Employees are also able to benefit from study leave to give them adequate time to study for these qualifications. The Company has also rolled out e-learning modules for employees to further develop their knowledge in key corporate matters such as anti-bribery and corruption. Eligible employees also benefit from pensions contributions which under the new remuneration policy will be aligned at the same rate as senior management. Eligible employees are also able to benefit from a number of share plans including the Deferred Bonus Plan and the Long Term Incentive Plan.

Each year the Company welcomes shareholders to its Annual General Meeting ("AGM"), which provides a unique opportunity to ask questions to the Board. The results of the voting on each resolution proposed to the meeting are published via the Regulatory News Service and through the Tel Aviv Stock Exchange news service. Although the 2020 AGM had to be a closed meeting, due to the pandemic, the Company took steps to ensure that shareholders were still able to ask such questions, electronically; and this will be repeated for the 2021 AGM, if necessary.

At the 2020 AGM, the Company received less than 80% votes for the resolution no. 14, which sought authority to allot ordinary shares in the Company. The Company undertook a detailed review of any feedback received on this resolution to ensure that it fully understood shareholders' concerns behind that vote. In line with the provisions of the Code, the Company subsequently provided an update on its website on the views received from shareholders. The Board was pleased to see that, following the engagement carried out, shareholders were able to overwhelmingly support the resolution relating to the disapplication of pre-emption rights in respect of limited new share allotments at the General Meeting held in February 2021. The Board looks forward to maintaining the active dialogue with shareholders ahead of the 2021 AGM.

Division of responsibilities

The Board currently comprises:

- The Chairman (who was independent upon her appointment)
- Two Executive Directors (Chief Executive Officer and Chief Finance Officer)
- One Non-executive Director (Efstathios Topouzoglou)
- Five independent Non-executive Directors.

The independence of Mr Topouzoglou was tested against the criteria set out in Provision 10 of the Code: whilst he is considered to be independent in character and judgement, he is not deemed to be independent by reference to the criteria set out in the Code, as a result of being a significant shareholder, owning approximately 9.8% of the shares of the Company (as an individual and by his indirect holdings in both Oilco Investments Limited and HIL Hydrocarbon Investments Limited).

There is a clear division of responsibilities of the Chairman, the Executive Directors and the Non-executive Directors. The roles of Chairman and Chief Executive Officer are separate, and the responsibilities clearly defined. It is the Chairman's responsibility to provide leadership of the Board and set the Board agenda as well as to ensure that the Board is provided with accurate, timely and clear information in relation to the Group and its business. The Chief Executive Officer is responsible for setting the overall objectives and strategic direction of the Group as well as having day-to-day executive responsibility for the running of the Company's businesses. The Chairman and Chief Executive Officer share responsibility for the representation of the Company to third parties. As detailed on page 104, the Board met 9 times throughout the year, which is deemed to be sufficient, given the size and complexity of the Company's operations and merger and acquisition activity.

The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. The Chairman is committed to promoting a culture of openness and debate. The Board provides rigorous challenge to management and such challenge is supported and facilitated by the Chairman. The Directors have strong experience in the sector in which the Company operates (and seeks to operate) and have a broad range of business, commercial and governmental experience. The Board is supported by the Company Secretary who is also Secretary to all the Board Committees. This ensures effective information flow between the Board and its Committees. Each Committee reports to the Board at the next Board meeting following its own meeting, so that the Board is kept up to date on key matters being dealt with. The Board benefits from the use of an electronic Board portal system to assist with the timely production of Board papers and reviewing key Company policies throughout the year. The Board has unfettered access to senior executives at the Company and is fully supported by the Company Secretarial team.

Every month, whether or not a Board meeting is scheduled, the Board receives a comprehensive report from management on the businesses performance, which keep the non-executives up-to-date on all the key issues; and board members are able to ask management questions on any issue.

Each Board appointment is for an unlimited term, subject to being re-elected as a Director at each Annual General Meeting. A Non-Executive Director or the Company may terminate the appointment at any time upon three months' written notice. These appointments are subject to the provisions of the Articles of Association, the Code, the Companies Act and related legislations. The role of the Senior Independent Director, Andrew Bartlett, is to provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary. The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve, or for which such contact is inappropriate.

Composition, succession and evaluation

During the year the Nomination & Environment, Social & Governance (Nomination & ESG) Committee oversaw the appointment of two new independent non-executive Directors, Andreas Persianis and Kimberley Wood, with further strengthened the independence of the Board. Details of these appointments can be found in the Nomination & ESG Committee report on page 124-129.

These appointments to the Board, led by the Nomination & ESG Committee, refreshed the membership of the Board Committees, with Kimberley becoming Chair of the Remuneration Committee and a member of the Nomination and ESG Committee. Kimberley is also the Chair of the Remuneration Committee of another listed company and, therefore meets the provision in the Code requiring Remuneration Committee Chairs to have served on a Remuneration Committee for one year. Andreas was appointed to the Audit & Risk Committee.

In the second half of the year, as required by the Code, the Board underwent an externally facilitated independent review, further details of which are contained in the Nomination & ESG Committee report on page 119-124. Following the conclusion of this review, at the end of 2020 the Board, led by the Nomination & ESG Committee, refreshed the membership and structure of the Committees to ensure that the Committees continue to operate effectively.

The previous structure was:

Audit & Risk Committee	Remuneration Committee	Nomination & ESG Committee
Andrew Bartlett – Chair	Kimberley Wood – Chair	Robert Peck – Chair
Karen Simon	Karen Simon	Amy Lashinsky
Andreas Persianis	Andrew Bartlett	Stathis Topouzoglou
Amy Lashinsky		Kimberley Wood
Robert Peck		Karen Simon (in attendance)

This revised structure is shown below:

Audit & Risk Committee	Remuneration & Talent	Nomination & Governance	Environment, Safety & Social Responsibility
Andrew Bartlett – Chair	Kimberley Wood – Chair	Karen Simon – Chair	Robert Peck – Chair
Kimberley Wood	Karen Simon	Kimberley Wood	Amy Lashinsky
Andreas Persianis	Andrew Bartlett	Robert Peck	Andreas Persianis
Amy Lashinksy		Stathis Topouzoglou	Stathis Topouzoglou

The Board is satisfied that the Directors have the right combination of skills, experience and knowledge to assist the Company in achieving its long-term goals.

As the Board was only formally constituted just prior to the Company's listing on the London Stock Exchange in March 2018, no Independent Non-Executive Director had served more than three years by the end of 2020.

The Nomination & ESG Committee leads the annual evaluation of the Board. During 2020 this was carried out by an external facilitator conducting a review, the findings of which are contained on page 123-124. The results were reviewed by the Committee and discussed with the Board. Both the Committee and the Board were satisfied that each Director continues to contribute effectively.

During 2021, the Board will carry out an internal review as required by the Code, building on the findings of the above-mentioned externally facilitated review. The results of that internal review will be reported on in the 2021 Annual Report & Accounts.

Audit, risk and internal control

The Board established the Audit & Risk Committee upon admission to the LSE, which, during 2020, comprised Andrew Bartlett, Robert Peck (stepped down on 31 December 2020), Amy Lashinsky, Karen Simon (stepped down on 31 December 2020) and Andreas Persianis (appointed on 26 July 2020), all of whom are Independent Non-Executive Directors. The Board is satisfied that Andrew Bartlett has recent and relevant experience and that the Committee as a whole has competence relevant to the sector in which the Company operates. The main roles and responsibilities of the Committee are set out in its terms of reference, which are available to download at www.energean.com or available upon request from the Company Secretary.

As part of the responsibilities of the Committee, it has formal and transparent policies to ensure the independence and effectiveness of the internal and external audit functions and satisfy itself on the integrity of the Company's financial and narrative statements. The Audit & Risk Committee considers the nature and extent of the principal risks facing the Group and the internal control framework. Further information about the Committee's activity is detailed on page 114. This Annual Report includes a number of disclosures that set out the Company's position and prospects.

The Statement of Directors' Responsibilities confirms that the Directors believe those disclosures to be fair, balanced and understandable and the auditor, Ernst & Young LLP, has given its opinion that the financial statements give a true and fair view of the Group's affairs.

Remuneration

The Board established the Remuneration Committee as part of admission process in March 2018. During 2020 the Committee members were Kimberley Wood (Chair – appointed on 26 July 2020), Karen Simon, Andrew Bartlett, Ohad Marani (stepped down on 26 July 2020).Kimberley and Andrew are independent Non-Executive Directors and Karen was considered independent on her appointment as the Company's Chair. Robert Peck, as the Board's workforce representative, also attends meetings of the Remuneration Committee to ensure their views are taken into consideration.

The Committee has delegated responsibility for determining policy for Executive Director remuneration and setting remuneration for the Chairman, Executive Directors and senior management. The Company has in place a long-term incentive plan ("LTIP") for the Executive Directors and senior management, which is designed to promote the long-term success of the Company by assessing performance over three years and is linked to absolute and relative share price performance against a peer group of other related companies, as well as emission reductions.

Furthermore, the Company has in place an annual bonus scheme which incentivises management to progress with key projects such as first gas at Karish, entering into key gas contracts, as well as measures related to financial liquidity and ESG. It requires Executive Directors to defer one third of the bonus into shares to be held in trust for 2 years, these shares are then subject to a further holding period. This further aligns the Executive Directors with the long-term interests of the shareholders.

The Board will be seeking the approval of its new remuneration policy at the 2021 AGM. After discussions with key stakeholders, the Remuneration Committee agreed that the policy should be renewed a year earlier than scheduled in order to reflect the changes to the size of the group and to ensure that the policy remains relevant and appropriate.

The members of the Remuneration Committee are required to exercise independent judgement and discretion when authorising remuneration outcomes, with regard to Company and individual performance and wider circumstances. No Director is involved in deciding their own outcome; and when discussing fees for the Chairman, Karen Simon will excuse herself from these discussions. Further details of the role and activities of the Remuneration Committee and the Remuneration Policy are found on pages 125-152 of this report.

Climate Change

Board oversight

Energean sees climate change as a major global concern and a top priority for our business. This is reflected in our strategy, and we apply all our governance processes to climate change-related issues. Responsibility for the governance of climate change issues within Energean rests with the Board. To reflect the increasing importance of climate change-related risks and opportunities, Energean formed a new Board committee in early 2020, the Nomination & Environment, Social & Governance (ESG) Committee to consider climate change and ESG matters in one forum, in 2021 this committee was split out and the newly formed Environment, Safety & Social Responsibility Committee will take over responsibility for climate change and ESS matters. The Board is also charged with reviewing investments for climate-related risks (among other risks).

The Nomination & ESG Committee (and, going forward, the Environment, Safety & Social Responsibility Committee) evaluates Energean's policies and systems for identifying and managing ESG risks, which includes identification of emerging risks, such as climate change risks, and proposes mitigation measures. The Committee further ensures Energean's compliance with relevant regulatory requirements and/or applicable international standards and guidelines. The Committee follows political and regulatory discussions and developments on an international, EU-wide and national level on a variety of ESG issues, including energy, climate and environment, and industrial trends, etc.

The Committee convenes every quarter and reviews the Board papers on Energean's carbon emissions performance and KPIs where possible when the Committee meets before a Board meeting.

In addition, the Audit & Risk Committee looks at climate change-related issues, to ensure the identification of multi-disciplinary risks (including climate change-related risks), which may impact more than one part of the Company. More specifically, the Audit & Risk Committee is charged with reviewing investments for climate-related risks (among other risks). the Committee is responsible for ensuring that measures to mitigate and adapt to the risks identified are effective and implemented as necessary.

The Remuneration Committee has responsibility for the annual directors' bonus targets, long term incentive plans, and the overall Remuneration Policy. Both the annual directors bonus targets and the long term incentive plans link executive bonuses to the achievement of emission reduction targets.

Management oversight

At Energean, ultimate responsibility and accountability for the Company's environmental and climate change policy, strategy and targets related to short-, medium- and long-term plans, lie with the CEO. The CEO is responsible for identifying and assessing business and climate-related risks, defining the strategy and approving action plans suitable to control and mitigate the identified risks. Furthermore, the CEO oversees the Company's overall environmental performance and sets climate performance expectations and targets. The CEO discusses all relevant actions and activities related to climate change and the energy transition with the Board. The CEO and the Board regularly discuss climate change-related issues, such as climate change policies, investment decisions where climate change considerations are a major driver, and the carbon credit price's impacts on Energean's financial future.

The operational management of climate change issues is conducted by the HSE Director, who reports directly to the CEO and provides updates to the Board on a regular basis. The HSE Director maintains and oversees the development of Energean's Corporate HSE and Climate Change Policy, defines appropriate training programmes and drills for the entire Company to increase safety, environmental and climate change awareness, and monitors technological developments and opportunities to help achieve defined appropriate climate change targets. The HSE Director is tasked with ensuring that the Company stays on track to meet its net-zero 2050 target. The HSE Director oversees the monitoring of Energean's carbon emissions throughout all assets and reserves and defines the carbon emission factors that Energean's financial team uses to understand the financial impact of climate change on Energean's portfolio. Furthermore, the HSE Director assesses the climate risks and opportunities in cooperation with Energean's financial, economic, and technical departments.

Executive Committee – Chaired by CEO, HSE Director also a member. Meets fortnightly, the HSE Director has a standing agenda item to update the Committee.	→	Environment, Safety and Social Responsibility ("ESSR") committee, chaired by Robert Peck (iNED), attended by Chairman of the Board, CEO, HSE Director. The Committee meets quarterly and receives reports from the HSE Director on climate issues and reports to the Board	→	Board – receives regular reports from HSE Director who attends meetings to present his report. Robert Peck provides updates on the ESSR Committee activities. Meets every 2 months, receives reports from the HSE Director and has overall responsibility for the climate change strategy

Board expertise

To ensure Energean's Board and Management Team remain up to date on the most pertinent climate change developments and to further enhance their knowledge and skills in relation to climate change issues, Energean invites leading industry and climate change experts to Board and Committee meetings on a regular basis. The HSE Manager proactively interacts with Board members and the Management Team to provide necessary information and further insights on specific climate change-related issues affecting the company.

Vision and Values

Purpose

To create long-term value for all our stakeholders and help deliver the energy transition through a focus on gas.

Our Vision

To be the leading sustainable, gas focused and innovative independent E&P company in the Eastern Mediterranean.

Our Values

Energean seeks to fulfil its vision by adhering to the following values:

- Responsibility in all our actions and areas where we conduct our business
- Excellence in everything we do; deploying best practices to achieve profitable and sustainable growth
- Integrity respecting our shareholders, employees and business; promoting transparency and accountability; cultivating a unique corporate sustainability culture
- Commitment to a talented workforce; investing in our people's development
- Caring for the environment; reducing our environmental footprint
- Engagement with local communities; meeting their expectations and needs.

Our Principles

Our values are underscored by our Corporate Principles, which are as follows:

- Being ethical and responsible
- Being transparent and accountable
- Creating an attractive workplace and being an employer of choice
- Mitigating environmental impacts and minimising our footprint
- Supporting local communities.

We believe that putting our values into practice and abiding by our principles will help us create long-term benefits for shareholders, customers, employees, suppliers, and the communities we serve.

Audit and Risk Committee Report

Andrew Bartlett - Chairman of the Audit & Risk Committee

I am pleased to present this Audit & Risk Committee Report for the year ended 31 December 2020, which sets out the role and work of the Committee during the year and key areas of focus for 2021. 2020 was a busy year for the committee as it assisted the Board with its financial reporting obligations for the annual report, interim report, prospectus, and supplementary prospectus. Coupled with the challenges of meeting virtually, I would like to thank my fellow committee members for their hard work and commitment throughout the year.

Membership of the Committee

The members of the Audit & Risk Committee during the year were myself, Andreas Persianis (from 26 July 2020), Amy Lashinsky, Robert Peck and Karen Simon.

As mentioned previously in this annual report, effective from the 1st January 2021 Robert Peck & Karen Simon stood down from the Committee with Kimberley Wood joining. Karen will continue to attend meetings in her capacity of Chair of the Board but not as an official member of the Committee. The Board remains satisfied that the Committee has recent and relevant financial experience and that the Committee as a whole has sufficient sector experience.

The Committee's members are all Independent Non-Executive Directors, and therefore the composition of the Committee complies with the Code. Committee members' skills and experience are documented on pages 96-100. The Board is satisfied that the Committee meets the requirement to have recent and relevant financial experience and sufficient experience of the oil and gas sector.

Any member of the Committee, the Company's external auditor, or its internal auditor may request a meeting if he/she considers that one is necessary or expedient. No meetings of this nature were requested during the financial year. The CFO and external audit partner attend meetings by standing invitation; the Company Secretary acts as Secretary to the Committee.

Attendance at meetings

The Committee met eleven times during the year, and attendance at these meetings is set out below:

	Number of meetings during the year	No. of meetings attended:
Director		
Karen Simon	11	10
Andrew Bartlett	11	11
Robert Peck	11	11
Amy Lashinsky	11	11
Andreas Persianis[74]	5	5

[74] Appointed to the Board on 26th July 2020, 5 meetings took place after this date

The Audit & Risk Committee's role

To assist the Board with discharging its responsibilities in relation to:

- Financial reporting, including monitoring the integrity of the Group's annual and half year financial statements and reviewing the Group's accounting policies
- Reviewing the Group's internal financial controls
- Reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors
- Advising on the appointment of external auditors
- Reviewing reports from the reserves auditor
- Reviewing the effectiveness of the internal audit, whistleblowing and fraud systems in place within the Group. The Audit & Risk Committee reviews the Group's capability to identify and manage new types of risk and keeps under review the Group's overall risk assessment processes that inform the Board's decision making. In order to assist with achieving this, the Committee regularly liaises with the Company's compliance function.

The Audit & Risk Committee considers annually how the Group's internal audit requirements shall be satisfied and makes recommendations to the Board accordingly, as well as on any area it deems needs improvement or action. The Group's internal audit manager has a standing invitation to all committee meetings.

The Committee receives regular regulatory updates to ensure that it remains up to date with developments in financial reporting.

Key matters considered in relation to the consolidated financial statements

The Audit & Risk Committee focused on a number of key judgements and reporting issues in the preparation of the full year results and the Annual Report. In particular, the Committee considered, discussed and where appropriate raised challenges in the areas set out below:

- Recoverability of oil and gas assets, including estimation of oil and gas reserve volumes. The Committee considered the approach taken by the Company on the impairment indicators and where appropriate, the approach taken to calculate the value-in-use for producing oil and gas assets. The Committee reviewed and challenged management's key assumptions for the oil and gas properties, which included reserves estimates, future oil and gas prices and discount rates. The Committee supported the view that the Greek assets should be impaired by $65 million, but no indicators of impairment were noted in respect of the Israeli assets. The Committee reviewed the financial statement disclosures and was satisfied they appropriately conveyed the judgements and estimates related to the impairment recognised in the year.
- Accounting for the acquisition of Edison E&P. The Committee considered the approach taken by the Company for the accounting treatment of the acquisition of Edison E&P. The Committee discussed in detail how the Company had approached this given the acquisition date of 17 December 2020 being late in the financial year. The Committee assessed the management judgements in determining the fair value of the net assets acquired in line with IFRS 3 (Business Combinations). The areas challenged by the Committee included: the reserves and resources, oil and gas prices and discount rates used to determine the fair value of the oil and gas assets; the assumptions relating to the decommissioning provisions recognised; and the methodology used to determine the valuation of the contingent consideration. The Committee supported the view that management judgements reflected the fair value of the net assets acquired and that the requirements of IFRS 3 were satisfied.

- The Committee received reports from management in order to assess the accounting treatment of the Karish/Tanin development costs incurred in the year, which were significant to the financial statements. The Committee reviewed the capitalisation of development costs and concluded they were appropriate, and were satisfied that accruals were in place at the year end to reflect the costs of services provided by contractors.
- The viability statement in the 2020 Annual Report and the going concern basis of accounting including consideration of evidence of the Group's capital, liquidity and funding position. The Committee considered the assessment of principal risks, assessed the Group's prospects in light of its current position and reviewed the disclosures on behalf of the Board. The Committee supported the viability statement and the Directors' going concern conclusion.

A requirement of the Code is that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This is the Group's fourth Annual Report and, in order to support the assessment, the Committee reviewed the principal risks, business model, financial review and KPIs to ensure these were representative of the business and consistent throughout the Report – and that areas requiring significant judgement and explanation have due prominence. The Committee believes that the disclosures set out in the Annual Report provide the information necessary for shareholders to assess the Group's position, performance, business model and strategic outlook.

External auditors

Ernst & Young LLP (EY or the External Auditor) were appointed as auditors in 2018 and undertook their first audit for the year ended 31 December 2017. Energean plc became a Public Interest Entity in 2018 on admission to trading on the London Stock Exchange. The Company has to comply with the EU Audit Directive (2014/56/EU) and Audit Regulation (537/2014) and will be required to put the external audit contract out to tender by 2028. The Committee confirms that it has complied with the provisions of the September 2014 Competition and Markets Authority Order in this area. The current lead audit partner is Andrew Smyth, who has been the lead partner since 2018. The fees paid to EY for their services are detailed in note 8G to the financial statements.

The External Auditor attends each meeting of the Committee and reports on their audit work and conclusions including the appropriateness of the judgements made by management and their compliance with International Financial Reporting Standards. The Audit & Risk Committee has responsibility for the oversight of the external audit plan. This includes monitoring the independence and objectivity of EY, the quality of the audit services and their effectiveness, the level of fees paid, approval of non-audit services provided by EY and re-appointment. The Committee also met with the external auditors without management present.

The Committee concluded that EY are independent and objective, operate at a high standard and have recommended to the Board that the External Auditor be re-appointed at this year's AGM for the financial year ending 31 December 2021. The Committee regularly reviews the performance of the auditor and the Chairman of the Committee regularly meets with the Audit Partner to pass on any feedback.

Non-audit services

In order to safeguard the External Auditor's independence and objectivity, the Group has in place a policy setting out the circumstances in which the External Auditor may be engaged to provide services other than those covered by the Group audit. The policy complies with the FRC's Ethical Standard for

Auditors, published in September 2015, which implemented the EU's revised Statutory Audit Directive. The Policy sets out those types of services that are strictly prohibited and those that are allowable in principle (permissible services). Any service types are considered by the Audit & Risk Committee Chairman on a case-by-case basis, supported by a risk assessment prepared by management. This is reported biannually to the Committee. The Committee notes the proposed changes in this area and will comply with any future FRC recommendation on the provision of non-audit services.

The types of services received are as follows:

- Tax certification services in Greece and Israel
- Reporting accountant services in connection with the Prospectus for the Class 1 transaction related to the acquisition of the Edison E&P business
- Review of the Group's interim financial statements.

In all these cases, safeguards were adopted and reasons given as to why these safeguards were considered to be effective. The Committee was satisfied that the independence of the External Auditor was not affected by the performance of any of these services. The non-audit services provided were required by law or typically performed by the auditor. Furthermore, in each case there were business justifications for using the External Auditor for non-audit services. The Chairman of the Committee agreed with each justification before the service was carried out.

Interactions with the FRC

In September 2019, the Financial Reporting Council's Audit Quality Review Team ("AQRT") completed a review of EY's audit of the Company's financial statements for the period ended 31 December 2019.

The Committee were regularly updated on the review and received an update on the final inspection report, which did not raise any significant findings, and noted the remedial action for the one recommendation contained in the report. The Committee's Chair discussed the results with the lead audit partner.

The Committee agreed with the overall assessment by the AQRT, which was in line with its own positive conclusion of the external audit carried out for 2019. The Committee receives regular updates from EY on the FRC's reports on the key audit issues and the audit profession as a whole.

Internal controls and risk management

The Audit & Risk Committee is responsible for the oversight of the Group's system of internal controls, including the risk management framework and the work of the internal audit function. Details of the risk management framework are provided within the risk management section on pages 71-76. The Group's principal risks and uncertainties, which provide a framework for the Committee's focus, are discussed on pages 77-93. Management has identified the key operational and financial processes that exist within the business and has developed an internal control framework. This is structured around a number of Group policies and includes a delegated authority framework.

Internal auditors

PricewaterhouseCoopers Business Solutions S.A. ("PwC") were appointed in January 2018 for a term of three years as the Group's outsourced internal audit function following a tender process. This term was extended for an additional year during 2020, after which the Committee will review the Company's needs in this area. Its key objectives are to provide independent and objective assurance on risks and controls to the Board, the Audit & Risk Committee and senior management, and to assist the Board in meeting its corporate governance responsibilities. During the year the company appointed an internal resource to co-ordinate internal audit projects and align the internal audit risk register reporting with the wider board risk register reporting.

As mentioned in last year's annual report the Committee has established an internal audit committee which meets regularly with the internal audit team and guides them on areas that will be assessed by way of internal audit throughout the year. During the year ,the Committee amended the process with each independent non-executive sponsoring the respective internal audit and setting the terms of reference and reporting on its findings at the Audit & Risk Committee and Board.

The Audit & Risk Committee is responsible for the review and approval of the role and mandate of internal audit function, including the approval of the annual internal audit plan and monitoring the effectiveness of the function. Each report produced by the internal auditor is reviewed at meetings of the Committee and the status of follow-up action points reviewed against the agreed deadlines.

In its annual assessment of the effectiveness of the internal audit function, the Audit & Risk Committee carried out the following:

- Met with the internal audit team without the presence of management to discuss the effectiveness of the function
- Reviewed and re-assessed the internal audit work plan
- Monitored and assessed the role and effectiveness of the internal audit function in the overall context of the Group's risk management policy.

During the year PwC undertook four (2019: four) internal audits at a cost of $ 60,906 (2019: $75,899). Following Internal Audit's reviews of the Company's internal control systems, the Committee considered whether any matter required disclosure as a significant failing or weakness in internal controls during the year. No such matters were identified.

Reserves Committee

In 2020 the Committee established a sub-committee to review reports provided by the Group's external reserves auditor and changed the committee's terms of reference to require the newly established Reserves Committee to review the reports and meet with the external reserves auditors to ensure that the correct processes were carried out. The sub-committee held in-camera sessions with the reserves auditors without management present.

Prospectus Review

The company issued one full prospectus and one supplementary prospectus during the year. The Committee dedicated three meetings to reviewing these documents and carried out a review in a similar manner to the way that the committee reviews other financial disclosures such as the annual and interim results. The committee met with the reporting accountants and the auditors and other key stakeholders involved in the workstreams related to the prospectus. Following careful consideration, the committee were able to recommend their approvals to the Board.

Fair, balanced and understandable assessment

The Committee advised the Board that in its view the 2020 Annual Report including the financial statements for the year ended 31 December 2020, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to Energean's position and performance, business model and strategy. In making this assessment the members of the Committee critically assessed drafts of this Annual Report including the financial statements and discussed with management the process undertaken to make sure these requirements were met.

This included:

- Confirming that the contents of the annual report was consistent with information shared with the Board during 2020 to support the assessment of Energean's position and performance
- Receiving assurance from management
- Considering comments from the external auditor.

Other Activities

In addition to the activities mentioned above, the Committee has carried out an extensive review of the Company's insurance coverage to ensure that the Directors were satisfied that the levels of coverage remained appropriate to the company. Furthermore, the committee reviewed the compliance program for 2020 and the proposed upgrade to SAP4.

Whistleblowing policy

The Group has a Whistleblowing policy in place and the Committee is responsible for overseeing the arrangements and the effectiveness of the processes for this. The policy exists to enable employees to raise any concerns in confidence about wrongdoing or impropriety within the Group. The whistleblowing policy was reviewed by the Committee during the year to ensure that it remained fit for purpose.

Performance of the Committee

The performance of the Audit & Risk Committee was assessed as part of the external Board evaluation process details of which can be found on . The 2021 assessment will build on the feedback from the 2020 external evaluation but will be internally facilitated.

Our priorities for 2021

- Ensure seamless Edison integration with Energean processes and controls adopted within our new subsidiaries
- Further strengthen various finance functions through recruitment for the larger Group and to meet the requirement for quarterly financial reporting for the bond financing which closed in March 2021
- Now we are a much bigger company post Edison, reassess our Risk Management reporting processes through an external review with an aim to be in the top quartile energy companies in this respect and to adopt an expanded set of risk reporting KPIs.

Approval

This report in its entirety has been approved by the Audit & Risk Committee, and signed on its behalf by:

Andrew Bartlett

Audit & Risk Committee Chairman

18 April 2021

Nomination & Environment, Social & Governance Committee Report

Robert Peck, Chairman of Nomination & Environment, Social & Governance ("NESG") Committee (throughout 2020).

It is my pleasure to introduce the NESG Committee Report for 2020, which sets out its composition, role and activities during the year.

The NESG Committee was effective from 1 January 2020, following the merger of the Nomination & Governance Committee and the HSE Committee. Following the Board evaluation, the Committee was split into two Committees effective from 1 January 2021. The two Committees are the Environment, Safety & Social Responsibility Committee and the Nomination & Governance Committee. In the 2021 Annual Report these Committees will report separately on their activities.

Lastly, we will set out the areas of focus for the new Nomination & Governance Committee and the Environment, Safety &Social Responsibility Committee for 2021.

Membership

The members of the NESG Committee throughout 2020 were myself (as Chairman), Ohad Marani (until 26 July 2020), Kimberley Wood (from 26 July 2020), Amy Lashinsky and Efstathios Topouzoglou with Karen Simon attending for matters related to appointments to the Board.

The UK Corporate Governance Code ("**Code**") recommends that a majority of Nomination Committee members be Independent Non-Executive Directors and that the Chairman (other than where the Committee is dealing with the appointment of a successor to the chairmanship) or an independent Non-Executive Director should chair the Committee. Throughout the year this requirement was met as I was considered to be independent upon appointment as a Non-Executive Director, and Ohad Marani (and Amy Lashinsky are considered to be Independent Non-Executive Directors. Following Ohad stepping down from the Board, Kimberley Wood joined the Committee and was considered to be independent on appointment.

Following the latest change in committee structure, Karen Simon became chair of the Nomination & Governance Committee on 1st January 2021, as she was considered to be independent on appointment; and with Kimberley Wood and myself also being considered as independent, we believe that the Company complies with the requirements of the Code in this respect for the need to have a majority of Independent Non-executive Directors on the Nomination Committee.

The Company Secretary acts as secretary to the Committee.

Meetings

The NESG Committee met on 6 occasions during 2020 with attendance details set out below:

Director	Number of possible meetings	Number of meetings attended
Karen Simon	6	6
Robert Peck	6	6

Stathis Topouzoglou	6	6
Amy Lashinsky	6	6
Kimberley Wood[75]	2	2
Ohad Marani[76]	4	4

Role of the Committee

The NESG Committee plays a fundamental role in assisting the Board in reviewing the structure, size and composition of the Board, including providing advice to the Board on the retirement and appointment of additional and/or replacement Directors. It is also responsible for reviewing succession plans for the Directors, including the Chairman and Chief Executive and other senior executives. Furthermore, the Committee receives updates from the Group's HSE Director on HSE matters and the Company's Head of Corporate Social Responsibility for updates on the company's performance against its CSR goals.

To view the NESG Committee's terms of reference, please visit the Company's website www.energean.com.

Diversity

The NESG Committee's key area of responsibility is to ensure the composition of the Board is appropriate for oversight of the strategic direction of the Group and this includes reviewing the balance of skills and knowledge. The NESG Committee recognises the benefits of diversity in the boardroom and believes that a wide range of experience, backgrounds, perspectives, and skills generates effective decision-making. As at 31 December 2020, the Board included three females, representing 33% of the Board, which is in line with the 33% target set by the Hampton-Alexander review; and the Company remains as one of the few companies in the FTSE 350 with a female Chairman.

Senior management is defined as the Executive Committee; the make-up of that Committee at the year-end was 10% female v 90% male. Their direct reports are 35% female v 65% male.

Time commitment of the Chairman

Karen Simon is also a Non-Executive Director of Aker ASA, an Oslo Stock Exchange-listed company. The Board believes that Karen has adequate time available to devote to the Company. Karen was deemed to be independent on appointment and was first appointed to the Board as an Independent Non-Executive Director in November 2017. She has, therefore, only served three years out of a possible nine years.

Appointment of new Independent Non-Executive Directors

The NESG Committee was pleased to recommend to the Board that Kimberley Wood and Andreas Persianis be appointed as independent Non-Executive Directors, following Ohad Marani and David Bonanno stepping down from the Board. The appointments increased the percentage of independent Non-Executive Directors (excluding the independent non-executive Chair) from 50% to 56%.

Kimberley Wood has vast experience with upstream energy companies during her time as an energy lawyer and partner at Vinson and Elkins LLP and Norton Rose Fulbright LLP. Kimberley was also included in the Who's Who Legal: Energy for 2020 and Women in Business Law for 2020. Kimberley

[75] Appointed to the Board on 26 July 2020, 2 meetings took place after this date
[76] Stepped down from the Board on 26 July 2020, 4 meetings took place before this date

has significant experience on the boards of other listed upstream energy companies and is a great addition to the Board Remuneration Committee.

Andreas Persianis is an experienced non-executive director with over 30 years' international financial markets experience in central banking, asset management and corporate strategy. He is currently the Managing Director of Fiduserve Asset Management in Cyprus, a regulated Alternative Investment Fund Management company that sets up and manages private funds for a diverse range of private and institutional clients. Andreas brings significant experience in strategic analysis and financial markets expertise, furthering the Board's experience in these two crucial areas.

The NESG Committee concluded that Kimberley Wood holding a cross directorship with Andrew Bartlett did not impair (and was not likely to impair) her independence or Andrew Bartlett's independence.

The NESG Committee did not engage an external search firm for the appointment of Kimberley Wood and Andreas Persianis, being was satisfied that this was unnecessary, as an extensive pool of candidates had been identified during previous searches. Furthermore, the appointments were in line with the Board's policy on diversity.

Succession

The NESG Committee keeps under review the succession plans for senior management. There are no anticipated changes to the make-up of senior management in the near future.

Induction

Following the appointment of Kimberley Wood and Andreas Persianis, a number of meetings were set up for them to virtually meet with senior executives, other Board members and with key external advisors, each of whom was able to give an overview of their area and details of their interactions with the Board. Key corporate documents were also made available, as well as previous Board materials. The CoSec function will seek feedback on the induction process to see how this can be further developed for future Directors joining the Board.

Environment & Social

Throughout the year, the Group HSE Director attended meetings to present to the Committee the Company's performance against its HSE goals and progress in reducing carbon emissions. The Committee also tracked the performance against recommendations made by the internal audit function on HSE matters. The Company's Head of Corporate Social Responsibility also attended committee meetings to update the committee on the Company's CSR activities and the company's sustainability report. During the year, the committee also took over responsibility of monitoring the company's corporate compliance program.

Review of the External Board Review from Karen Simon (Chairman of the Board)

As required by the Code, being in its third year as a listed company, the Board underwent an externally facilitated review. The NESG Committee had overall responsibility for the review. As this matter related to the effectiveness of the Board, I oversaw the review and met frequently with the board evaluator to discuss the progress of the review and the findings before they were discussed at the NESG Committee. Following a competitive tender process, the external review of the board's effectiveness was carried out by Lisa Thomas from Independent Board Evaluation (IBE), a consultancy specialising in this field. Lisa Thomas has no connection with the company or any of its directors.

This self-assessment of the board was conducted according to the provisions of the Code and general best practice. A comprehensive briefing was given separately to Lisa by the Chair, the Company Secretary and the Chief Executive. Lisa observed the Board and the other committee meetings in September and the NESG Committee in October (all by video conference due to COVID- 19-related restrictions).

Detailed interviews were conducted with each board member during September 2020 and a number of senior management and some of the board's external advisors were also included. Lisa shared her conclusions with the Chair in early November and reported back to the NESG Committee at its meeting in December 2020, with all of the Directors present.

A summary of the feedback on the Chair was presented to the Senior Independent Director and, in addition, the Chair received feedback on individual board members based on the comments made by each board member during interviews. Reports on each of the board committees were presented to the Chair and discussed individually with each committee Chair.

As the review was only completed in December 2020, the board will be implementing the recommendations during 2021 and the Nomination & Governance Committee will report on how the recommendations have been implemented in its 2021 report.

Outcomes and actions taken

At the conclusion of the review, the following recommendations were made and proposed actions agreed:

Outcome / Review	Proposed Actions
Procedural	
Strategy review – the Board to consider adding a formal strategy day to the Board schedule with a number of external speakers and senior management present.	This has been added to the Board schedule for 2021.
Review of the Board planner – the Board to ensure sufficient time is allocated to each topic such as strategy, risk, people, culture, stakeholders/ESG, investors, diversity, specific assets, specific countries.	The agenda is agreed with the Chair in advance of each meeting, the Board has added "deep dives" into certain areas at each Board meeting; and the Chair ensures that sufficient time is given to each item during the meeting.
Review of meeting schedule – the Board to consider adding of monthly board calls and to ensure the board has sufficient time in each meeting to work through the board agenda. Furthermore, consider adding private sessions for NEDs at the end of each board meeting.	Monthly informal board calls have been added to the Board schedule between formal board meetings; and a separate session for NEDs has been added to the end of each board meeting.
Structural	
Committee structure –The Board to consider looking to split out the NESG Committee into the Nomination & Governance Committee and a separate committee for ESG.	In the section below on page 123, we explain how we have amended the committee structure.
Strategic	
The Board to consider a plan for NED engagement with the business and which areas	The implementation of this recommendation will be carried out in the first half 2021.

could be allocated to particular board members to become familiar with.	
The Board to agree a set of board objectives for 2021.	The Board objectives for 2021 will be reviewed in the first part of the year and performance against them discussed at the end of each board meeting to ensure the Board is moving forward with its objectives.

Change of Committee structure

In consultation with the Chairman of the board and following the externally facilitated board evaluation, effective from 1 January 2021, the NESG Committee recommended to the Board that the NESG Committee be separated into the Nomination & Governance Committee and the Environment, Safety & Social Responsibility Committee.

The membership of the Nomination & Governance Committee is as follows:

- Karen Simon (Chairman)
- Kimberley Wood
- Stathis Topouzoglou
- Robert Peck.

That new Committee has absorbed all of the responsibilities relating to Nominations & Governance of the previous NESG Committee.

The membership of the Environment, Safety & Social Responsibility Committee is as follows:

- Robert Peck (Chairman)
- Amy Lashinsky
- Stathis Topouzoglou
- Andreas Persianis

That new Committee has absorbed all of the responsibilities relating to environment, safety and social responsibility of the previous NESG Committee.

Following feedback in the Board evaluation process and in consultation with the new Chair of the board, effective from 1 January 2021, the membership structure for the other Committees has been slightly altered as set out below.

Remuneration Committee – becomes the Remuneration & Talent Committee. Robert Peck will attend meetings in his position as workforce representative.

Audit & Risk Committee – Robert Peck leaves the committee and Kimberley Wood joins.

Re-election of Directors

In light of the assessment that all Directors continue to perform and provide a valuable contribution to the board and its Committees, all Directors will be eligible to submit themselves for re-election at the 2021 AGM.

Performance of the Committee

The performance of the NESG Committee was assessed as part of the externally facilitated review.

Our priorities for 2021

As mentioned previously, the Committee has been split in two Committees.

The focus for the Environment, Safety & Social Responsibility Committee will be:

- To evaluate the effectiveness of the Company's policies and systems for identifying and managing health and safety risks as well as those in connection with corporate social responsibility initiatives within the Group's operations
- To monitor and review the Company's environmental strategy including targets, KPIs and budgets relating to the climate change strategy
- To monitor how the Company's environmental strategy is received and regarded by external stakeholders and to broaden the expertise of the ESS Committee through engagement with climate change leaders, experts, and organizations, including Chapter Zero.

The focus for the Nomination & Governance Committee will be:

- To monitor performance against the agreed actions from the Board evaluation
- To continue to develop the succession plans for senior management.

Robert Peck

NESG Committee Chairman

18 April 2021

Remuneration Committee Report

Energean plc – Chair letter

Dear Shareholders,

I am delighted to introduce the Director's Remuneration Report for the year ended 31 December 2020. This marks my first report as the Remuneration & Talent Committee Chair. I would like to thank the previous Chair, Ohad Marani, for his work and dedication over recent years.

This year, against the background of exceptional performance and the strength of Energean's management team, we are proposing changes to the remuneration policy and its implementation. This letter sets out the context to these proposed changes. We engaged with shareholders prior to this report's publication, and I would like to thank all shareholders who took part in that consultation process.

Our performance to date

Since listing in 2018, Energean has seen remarkable growth in its operational capability and market capitalisation. Management has delivered shareholder returns in excess of 89% since IPO, an exceptional achievement, especially given the recent challenges posed by the macro environment. In comparison, the FTSE 350 Oil and Gas and Coal index has seen a decline of 37%% over the same period.

Since IPO, Energean has grown its footprint to nine countries and its reserves base to almost one-billion barrels of 2P. Despite COVID-19 related challenges, we have delivered strong progress on our flagship Karish project, with first gas expected within 12 months. Karish is a key driver of Energean's revenue trajectory, expected to reach more than $2 billion per annum in the medium-term, more than half of which is underpinned by fixed-price contracts that insulate Energean's revenues from global commodity price fluctuations.

In March 2021, we secured a $2.5bn bond offering that was almost four-times oversubscribed and achieved a weighted-average cost of bond debt for Energean Israel of more than 133 bps better than the Global Average E&P Index. This was an outstanding accomplishment by any measure, removed a risk that was perceived as significant by the shareholder base, and advances us towards our target of paying a sustainable and meaningful dividend to our shareholders. We also recently closed our acquisition of Kerogen's 30% minority interest in Energean Israel Limited at extremely attractive, and cash flow accretive, metrics.

We continue to lead the market in environmental stewardship and our ESG ratings are consistently within the top quartile for our peer group; we have been awarded a gold rating by MAALA and are ranked 16 out of 114 peer companies by Sustainalytics. We are reducing our environmental footprint and we were the first E&P company in the world to commit to net zero by 2050. We are implementing a rolling three-year carbon emissions reduction plan and are on target to reduce our emissions intensity to half the current global average for our sector by 2023. In the longer-term, we are focused on emerging technologies, including a prospective carbon capture project in Greece, which would be the first of its kind in the Mediterranean. Finally, we led the market in linking ESG progress to our executive pay structure through measures in both the annual bonus and the long-term incentive plan.

Energean is in a period of significant transition, converting approximately one billion barrels of 2P reserves into sustainable revenues and cash flows. We expect to continue our growth trajectory, and as a Committee we are keen that the remuneration policy supports our growth ambitions.

Our world-class executive team is fundamental to our success. Our CEO, Mathios Rigas, has grown the company from an effective 'start-up' into one of the largest independent E&P companies in Europe. Together, our CEO and CFO have demonstrated exceptional leadership in unlocking significant shareholder value through targeted acquisitions and organic growth.

It is against this background of exceptional performance and the strength of Energean's management team that we are proposing changes to the remuneration policy.

Our proposed changes to the remuneration policy and implementation

Both Executive Directors have large shareholdings in the company. The CEO holds c.11.2% of the share capital of the company, while the CFO holds c.2.3%. These holdings provide extremely strong alignment between the executive team and other shareholders, ensuring that strategic decisions and management actions align with the broader goal of the generation of sustainable and long-term value for our shareholders.

We are proposing changes to the remuneration policy and its implementation to reflect the increased scope of the roles of the CEO and CFO and the size and scale of the company they lead. Neither Executive has seen an increase in remuneration since IPO. The growth and performance of the company have been exceptional over this period, and the Committee believes this supports an accelerated timetable for seeking amendments to the remuneration policy.

The Committee recognises that the proposed increases in compensation are proposed against a broader market trend of significant executive pay restraint, particularly in the context of the global COVID-19 pandemic. At Energean, while the pandemic presented challenges, we continued to deliver strongly for shareholders and our wider stakeholders.

Against the background of the exceptional performance, as well as the increased size and scale of the company, we are proposing two changes to the overall compensation package of executive directors:

(1) Salary adjustments

(2) An increase to the annual performance incentive opportunity

Recognising that the proposed increases are significant, most of the proposed changes will be made on a staggered basis over 2021 and 2022.

Looking ahead beyond this transitional year, Energean is on a continued strong growth trajectory. The Committee believes these remuneration changes will support the delivery of our strategy, and that our exceptional growth and the size and complexity of the business supports the changes.

Shareholder consultation

Initial discussions on changes were held in the first quarter of 2021. The Committee was pleased that the shareholders we engaged with recognised the strong performance of both the company and executive directors since IPO. The majority of shareholders we engaged with were minded to support proposed changes to the Policy and its implementation. The Committee took into account feedback that changes should be made on a staggered basis. The Committee recognises the importance of shareholder views on the proposed policy and implementation changes and will therefore continue to discuss the proposals with shareholders in advance of the AGM. I would like to thank all shareholders who took part in the consultation process.

Salary proposals

The Remuneration Committee proposed salary increases for the CEO and the CFO, to reflect their performance, significant value to the company, and taking into account pay positioning against comparator companies.

Reflecting the wider societal context, the CEO asked that he not be considered for a salary increase this year. The Remuneration Committee will therefore consider this matter next year.

A salary adjustment is proposed for the CFO, which will be made on a staggered basis. For 2021, he will receive an increase from £450k to £525k. Subject to continued strong performance, he may then receive a further increase to £600k in 2022.

Annual incentive opportunities

Performance based pay is an important part of the Energean approach. The Committee is proposing an increase in the annual incentive opportunity for executive directors, from 150% of salary to 200%. Reflecting the CEO's more senior role it is proposed that this increase would be made for 2021. However, for the CFO, the increase would be on a staggered basis. The CFO would therefore receive an award maximum opportunity of 175% for 2021.Subject to continued strong performance, he may then receive an award maximum opportunity of 200% of salary from 2022.

Workforce pension and reduced benefits

We are also making other changes to better align Energean's approach to remuneration with best practice. We are replacing the current benefits allowance with (i) a formal pension aligned to the Greek workforce rate and (ii) a benefits allowance. These changes mean there will be a slight decrease in the 'consolidated benefits' for the CFO. For 2021, the benefits allowance will be £48k for the CEO and £25k for the CFO. The Committee will keep these allowances under review and may reduce their value over the lifetime of the policy.

Other Policy changes

Aside from these changes, the Committee is not proposing any other significant changes to the policy. We believe the overall structure and the time horizons over which incentives assess performance remain appropriate for the company and its strategy. Our performance framework will remain unchanged, with performance-related pay measured against a balance of financial, operational, strategic and ESS-related metrics.

2020 performance out-turns

Strong performance against strategic, operational and financial goals over the year led the Committee to approving an annual bonus outcome of 84.75% for both directors. This was to reflect exceptional performance, as summarised in part above, and detailed in full on page 146. The Committee considered the outcome in the context of company and stakeholder experience, and believe the outcomes are appropriate in the context of overall performance.

No LTIPs vested in the year. The first LTIP is due to vest in July 2021, with a further award due to vest at the end of the year. At the time of vesting, the Committee will consider if the outcomes are appropriate given business performance and the external context. Details on these outcomes will be provided in next year's report.

Assessment of 2021 performance

The Remuneration Committee has reviewed the scorecard of performance measures for determining Executive Directors' variable pay. The revised scorecard that we will use in 2021 (set out on page 143-144) is intended to complement our strategic ambition of becoming the leading sustainable, gas-focused, independent E&P company in the Eastern Mediterranean.

The scorecard continues to be more weighted to the delivery of operational and strategic goals which reflects the company's objectives for 2021. We have separated out commercial goals focused on, for example, portfolio optimisation, to align with the company's commercial objectives for the year. For financial goals, we have continued with a metric for financial liquidity and have added metrics relating to average life of the group's gross debt. This year risk management will also be included in the scorecard. ESS goals have remained at a 15% weighting with people and culture related metrics remaining at 5%.

Our approach for the 2021 LTIP will mirror the approach we took for the 2020 LTIP – the award will be based on relative TSR (50%), absolute TSR (30%) and an ESS measure (20%). For 2021, we are refreshing the TSR peer group, rebalancing towards more established E&P peers and removing less relevant peers. The full constituents of this peer group are disclosed on page 144.

Workforce and ESS context

The Committee takes seriously its responsibility to all its stakeholders, including the wider workforce. Robert Peck is our appointed 'workforce representative' on the board (our "designated NED"). The Committee makes remuneration decisions guided by the additional context of pay and circumstances across the wider company, and Robert Peck attends many of our Committee meetings as part of providing this context. His role as Chair of the Environment, Safety & Social Responsibility Committee also helps ensure that ESS issues are appropriately reflected in Energean's remuneration structure.

AGM

I will be available to answer questions on the Remuneration Report at the AGM in May 2021. I hope you find this report to be clear and helpful in understanding our remuneration practices and that you will support the remuneration resolutions at the forthcoming AGM.

Kimberley Wood

Chair of the Remuneration & Talent Committee

18 April 2021

Remuneration at a glance

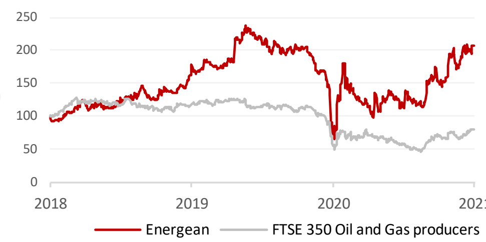
Remuneration for 2020 – Rewarding exceptional performance

Performance during the year

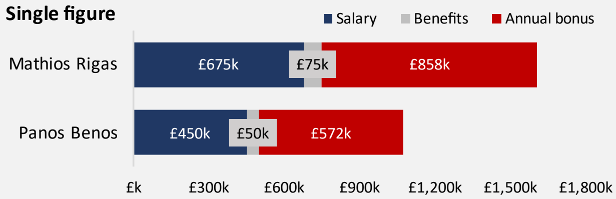
Energean has seen remarkable growth in footprint and market capitalisation, driven by an ambitious strategy

+187%	Year-on-year increase in our reserves (2020: 2P: 982 Mmboe)
9	Countries now in Energean's footprint following Edison transaction
>50%	Future revenue insulated from oil & gas price volatility, securing cashflow
-67%	Year on year reduction in carbon intensity to 22.2 kgCO2/boe (scope 1 & 2 emissions)

TSR performance vs. FTSE 350 Oil and Gas Producers



Single figure



Variable remuneration outturns

- **The 2020 bonus is 84.75% of maximum** (127.125% of salary for both the CEO and CFO).
- This follows strong performance against financial, operational and strategic targets (see Annual Report on Remuneration).
- **No LTIP awards vested in 2020**. The first LTIP awards, granted in 2018, are due to vest in 2021.

Overview of our proposed 2021 Remuneration Policy – driving Energean's future success

Salary

Reflecting the wider societal context, the CEO asked that he not be considered for a salary increase this year. The CFO will receive his first salary increase since IPO. A further increase may be applied next year subject to continued strong performance.

CEO: £675k
2020: £675k (*no change*)

CFO: £525k
2020: £450k (+17%)

Pension/benefits

We will introduce a pension aligned with the wider workforce, reducing the existing benefits allowances.

2020 Policy: Combined benefit allowance of £75k and £50k for the CEO and CFO

2021 Policy: Pension aligned to wider workforce (4%)

Reduced benefits allowance: CEO (£48k) and CFO (£25k)

Annual bonus

Cash element

$^1/_3$ deferred into shares for two years

The maximum bonus for 2021 will be 200% of salary for the CEO and 175% of salary for the CFO. For 2022, the CFO's bonus may increase to 200% of salary, subject to continued strong performance

One third of the award will normally be deferred into shares.

Awards will continue to be subject to malus and clawback.

2021 bonus metrics – aligned with our strategic priorities

Strategic and operational goals – *including but not limited to Karish FPSO delivery targets, production targets, cost of production targets & reserves growth.*	50%
Commercial goals – *including portfolio optimisation & ratio of contracted sales to reserves.*	10%
Financial and risk goals – *including the weighted life of group debt, available liquidity & the further development of the risk management strategy & procedures.*	20%
Environmental, Social and Sustainability goals	15%
People & Culture goals – *including but not limited to the Edison integration process & culture surveys*	5%

Precise measures and weightings for 2021 remain commercially sensitive and will be disclosed in next year's DRR

Long Term Incentive Plan

3 Year Performance Period → 2 year Holding Period

The maximum award size will continue to be 200% of salary.

Awards will continue to be usually settled in shares, released after 5 years in total.

Performance will be assessed against financial and ESG measures.

Awards will continue to be subject to malus and clawback

2021 LTIP metrics – support long term alignment with shareholder interests

Relative Total Shareholder Return – measured against select peers and index over three years to reward outperformance.	50%
Absolute Total Shareholder Return – to reward growth in underlying share value as well as market outperformance.	30%
Average Scope CO2 emissions (kgCO2 / boe) – to ensure continued focus on our ESS priorities.	20%

Executive shareholdings

Both directors are significant shareholders in the company, with current shareholdings of:

CFO c.2.3%

CEO c.11%

In-post shareholding guidelines: 200% of salary for all Executive Directors.
Shareholding requirement applies for two years following departure

ENERGEAN – REMUNERATION POLICY

This part of the report sets out our Directors' Remuneration Policy (the Remuneration Policy). This Policy will be subject to a binding shareholder vote at the 2021 AGM and will apply to payments made from the date of approval. The information provided in this section of the Remuneration Report is not subject to audit.

In determining the new Remuneration Policy, the Remuneration & Talent Committee (the Committee) followed a robust process. The Committee discussed the detail of the policy over a series of meetings throughout 2020 and 2021. The management team provided input, while ensuring that conflicts of interests were mitigated. External perspective was provided by our independent advisors. The Committee assessed the policy against the principles of clarity, simplicity, risk-management, predictability, proportionality and alignment to culture.

The main changes proposed to the Policy are:

- An increase in the Annual Bonus opportunity to 200% of salary (this will be introduced as follows: the CEO will receive an immediate increase to 200% of salary for 2021. The CFO will receive 175% of salary for 2021, with a further increase to 200% of salary from 2022, subject to continued strong performance)
- Introduction of a formal pension for both executive directors aligned to the wider workforce rate (in % of salary terms). For 2021, this will be set at 4% of salary to align with rate available to the Greek workforce.
- Reduction in the benefits allowance available to both directors to £48k for the CEO and £25k for the CFO.

Other minor changes have also been made to improve the operation and effectiveness of the Policy.

The Committee is proposing the changes against the background of Energean's exceptional performance, which has seen the company grow in both size and complexity, as well as the strength of our management team. More detail on our rationale is provided on pages 131 to 142, and an overview of shareholder consultation is provided on page 142.

Policy table

Our Group-wide remuneration strategy is to provide remuneration packages that will:

- Motivate and retain our industry-leading employees
- Attract high quality individuals to join the Group
- Encourage and support a high-performance culture
- Reward delivery of the Group's business plan and our key strategic and operational goals
- Align our employees with the interests of shareholders and other external stakeholders.

Consistent with this remuneration strategy, the Remuneration Committee has agreed a Remuneration Policy for Executive Directors whereby:

- Salaries will be set at competitive, but not excessive, levels compared to peers and other companies of an equivalent size and complexity
- Performance-related pay, based on stretching targets, will form a significant part of remuneration packages
- There will be an appropriate balance between rewards for delivery of short-term and longer-term performance targets

- Development and long-term retention of a significant holding of Company shares will be encouraged.

The remuneration framework intended to deliver this policy will be a combination of base salary, benefits, annual bonus and awards under the Long-Term Incentive Plan (LTIP). The following table sets out details of each of these remuneration components.

Base Salary	
Purpose and link to strategy	To appropriately recognise skills, experience and responsibilities and attract and retain talent by ensuring salaries are market competitive.
Operation	Generally reviewed annually with any increase normally taking effect from 1 January although the Remuneration Committee may award increases at other times of the year if it considers it appropriate. The review takes into consideration a number of factors, including (but not limited to): • The individual Director's role, experience and performance. • Business performance. • Market data for comparable roles in appropriate comparator businesses. • Pay and conditions elsewhere in the Group.
Maximum Opportunity	No absolute maximum has been set for Executive Director base salaries. Any annual increase in salaries is at the discretion of the Remuneration Committee taking into account the factors stated in this table and the following principles: • Salaries would typically be increased at a rate no greater than the average salary increase for other Group employees. • Larger increases may be considered appropriate in certain circumstances (including, but not limited to, a change in an individual's responsibilities or in the scale of their role or in the size and complexity of the Group). • Larger increases may also be considered appropriate if a Director has been initially appointed to the Board at a lower than typical salary.
Performance Conditions	No performance conditions

Pension	
Purpose and link to strategy	To provide competitive post-retirement benefits or cash allowance as a framework to save for retirement. This is to support the recruitment and retention of talent.

Operation	Typically, payable as a cash allowance, however executives can also choose to participate in a company pension scheme or receive payments into a personal pension or a combination thereof. Contributions are set as a percentage of base salary. Post-retirement benefits do not form part of the base salary for the purposes of determining incentives.
Maximum Opportunity	Pension contributions will be set in line with the average workforce pension contribution (in percentage of salary terms). For 2021, this rate will be 4% of salary. This is the rate that is currently available to the wider workforce (based on the rate applicable to the workforce in Greece).
Performance Conditions	No performance conditions.

Benefits	
Purpose and link to strategy	To provide market competitive benefits.
Operation	Benefits are currently provided as a single benefits allowance (in lieu of separate payments for relevant benefits). The Remuneration Committee has discretion to replace the benefits allowance by separate payments for relevant benefits or to provide additional benefits in certain circumstances (for example relocation or tax equalisation). Executive Directors are entitled to reimbursement of reasonable expenses (including any tax thereon). Executive Directors also have the benefit of a qualifying third-party indemnity from the Company and directors' and officers' liability insurance.
Maximum Opportunity	For the current Executive Directors, the maximum annual value of benefits will be £48,000 (Mathios Rigas) and £25,000 (Panos Benos). For any future Executive Director appointed during the lifetime of this Remuneration Policy, the value of their benefits package would not exceed £48,000. These totals exclude any expenses treated as taxable benefits by tax authorities or tax equalisation benefits, should these be provided in exceptional circumstances, or any one-off costs relating to recruitment, loss of office or relocation.
Performance Conditions	No performance conditions.

Annual Bonus	
Purpose and link to strategy	To link reward to key financial and operational targets for the forthcoming year. Additional alignment with shareholders' interests through the operation of bonus deferral.

Operation	The Executive Directors are participants in the annual bonus plan which is reviewed annually to ensure bonus opportunity, performance measures and targets are appropriate and supportive of the business plan. Typically, no more than two-thirds of an Executive Director's annual bonus is delivered in cash following the release of audited results and the remaining amount is deferred into an award over Company shares under the Deferred Bonus Plan (DBP). • Deferred awards are usually granted in the form of conditional share awards or nil-cost options (or, exceptionally, as cash-settled equivalents). • Deferred awards usually vest two years after award although may vest early on leaving employment or on a change of control (see later sections). • An additional payment or award may be made in respect of shares which vest under deferred awards to reflect the value of dividends (including special dividends) which would have been paid on those shares during the vesting period (this payment may assume that dividends had been reinvested in Company shares on a cumulative basis).
Maximum Opportunity	The maximum award that can be made to an Executive Director under the annual bonus plan is 200% of salary. For 2021, the CEO will receive a maximum opportunity of 200% of salary, while the CFO will receive a maximum opportunity of 175% of salary.
Performance Conditions	The bonus is based on performance against financial, strategic, operational, ESS or personal measures appropriate to the individual Executive Director assessed over one year. The precise measures and weighting of the measures are determined by the Remuneration Committee ahead of each award to ensure they are aligned with strategic priorities. Where appropriate, a sliding scale of targets will be applied to a measure, with pay-out not exceeding 20% for threshold performance increasing to 100% for maximum performance. In 2021, threshold performance will deliver zero pay-out. In relation to operational, milestone or qualitative targets, the structure of the target may vary based on the nature of the target set and may be based on the Remuneration Committee’s judgement in assessing the performance outturn. Any bonus pay-out is ultimately at the discretion of the Remuneration Committee. The Committee will consider the use of discretion when determining the actual overall level of individual bonus payments and it may adjust the formulaic bonus pay-out upwards or downwards if it considers it appropriate to do so.

Long Term Incentive Plan (LTIP)

Purpose and link to strategy	To link reward to key strategic and business targets for the longer term and to align executives with shareholders' interests.
Operation	Awards are usually granted annually under the LTIP to selected senior executives. Individual award levels and performance conditions on which vesting will be dependent are reviewed annually by the Remuneration Committee. LTIP awards are usually granted as conditional awards of shares or nil-cost options (or, exceptionally, as cash-settled equivalents). Awards granted to Executive Directors normally vest or become exercisable at the end of a period of at least three years following grant and normally have a holding period taking the time horizon to no earlier than five years following grant. Awards may vest early on leaving employment or on a change of control (see later sections). An additional payment or award may be made in respect of shares which vest under LTIP awards to reflect the value of dividends (including special dividends) which would have been paid on those shares during the vesting and, if relevant, holding period (this payment may assume that dividends had been reinvested in Company shares on a cumulative basis).
Maximum Opportunity	The maximum award permitted to be granted to an Executive Director in respect of any one year under the LTIP is shares with a market value (as determined by the Remuneration Committee) of 200% of salary.
Performance Conditions	All LTIP awards granted to Executive Directors must be subject to a performance condition. The precise measures and weighting of the measures are determined by the Remuneration Committee ahead of each award to ensure they are aligned with strategic priorities. Performance will usually be measured over a performance period of at least three years. For achieving a 'threshold' level of performance against a performance measure, no more than 25% of the portion of the LTIP award determined by that measure will vest. Vesting then increases on a sliding scale to 100% for achieving a maximum performance target. Any LTIP vesting is ultimately at the discretion of the Remuneration Committee.

Share ownership Guidelines	
Purpose and link to strategy	To create alignment between the long-term interests of Executive Directors and shareholders.
Operation	Executive Directors are required to build and maintain a holding of 200% of salary in Company shares.

	Until an Executive Director is compliant with this guideline, they are required to retain at least 50% of vested post-tax shares. Unless the Remuneration Committee determines otherwise, this guideline will continue to apply for two years after an Executive Director ceases employment with the Group.

Notes to table

1. The Committee retains the ability to adjust the targets and/ or set different measures and alter weightings for any performance condition(s) if one or more events occur which cause it to determine that an amended, adjusted or substituted performance condition(s) would be more appropriate so that the conditions achieve their original purpose (e.g. in the event of a material divestment of a business, capital transactions, changes to accounting standards and other events not foreseen at the time the targets were set). In the event that the Remuneration Committee were to make an adjustment of this sort, a full explanation would be provided in the next Remuneration Report.

2. Performance measures - annual bonus. The annual bonus measures are reviewed annually and chosen to focus executive rewards on delivery of key financial targets for the forthcoming year as well as key strategic, operational, ESG or personal goals relevant to an individual. Specific targets for bonus measures are set at the start of each year by the Remuneration Committee based on a range of relevant reference points, including, for Group financial targets, the Company's business plan and are designed to be appropriately stretching. Targets and underpins may be set which provide the Committee judgement in assessing the extent to which they have been met. Prior to the determination of final outcomes, the Committee will consider the use of discretion to enhance the rigour and consistency of any payments and to ensure they align to overall performance and the wider stakeholder experience. While the Committee anticipates that any such discretion would normally result in a reduction, the Committee reserves the right to make an upwards adjustment if considered appropriate.

3. The Remuneration Committee may: (a) in the event of a variation of the Company's share capital, demerger, special dividend or dividend in specie or any other corporate event which it reasonably determines justifies such an adjustment, adjust; and (b) amend the terms of awards granted under the share schemes referred to above in accordance with the rules of the relevant plans. Share awards may be settled by the issue of new shares or by the transfer of existing shares. Any issuance of new shares is limited to 10% of share capital over a rolling ten-year period in relation to all employee share schemes. As outlined in the IPO Prospectus, shares issued pursuant to awards granted before or in respect of Admission do not count towards this limit.

4. The cash bonus will be subject to recovery and/or deferred shares will be subject to withholding at the Remuneration Committee's discretion where within three years of the bonus determination a material misstatement or miscalculation comes to light which resulted in an overpayment under the annual bonus plan or if evidence comes to light of serious misconduct by an individual, serious reputational damage to the Group or a material failure of risk management or following a corporate failure. LTIP awards will be subject to withholding or recovery at the Remuneration Committee's discretion where before the fifth anniversary of grant a material misstatement or miscalculation comes to light which resulted in an overpayment under the LTIP or if evidence comes to light of serious misconduct by an individual, serious reputational damage to the Group or a material failure of risk management or following a corporate failure.

5. Performance measures - LTIP. The LTIP performance measures will be chosen to provide alignment with our longer-term strategy of growing the business in a sustainable manner that will be in the best interests of shareholders and other key stakeholders in the Company. Targets are considered ahead of each grant of LTIP awards by the Remuneration Committee taking into account relevant external and internal reference points and are designed to be appropriately stretching.

6. If a one-off share award is granted on recruitment to buy out compensation arrangements forfeited on leaving a previous employer, it may be granted either in the form of a LTIP award or alternatively in the form of an award under a separate arrangement as permitted by Listing Rule 9.4.2. If such an award were to be granted in the form of a LTIP award, then it would not be subject to (or form part of the calculation of) the maximum award limit outlined in the Policy Table opposite. If awarded as compensation for a forfeited share award which is not subject to performance conditions, it would also not be subject to the requirement for the LTIP award to be subject to a performance condition. Full requirements that would apply to any buy-out award granted under the LTIP are set out in the Recruitment Remuneration Policy section of this report.

7. The Remuneration Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above, where the terms of the payment was agreed either: (i) before the 2019 AGM (the date the Company's first shareholder-approved Director's Remuneration Policy came into effect; (ii) during the term of, and was consistent with, any previous policy; or (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes 'payments' includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

8. The Remuneration Committee may make minor amendments to the Remuneration Policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without obtaining shareholder approval for that amendment.

Non-executive director fees	
Purpose and link to strategy	To appropriately recognise responsibilities, skills and experience by ensuring fees are market competitive.
Operation	NED fees comprise payment of an annual basic fee and additional fees for further Board responsibilities including but not limited to: • Senior Independent Director • Audit & Risk Committee Chairman • Remuneration & Talent Committee Chairman • Environment, Safety & Social Responsibility Committee Chairman The Chairman of the Board receives an all-inclusive fee. No NED participates in the Group's incentive arrangements or pension plan or receives any other benefits other than where travel to the Company's registered office is recognised as a taxable benefit in which case a NED may receive the grossed-up costs of travel as a benefit. Non-Executive Directors are entitled to reimbursement of reasonable expenses (including any tax thereon). Fees are reviewed annually and are paid in cash or shares. Non-Executive Directors also have the benefit of a qualifying third-party indemnity from the Company and directors' and officers' liability insurance.
Maximum Opportunity	Fees are set at an appropriate level that is market competitive and reflective of the responsibilities and time commitment associated with specific roles. No absolute maximum has been set for individual NED fees. The total aggregate fees paid to the Chairman and NEDs will be in line with the limit set out in the Company's Articles of Association.

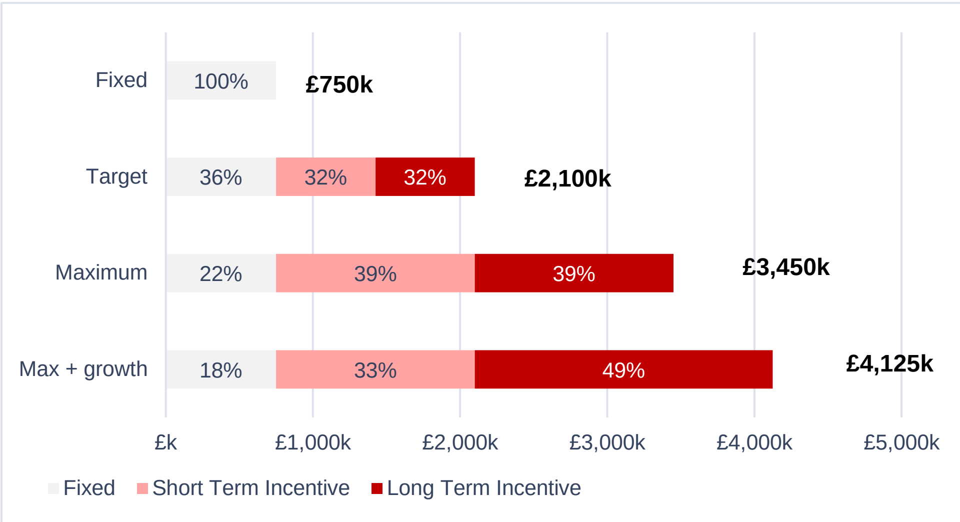
Illustrations of application of remuneration policy

The “Implementation of remuneration policy in 2021” section of the Annual Report on Remuneration details how the Remuneration Committee intends to implement the Remuneration Policy during 2021.

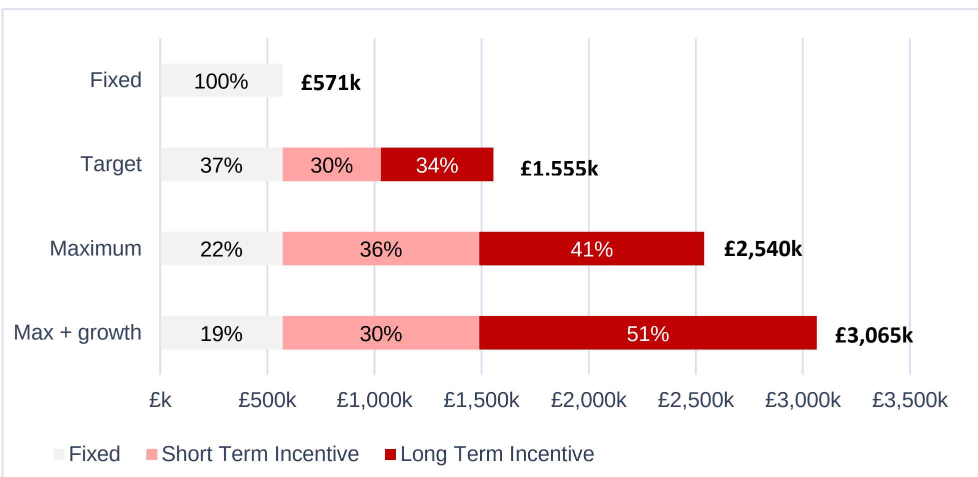
The charts below illustrate, in four assumed performance scenarios, the total value of the remuneration package potentially receivable by Mathios Rigas and Panos Benos in relation to 2021. This comprises salary, pension and benefits for 2021 (Mathios Rigas: £675,000, 4% pension and £48,000; Panos Benos £525,000, 4% pension and £25,000). Annual bonus opportunities are shown as 200% of salary for the CEO and 175% of salary for the CFO. Both directors receive an LTIP award of 200% of salary.

The charts are for illustrative purposes only and actual outcomes may differ from those shown.

CEO:



CFO:



Assumed Performance	
Minimum performance	• No pay-out under the annual bonus • No vesting under the LTIP
Performance in line with expectations	• 50% of the maximum pay-out under the annual bonus • 50% vesting under the LTIP

Maximum performance	• 100% of the maximum pay-out under the annual bonus • 100% vesting under the LTIP
Maximum performance plus share price growth	• As above, with 50% increase in the share price attributable to the LTIP.

Recruitment remuneration policy

Principles

In determining remuneration arrangements for new appointments to the Board (including internal promotions), the Remuneration Committee will apply the following principles:

- The Remuneration Committee will take into consideration all relevant factors, including the experience of the individual, market data (for the UK and local market as appropriate) and existing arrangements for other Executive Directors, with a view that any arrangements should be in the best interests of both the Company and our shareholders, without paying more than is necessary
- Typically, the new appointment will have (or be transitioned onto) the same package structure as the other Executive Directors, in line with the Remuneration Policy
- Upon appointment, the Remuneration Committee may consider it appropriate to offer additional remuneration arrangements in order to secure the appointment. In particular, the Remuneration Committee may consider it appropriate to 'buy out' terms or remuneration arrangements forfeited on leaving a previous employer (discussed below)
- The Remuneration Committee may provide costs and support if the recruitment requires relocation of the individual
- Where an Executive Director is an internal promotion, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following the Company's acquisition of or merger with another company, legacy terms and conditions would be honoured.

Maximum level of variable remuneration

The maximum level of variable remuneration which may be granted to new Executive Directors in respect of recruitment shall be limited to the maximum permitted under the Remuneration Policy, namely 400% of their annual salary. This limit excludes any payments or awards that may be made to buy out the Director for terms, awards or other compensation forfeited from their previous employer (discussed below).

Buyouts

To facilitate recruitment, the Remuneration Committee may make a one-off award to buy out compensation arrangements forfeited on leaving a previous employer. In doing so, the Remuneration Committee will take account of all relevant factors, including any performance conditions attached to incentive awards, the likelihood of those conditions being met, the proportion of the vesting/performance period remaining and the form of the award (e.g. cash or shares). The overriding principle will be that any replacement buyout award should be of comparable commercial value to the compensation which has been forfeited. However, such buyout awards would only be considered where there is a strong commercial rationale to do so.

Components and approach

The remuneration package offered to new appointments may include any element within the Remuneration Policy. In considering which elements to include, and in determining the approach for all relevant elements, the Remuneration Committee will take into account a number of different factors, including (but not limited to) market practice, existing arrangements for other Executive Directors and internal relativities. If appropriate, different measures and targets may be applied to a new appointment's annual bonus or LTIP award in their year of joining.

The Remuneration Committee would seek to structure buyout and variable remuneration awards on recruitment to be in line with the Company's remuneration framework so far as practical but, if necessary, the Remuneration Committee may also grant such awards outside of that framework as permitted under Listing Rule 9.4.2 subject to the limits on variable remuneration set out above. The exact terms of any such awards (e.g. the form of the award, time frame, performance conditions, and leaver provisions) would vary depending upon the specific commercial circumstances.

Recruitment of Non-Executive Directors

In the event of the appointment of a new Non-Executive Director, remuneration arrangements will normally be in line with the Remuneration Policy for Non-Executive Directors. However, the Remuneration Committee (or the Board as appropriate) may include any element within the Policy Table which the Remuneration Committee considers is appropriate given the particular circumstances, with due regard to the best interests of shareholders. In particular, if the Chairman or a Non-Executive Director takes on an executive function on a short-term basis, they would be able to receive any of the standard elements of Executive Director pay.

Service contracts

Key terms of the current Executive Directors' service agreements and Non-Executive Directors' letters of appointment are summarised in the table below. It is envisaged that any future appointments would have equivalent contractual arrangements unless otherwise stated in this Report.

Provision	Policy
Notice Period	Executive Directors - termination of the current Executive Directors' service agreements would require six months' notice by either the Company or the Executive Director. The Remuneration Committee retains discretion to include a notice period of up to 12 months in an Executive Director's service agreement. Non-Executive Directors - at the Company's discretion, Non-Executive Directors may have a notice period of up to three months. All current Non-Executive Directors have a three-month notice period.
Termination payment	Following the serving of notice by either party, the Company may terminate employment of an Executive Director with immediate effect by paying a sum equal to salary and benefits in respect of their notice period. Non-Executive Directors are only entitled to receive any fee accruing in respect of their period up to termination.
Expiry date	Executive Directors have rolling six months' notice periods so have no fixed expiry date.

	Non-Executive Directors' letters of appointment have no fixed expiry date.

In accordance with the Code, each Director will retire annually and put themselves forward for re-election at each AGM of the Company.

All Executive Directors' service agreements and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office.

Policy on payment of variable remuneration following loss of office

Annual bonus plan

If the Executive Director's employment terminates (or notice is served to terminate their employment) prior to the payment of an annual bonus, the Director has no contractual entitlement to that bonus. At its discretion, the Remuneration Committee may determine that the Executive Director is eligible to receive a bonus in respect of the financial year in which they cease employment (and / or the financial year in which notice is served to terminate their employment). This bonus would usually be time apportioned and may, at the Remuneration Committee's discretion, be settled wholly in cash. In determining the level of bonus to be paid, the Remuneration Committee may, at its discretion, take into account performance up to the date of cessation or over the financial year as a whole based on appropriate performance measures as determined by the Remuneration Committee.

The treatment of outstanding share awards held by an Executive Director upon cessation of employment is governed by the relevant share plan rules as summarised below.

Deferred Bonus Plan (DBP) - share awards

- If an individual ceases to hold employment as a result of death, ill-health, injury, disability, redundancy, transfer of a business out of the Group or any other reason at the Remuneration Committee's discretion (except where an individual is dismissed for gross misconduct), their unvested DBP share awards will be permitted to vest. The vesting date will be accelerated to cessation of employment following an individual's death. Otherwise, unvested shares will vest at the normal vesting date unless the Remuneration Committee, in its discretion, elects to vest the shares following cessation of employment
- In all other circumstances, unvested DBP shares will lapse upon cessation of employment
- On a change of control, unvested DBP shares will immediately vest in full unless they are exchanged for new awards
- If other corporate events occur such as a demerger, delisting, special dividend, voluntary winding-up or other event which in the opinion of the Remuneration Committee may affect the current or future value of shares, the Remuneration Committee will determine whether unvested DBP shares should vest.

LTIP awards

- If an individual ceases to hold employment as a result of death, ill-health, injury, disability, redundancy, transfer of a business out of the Group or any other reason at the Remuneration Committee's discretion (except where an individual is dismissed for gross misconduct), their unvested LTIP awards will be permitted to vest on a time pro-rated basis (unless the Remuneration Committee determines otherwise) and subject to performance assessed over the original performance period (or a shortened performance period where appropriate, for example following an individual's death). The release date for vested LTIP awards will remain the original release date unless the Remuneration Committee in its discretion elects to accelerate the release date to cessation of employment or such other intermediate date as is deemed appropriate

- In all other circumstances, unvested LTIP shares will lapse upon cessation of employment
- LTIP shares that have vested but remain subject to a holding period at the time that an individual ceases employment will lapse in the event that cessation of employment is as a result of gross misconduct. Otherwise, these shares will normally be released on the original release date unless the Remuneration Committee in its discretion elects to accelerate the release date to cessation of employment or such other intermediate date as is deemed appropriate
- On a change of control, unless they are exchanged for new awards, unvested LTIP awards will vest immediately to an extent that takes into account the performance condition assessed at the change of control and, unless the Remuneration Committee determines otherwise, on a time pro-rated basis. LTIP shares that have vested but remain subject to a holding period at the time of the change of control will be released immediately unless they are exchanged for new awards
- If other corporate events occur such as a demerger, delisting, special dividend, voluntary winding-up or other event which in the opinion of the Remuneration Committee may affect the current or future value of shares, the Remuneration Committee will determine whether outstanding LTIP awards should be treated on the same basis as following a change of control.

The Remuneration Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his or her cessation of office or employment.

Consideration of employment conditions elsewhere in the Group

The Board has appointed Robert Peck as the Workforce Representative, the designated NED, who is responsible for ensuring the “employee voice” is provided at Board-level. The Workforce Representative attends Remuneration & Talent Committees’ meetings to provide this context. The Remuneration Committee is kept informed of general management decisions made in relation to employee remuneration and, in the development of this Policy, has been conscious of the importance of ensuring that its remuneration decisions for Executive Directors are regarded as fair and reasonable within the business. Pay and conditions in the Group are one of the specific considerations taken into account when the Remuneration Committee is considering changes in remuneration for the Executive Directors.

Differences in policy from broader employee population

A greater proportion of Executive Directors' potential wealth is 'at risk', either through their existing shareholding or through LTIP awards than for our employees generally and a greater proportion determined by performance than for our employees generally. However, common principles underlie the remuneration policy through the Company including for the Executive Directors. In particular, we place great emphasis throughout the Company on reward being linked to performance and on encouraging share ownership.

Consideration of shareholders' views

The Committee engaged with key shareholders in the development and finalisation of this pay policy. These discussions were productive and informed the final Policy. Initial discussions on changes were held in the first quarter of 2021, followed by a wider consultation process. The Committee was pleased that the shareholders we engaged with recognised the strong performance of both the company and executive directors since IPO, and the majority of these shareholders were therefore minded to support proposed changes to the Policy and its implementation. The Committee took into account feedback that changes should be made on a staggered basis. The Committee recognises the importance of shareholder views on the proposed policy and implementation changes and will therefore continue to discuss the proposals with shareholders in advance of the AGM.

ANNUAL REPORT ON REMUNERATION

UNAUDITED INFORMATION

Implementation of remuneration policy in 2021

This section provides an overview of how the Remuneration & Talent Committee is proposing to implement our Remuneration Policy in 2021 for the Executive Directors. This is subject to the approval of the Remuneration Policy at the AGM in May.

Base Salary

The Remuneration & Talent Committee proposed salary increases for the CEO and the CFO, to reflect their performance, significant value to the company, and taking into account pay positioning against comparator companies. Reflecting the wider societal context, the CEO asked that he not be considered for a salary increase this year. A salary adjustment is proposed for the CFO, which will be made on a staggered basis. Further context is provided in the Chair letter.

	Salary 1 January 2021	Salary 1 January 2020	% increase
Mathios Rigas (CEO)	**£675,000**	£675,000	0.0%
Panos Benos (CFO)	**£525,000**	£450,000	16.7%

Pension

Both Executive Directors are entitled to receive a pension equivalent to 4% of their base salary. This rate aligns to the rate offered to the wider workforce (based on the contribution available to the Greek workforce).

Benefits

Mathios Rigas and Panos Benos receive a contractual benefits package worth £48,000 p.a. and £25,000 p.a. respectively.

Annual Bonus

The annual bonus plan for 2021 will offer a maximum bonus opportunity of 175% for the CFO and 200% for the CEO of annual salary. One-third of any bonus earned will continue to be deferred into DBP shares.

As outlined in the Remuneration & Talent Committee Chair's Statement, the annual bonus for 2021 will be determined by a restructured bonus scorecard that is aligned with strategic priorities for the year ahead.

	As a percentage of maximum bonus opportunity
Performance Measure	
Strategic & Operational goals (including but not limited to Karish FPSO delivery targets, production targets, cost of production targets and reserves growth)	50%
Commercial goals (including portfolio optimisation and ratio of contracted sales to reserves)	10%

Financial & Risk goals (including the weighted life of group debt, available liquidity and the further development of the risk management strategy and procedures.)	20%
Environmental, Social & Sustainability Goals	15%
People & Culture goals (including but not limited to the Edison integration process and culture surveys.)	5%

The targets for these performance measures in relation to the financial year 2021 are deemed commercially sensitive. However, retrospective disclosure of the targets and performance against them will be provided in next year's Remuneration Report to the extent that they do not remain commercially sensitive at that time. In the event of unforeseen acquisitions, divestments or investments during the year, the Remuneration & Talent Committee would consider how performance targets should be adjusted to ensure that they remain appropriately challenging and would explain any such adjustments in next year's Remuneration Report.

The Remuneration & Talent Committee has discretion, where it believes it to be appropriate, to override any formulaic outcome arising from the bonus plan.

The Executive Directors will receive an award under the LTIP during 2021 over shares worth 200% of annual salary at grant. Awards will vest three years after grant and be subject to an additional two-year holding period. The proposed performance measures for the 2021 award are consistent with the measures for the 2020 award, although the Committee have adjusted the TSR comparator group to better reflect Energean's strategy and markets.

Performance measure	Proportion of award determined by measure	Threshold Performance	Maximum Performance
Relative Total Shareholder Return over 3 Financial Years	50%	Median ranking *12.5% of award*	Upper quartile ranking *50% of award*
Absolute Total Shareholder Return over 3 Financial Years	30%	8% p.a. *7.5% of award*	12% p.a. *30% of award*
Average Scope 1 CO_2 emissions (kgCO_2 / boe) over 3 Financial Years	20%	18 *0% of award*	6 *20% of award*

Total Shareholder Return performance will be measured against the following peer group: AkerBP, Lundin, Delek Drilling , Isramco, Tamar , Ratio, Kosmos, Harbour Energy, Cairn Energy PLC, Tullow Oil plc, Diversified Oil & Gas plc, Jadestone, Serica, Seplat, Genel and the FTSE 350 Oil and Gas and Coal index.

Vesting is calculated on a straight-line basis for performance between the threshold and maximum performance targets. The Remuneration & Talent Committee has discretion, where it believes it to be appropriate, to override any formulaic outcome arising from the LTIP. Typically. this will only be exercised in a negative direction.

Non-Executive Director remuneration

The table below shows the fee structure for Non-Executive Directors for 2021. Fees are unchanged from last year. Non-Executive Director fees are determined by the full Board except for the fee for the Chair of the Board, which is determined by the Remuneration Committee.

	2021 fees
Chair of the Board all-inclusive fee	£150,000
Basic Non-Executive Director fee	£55,000
Senior Independent Director additional fee	£10,000
Audit & Risk Committee Chair additional fee	£5,000
Environment, Safety & Social Responsibility Committee Chair additional fee	£5,000
Remuneration & Talent Committee Chair additional fee	£5,000

AUDITED INFORMATION

The information provided in this section of the Remuneration Report up until the 'Unaudited information' heading on page 148 is subject to audit.

Single total figure of remuneration

The following table sets out the total remuneration for Executive Directors and Non-Executive Directors for 2020 with comparative figures for 2019.

	2020						2019					
	Salary and fees	Benefits[1]	Annual bonus[2]	Total Fixed	Total Variable	Total [3]	Salary and fees	Benefits	Annual bonus	Total Fixed	Total Variable	Total [3]
Executive Directors												
Mathios Rigas	675	75	858	**750**	858	**1,608**	675	75	384	**750**	**384**	**1,134**
Panos Benos	450	50	572	**500**	572	**1,072**	450	50	256	**500**	**256**	**756**
Non-executive Directors												
Karen Simon	150	-	-	**150**	-	**150**	61	-	-	61	-	**61**
Andrew Bartlett	**63**	-	-	**63**	-	**63**	63	-	-	63	-	**63**
David Bonanno	-	-	-	-	-	-	-	-	-	-	-	-
Robert William Peck	**55**	-	-	**55**	-	**55**	55	-	-	55	-	**55**
Ohad Marani	32	-	-	**32**	-	**32**	55	-	-	55	-	**55**
Stathis Topouzoglou	**50**	-	-	**50**	-	**50**	50	-	-	50	-	**50**
Amy Lashinsky	50			**50**	-	**50**	6			6	-	**6**
Kimberley Wood	26	-	-	**26**	-	**26**	-	-	-		-	-
Andreas Persianis	24	-	-	**24**	-	**24**	-	-	-		-	-

Notes to the table – methodology

(1) Benefits – Mathios Rigas and Panos Benos received a contractual benefits package worth £75,000 p.a. and £50,000 p.a. respectively. They do not receive a separate pension allowance.

(2) Annual bonus – bonus payments are paid two-thirds in cash and one-third in deferred shares. Details of the performance measures and targets are set out in the following section.

(3) Total remuneration paid to Directors in respect of 2020 is £3,130,000 (2019: £2,315,000).

(4) Ohad Marani and David Bonano stood down from the Board on 26 July 2020 (Ohad Marani's fees shown in the table relate to the period up to this date, David Bonano did not receive any fee previously)

(5) Kimberley Wood and Andreas Persianis joined the Board on 26 July 2020.

Annual Bonus

The maximum annual bonus opportunity for the Executive Directors in 2020 was 150% of salary. Two-thirds of any bonus will be paid in cash with the remaining third granted in shares under the DBP which vest two years post grant.

Performance measures and targets applying to the 2020 annual bonus, along with performance achieved, are set out below:

Performance measure	Proportion of bonus determined by measure	Threshold performance	Target performance	Maximum performance	Actual performance	% of maximum bonus payable
FPSO Project Progress	25%	85% *Zero payout*	89% *12.5% of bonus*	93.50% *25% of bonus*	88.6%[77]	11.25%
Gas Contracts	10%	0 BCM *Zero payout*	5 BCM *5% of bonus*	10 BCM *10% of bonus*	25.35 BCM	10%
Adjusted Reserves (2P+2C)	15%	0% increase in 2P+2C *Zero payout*	10% increase in 2P+2C *7.5% of bonus*	20% increase in 2P+2C *15% of bonus*	42.7.% increase in 2P+2C	15%
Average production per day	15%	40,000 boepd *Zero payout*	45,000 boepd *7.5% of bonus*	50,000 boepd *15% of bonus*	48,961 boepd	13.5%
Financial Liquidity: Unrestricted Cash and Available but Undrawn Debt Facilities ($ million)	20%	150 *Zero payout*	200 *10% of bonus*	250 *20% of bonus*	500	20%
Reduction in Carbon intensity Sustainability Rating vs peer group	10%	Top 50% *Zero payout*	Top 25% *5% of bonus*	Top 15% *10% of bonus*	*Sustainalytics ranked Energean 16th out of 114, being at the top 15% of the companies.*	10%
Culture & Organisation	5%				*See Footnote[78]*	5%
					Total	**84.75%**

	Total bonus payable	Total bonus payable £'000 and % of annual salary

[77] Project progress is calculated as the FPSO progress as well as the onshore and well development work

[78] Culture & Organisation objectives – awarded the full 5% of the bonus for 2020 in recognition of the substantial advance in key aspects of the Company culture during the year. Particular achievements taken into included: (a) high levels of staff retention (98.2%), (b) the intranet "go live" being completed, (c) 360 assessments being carried out for senior management and (d) an all staff engagement survey being rolled out at the end of the year. In light of these significant achievements, the Remuneration Committee agreed a full pay-out against these culture & organisational objectives.

	% of maximum	
Mathios Rigas	84.75%	£858,093 (127.125% of salary)
Panos Benos	84.75%	£572,062 (127.125% of salary)

The Remuneration Committee considered this bonus outcome in light of the Group's overall financial and operational performance during 2020 and was satisfied that it was appropriate and that no discretionary adjustment to the outcome was required.

LTIP AWARDS during the financial year

An award was granted under the LTIP to selected senior executives, including the Executive Directors, in March 2020. This award is subject to the performance conditions described below and will vest in March 2023 with a subsequent two-year holding period for any vested shares to March 2025. The Committee considered the share price at the time of grant, recognising the need to mitigate the risk of windfall gains. The Committee also noted that 30% of the award was based on an absolute TSR measure assessed from the start of 2020 with a highly challenging base point based on the average share price in Q4 2019. On balance, the Committee decided that the award level was reasonable, and therefore did not make any adjustments to the calculation basis.

	Type of award	Date of grant	Maximum number of shares[79]	Face value (£)	Face value (% of salary)	Threshold vesting	End of performance period
Mathios Rigas	Conditional share award	26 March 2020	325,615	£1,350,000	200%	25% of award	31 December 2022
Panos Benos		26 March 2020	217,077	£900,000	200%		

Vesting of the awards is subject to satisfaction of the following performance conditions. Vesting is calculated on a straight-line basis for performance between the threshold and maximum performance targets. Any LTIP vesting is at the discretion of the Remuneration Committee. They will consider the vesting level at the end of the performance period to ensure the final outcome is appropriate and reasonable, being particularly mindful of windfall gains.

Performance measure	Proportion of award determined by measure	Threshold Performance	Maximum performance
Relative Total Shareholder Return over three-year performance period[80]	50%	Median ranking *12.5% of award*	Upper quartile ranking *50% of award*
Absolute Total Shareholder Return over three-year performance period	30%	8% p.a. *7.5% of award*	12% p.a. *30% of award*
Average Scope 1 CO2 emissions (kgCO2 / boe) over 3 Financial Years	20%	18 *0% of award*	6 *20% of award*

[79] The maximum number of shares that could be awarded has been calculated using the share price of £4.146 (average closing share price for the five dealing days prior to grant) and excludes any additional shares that may be awarded in relation to dividends accruing during the vesting and holding periods
[80] Comparator group comprises Cairn Energy, Enquest, Genel Energy, Gulf Keystone Petroleum, Hurricane, Kosmos Energy, Nostrum Oil & Gas, Pharos Energy, Harbour Energy Ratio, Rockhopper Exploration, Seplat Petroleum, Tamar Petroleum and Tullow Oil

LOSS OF OFFICE PAYMENTS/ PAYMENTSTO FORMER DIRECTORS

There have been no payments to former Directors or payments to Directors for loss of office during 2020.

Statement of Directors' shareholding and share interests

Executive Directors are expected to achieve a holding of shares worth 200% of salary. The Remuneration Committee reviews ongoing individual performance against this shareholding requirement at the end of each financial year. Both Executive Directors currently exceed their minimum guideline. The number of shares held by Directors as at 31 December 2020 is set out below:

		Number of shares as at 31 December 2020			
	Shares owned outright	Interests in share incentive schemes, subject to performance conditions	Interests in share incentive schemes, subject to employment	Percentage of Issue Share Capital (minus LTIP and DBP shares)	Share ownership guidelines met?[81]
Director		**LTIP[82]**	**DBP[83]**		
Mathios Rigas	19,807,000	755,828	67,253	11.19	Yes
Panos Benos	4,118,999	492,064	44,835	2.33	Yes
Karen Simon	186,572	–			n/a
Andrew Bartlett	5,554	–			n/a
David Bonano	0[84]	–			n/a
Robert William Peck	6,755	–			n/a
Ohad Marani	2,690[85]	–			n/a
Efstathios Topouzoglou	17,433,314	–			n/a
Amy Lashinsky	1,507	-			n/a
Kimberley Wood	0	-			n/a
Andreas Persianis	0	-			n/a

Between 31 December 2020 and 16 April 2021, Karen Simon purchased 11,500 shares.

UNAUDITED INFORMATION

The information provided in this section of the Remuneration Report is not subject to audit.

Performance graph and CEO remuneration table

The chart below compares the Total Shareholder Return performance of the Company over the period from Admission to 31 December 2020 to the performance of the FTSE All-Share Oil & Gas Producers Index. This index has been chosen because it is a recognised equity market index of which the Company is a member. The base point in the chart for the Company equates to the Offer Price of £4.55 per share.

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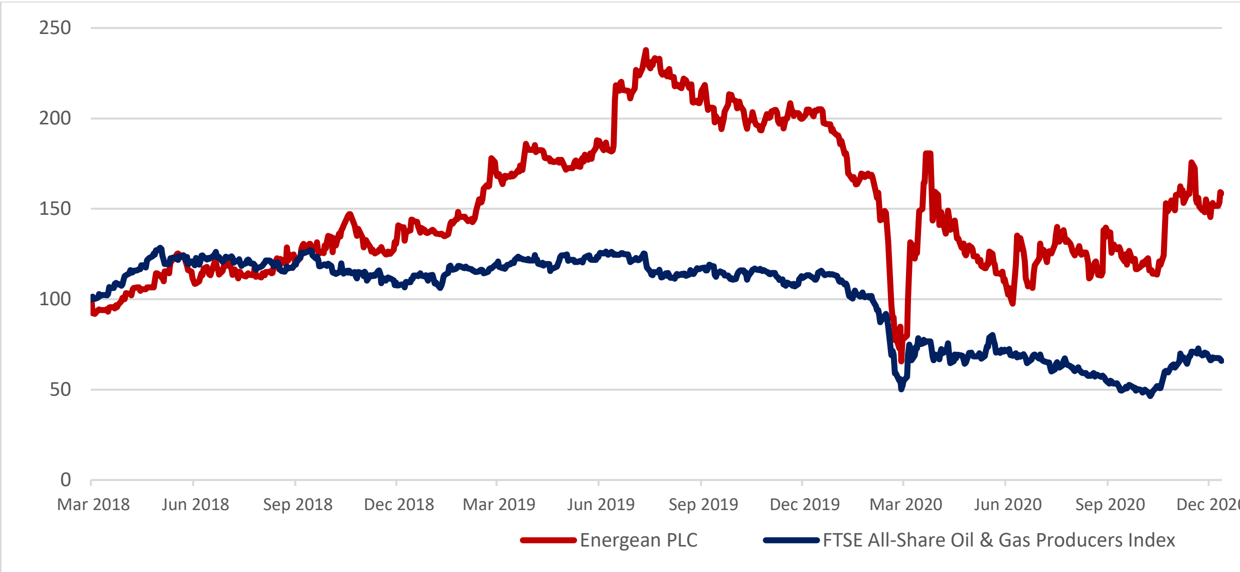
[81] For the purpose of redetermining the value of Executive Director Shareholders, the individual's current annual salary and the share price as at 31 December 2020 has been used (£7.21 per share)
[82] This relates to shares awarded under the LTIP in July 2018, March 2019 and March 2020
[83] This relates to shares awarded under the DBP in March 2019 and 2020 in relation to the 2018 and 2019 annual bonus
[84] Number of shares at date of retirement from Board
[85] Number of shares at date of retirement from Board



The table below summarises the CEO single figure for total remuneration, annual bonus pay-outs and long-term incentive vesting levels as a percentage of maximum opportunity over this period.

	2020	2019	2018
CEO single figure of remuneration £'000	£1,608k	£1,134k	£1,581k
Annual bonus pay-out (as a % of maximum opportunity)	84.8%	37.9%	82.1%
LTIP vesting out-turn (as a % of maximum opportunity)	n/a (no award vested in 2020)	n/a (no award vested in 2019)	n/a (no award vested in 2018)

PERCENTAGE CHANGE IN REMUNERATION OF THE BOARD OF DIRECTORS

The chart below shows the percentage change in annual salary, benefits and bonus for each Executive and Non-Executive Director compared with the average for all Company employees between 2019 and 2020.

	Salary change (2019 to 2020)	Benefits change (2019 to 2020)	Annual bonus change (2019 to 2020)
Average for all employees[86]	6.2%	(8.70%)	12.49%

[86] Average employee pay has been calculated on a full-time equivalent basis based on all employees of Energean plc.

Executive Directors			
Mathios Rigas	0%	0 %	+124%
Panos Benos	0%	0%	+124%
Non-Executive Directors			
Karen Simon	150%	0%	0%
Andrew Bartlett	0%	0%	0%
David Bonano	0%	0%	0%
Robert William Peck	0%	0%	0%
Ohad Marani	0%	0%	0%
Stathis Topouzoglou	0%	0%	0%
Amy Lashinsky	0%	0%	0%
Kimberley Wood	0%	0%	0%
Andreas Persianis	0%	0%	0%

Since Energean plc only has 14 UK employees, it is exempt from the legislative requirement to disclose a ratio between the remuneration of the CEO and UK employees. However, the Committee continues to monitor the approach to remuneration that applies to the wider workforce. Further detail on the Committee's approach to the wider workforce is set out in the wider workforce section on page 151-52.

Relative importance of the spend on pay

The chart below illustrates the total expenditure on remuneration in 2019 and 2020 for all of the Company's employees compared to dividends payable to shareholders.

	2020 £m	2019 £m	Change
Total expenditure on remuneration	27.3	27.4	-0.4 %
Dividends payable to shareholders	nil	nil	-

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration & Talent Committee is chaired by Kimberley Wood (appointed on 26 July 2020). During the year, the Committee also comprised Andrew Bartlett, Karen Simon and Ohad Marani (stepped down on 26 July 2020). Details of their attendance is set out on page 104.

The Committee met 5 times during 2020. Other attendees present at these meetings by invitation were the Company Chair, the CEO, the CFO, the Head of HR and the Company Secretary. No individual was in attendance when their own remuneration was being determined.

The Committee is mindful of the UK Corporate Governance Code and considers that it appropriately addresses the following principles set out in the Code:

Clarity	This Remuneration Report provides open and transparent disclosure of our executive remuneration arrangements for our internal and external stakeholders. In terms of engagement with the wider workforce, Energean has appointed Robert Peck as the employee representative on the Board. As part of this role, Robert will ensure that the "employee voice" will be heard at the Board and will engage with employees to obtain their views on decisions to be taken by the Board.
Simplicity and alignment to culture	Variable remuneration arrangements for our executives are straightforward with individuals eligible for an annual bonus and, at more senior levels, a single long-term incentive plan. Performance measures used in these plans are aligned with delivery of Group KPIs, key strategic Group objectives and long-term sustainable value creation. They are also aligned with our commitment to adopt a responsible, sustainable business model.
Predictability	Our executive remuneration arrangements contain maximum opportunity levels for each component of remuneration with variable incentive outcomes varying depending on the level of performance achieved against specific measures. The charts on page 137 within our Remuneration Policy provide estimates of the potential total reward opportunity for the Executive Directors under our current Remuneration Policy.
Proportionality and risk	Our variable remuneration arrangements are designed to provide a fair and proportionate link between Group performance and reward. In particular, partial deferral of the annual bonus into shares, five-year release periods for LTIP awards and stretching shareholding requirements that apply during and post-employment provide a clear link to the ongoing performance of the Group and therefore long-term alignment with stakeholders. We are also satisfied that the variable pay structures do not encourage inappropriate risk-taking. Notwithstanding this, the Remuneration Committee retains an overriding discretion that allows it to adjust formulaic annual bonus and / or LTIP outcomes so as to guard against disproportionate outturns. Malus and clawback provisions also apply to both the annual bonus and LTIP and can be triggered in circumstances outlined in the Remuneration Policy.

The Remuneration & Talent Committee is responsible for determining the Company Chair's fee and all aspects of Executive Director remuneration as well as the determination of other senior management's remuneration. The Remuneration & Talent Committee also oversees the operation of all share plans. Full terms of reference of the Remuneration Committee are available on our website at www.energean.com.

During the year, the Committee received independent and objective advice from Deloitte LLP principally on market practice and incentive design for which Deloitte LLP was paid £31,810 in fees (charged on a time plus expenses basis). Deloitte LLP is a founding member of the Remuneration Consultants Group and as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. Deloitte LLP has also provided advice to the Company in relation to technology consulting, tax, direct and indirect tax compliance services, payroll services, financial models and transaction support services in connection with the acquisition of Edison E&P.

WORKFORCE REMUNERATION AND ENGAGEMENT

The Committee considered the remuneration of the wider workforce when developing the new Remuneration Policy in 2020/21. This review led to an adjustment to pensions. The designated NED responsible for ensuring the “employee voice” is heard at the Board is Robert Peck, Robert also attends meetings of the Committee. During 2021/22, Robert will continue to attend meetings and the Committee members will take part in staff events such as town halls meetings and meet with staff in person when COVID-19 restrictions allow for such meetings to take place.

Shareholder voting on Remuneration resolutions

	Votes for	Votes against	Votes withheld
Approval of the Directors’ Remuneration Policy 2019 AGM	112,599,416 (95%)	5,950,051 (5%)	00
Approval of the Annual Report on Remuneration 2020 AGM	134,174,655(95%)	6,796,582(5%)	00

External board appointments

Executive Directors are not normally entitled to accept a Non-Executive Director appointment outside the Company without the prior approval of the Board. Neither of the current Executive Directors currently holds any such appointment.

By order of the Board.

Kimberley Wood

Chair of the Remuneration & Talent Committee

18 April 2021

Group Directors' Report

The Directors are pleased to present their Annual Group Report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2020. The Corporate Governance Statement set out on pages 96-152 forms part of this report.

Details of significant events since the balance sheet date are contained in note 29 to the financial statements on page 252. An indication of likely future developments in the business of the Company and its subsidiaries are included in the strategic report.

Details of the Company's engagement with suppliers and customers and other key stakeholders is covered in the section 172 (1) statement on pages 100-103. The principal risks are detailed on pages 77-93

Results and Dividends

The Group's financial results for the year ended 31 December 2020 are set out in the consolidated financial statements.

No dividends have been paid in respect of the year 2020 (2019: nil); and the Directors will not recommend to shareholders that a dividend be paid at the 2021 AGM.

Capital structure

Details of the issued share capital are shown in note 3.24 to the financial statements. As at 31 December 2020, the Company's issued share capital consisted of 177,089,406 ordinary shares of £0.01 each. The Company has only one class of share, which carries no right to fixed income. Each share carries the right to one vote at General Meetings of the Company. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Company's Articles of Association (the "Articles") and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Details of employee share plans are outlined in note 25 to the financial statements on page 240.

Directors' appointments and powers

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act and related legislation. The powers of directors are described in the Articles and the Schedule of Matters Reserved for the Board, copies of which are available on request.

Directors' authority over shares

The authority to issue shares in the Company may only be granted by the Company's shareholders and, once granted, such authority can be exercised by the Directors. At the 2020 AGM, shareholders approved a resolution for the Company to make purchases of its own shares to a maximum of 10% of its issued Ordinary shares. This resolution remains in force until the conclusion of the AGM in 2021. As at 18 April 2021, the Directors had not exercised this authority. The Directors are proposing to renew this authority at the 2021 AGM.

There are a number of agreements entered into by members of the Group that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts and bank loan and other financing agreements. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that arises in relation to a takeover.

Directors' Details

The biographical details and appointments of the Directors are set out on pages 96-100. All of the Directors will offer themselves for re-election at the AGM in May 2021.

The Directors during the year were:

- Karen Simon (Non-Executive Chairman)
- Mathios Rigas (Chief Executive Officer)
- Panos Benos (Chief Financial Officer)
- Andrew Bartlett (Senior Independent Non-Executive Director)
- Robert Peck (Independent Non-Executive Director)
- Efstathios Topouzoglou (Non-Executive Director)
- Andreas Persianis (Independent Non-Executive Director) -– appointed 26 July 2020
- Kimberly Wood (Independent Non-Executive Director) – appointed 26 July 2020
- Amy Lashinsky (Independent Non-Executive Director)
- Ohad Marani (Independent Non-Executive Director – resigned 26 July 2020)
- David Bonano (Non-Executive Director – resigned 26 July 2020).

Articles of Association

The Company's Articles may only be changed by special resolution at a General Meeting of shareholders. The Articles contain provisions regarding the appointment, retirement and removal of Directors. A Director may be appointed by an ordinary resolution of shareholders in a General Meeting following nomination by the Board (or member(s) entitled to vote at such a meeting). The Directors may appoint a Director during any year; however, the individual must stand for re-election by shareholders at the next AGM.

Directors' indemnities

Under the Articles, the Directors may be indemnified out of the assets of the Company against certain liabilities which may be incurred in relation to the affairs of the Company or in relation to the duties, powers and office of each Director. These indemnity provisions for the benefit of the Directors were implemented upon incorporation of the Company on 8 May 2017 and remain in force at the date of this report.

Political contributions

No political donations were made during the year (2019: nil)

Substantial shareholdings

The Company has been notified in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules (or otherwise) of the following holdings in the Company's issued share capital

Shareholder	Number of Shares	Number of Voting Rights	% of Issued Share Capital
Growthy Holdings Co. Limited	18,948,260	18,948,260	10.698
Third Point Hellenic Recovery Fund L.P.	16,889,566	16,889,566	9.54
Standard Life Aberdeen plc affiliated investment management entities	15,951,947	15,951,947 (indirect)	9.01
Oilco Investments Limited	16,016,734	16,016,734	9.04
Clal Insurance Company Limited	12,053,928	283,577 (direct)	7.68
		13,315,426(indirect)	
Pelham Capital Limited	7,353,314	7353314 (Direct)	4.16

Annual General Meeting (AGM)

The Company's AGM will be held in London in May 2021. Formal notice of the AGM will be issued separately from this Annual Report and Accounts.

Registrars

The Company's share registrar in respect of its ordinary shares traded on the London Stock Exchange is Computershare Investor Services PLC, full details of which can be found in the Company Information section on page 274.

Greenhouse gas (GHG) emissions reporting

Details of the Group's emissions are contained in the Corporate Social Responsibility report on page 55-60.

Directors' statement of disclosure of information to auditor

Each of the Directors in office at the date of the approval of this report has confirmed that, so far as such Director is aware, there is no relevant audit information (as defined in Section 418 of the Companies Act 2006) of which the Company's auditor is unaware; and such Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Going Concern

In assessing the appropriateness of the going concern assumption over the period from 1 January 2021 to 30 April 2022 (the 'going concern period'), management have stress tested the Company's most recent financial projections to incorporate a range of potential future outcomes by considering Energean's principal risks, including further potential delays on key projects and adverse changes in oil and gas prices as compared to those included in the cash flow forecasts. The results of management's assessment were reviewed by the Audit and Risk Committee and the Board of Directors. Further details in respect of the going concern assessment is provided in note 2 to the consolidated financial statements.

This assessment confirmed that the Company has adequate cash and undrawn credit facilities to enable it to meet its obligations as they fall due in order to continue its operations throughout the going concern period. Therefore, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Post year-end events and future events

Material post year-end events are disclosed in note 29 on page 252 to the Financial Statements. Future developments of the Group are set out in the Strategic Report on pages 17-40.

Overseas branches and subsidiaries

Details of subsidiaries of the Group are set out in note 30 on pages 252-253 to the Financial Statements.

Independent auditor

Having reviewed the independence and effectiveness of the auditor, the Audit & Risk Committee has recommended to the Board that the existing auditor, Ernst & Young LLP ("EY"), be reappointed. EY has expressed its willingness to continue in office as auditor. An ordinary resolution to reappoint EY as auditor of the Company will be proposed at the forthcoming AGM.

Requirements of the Listing Rules

The following table provides references to where the information required by Listing Rule 9.8.4R is disclosed.

Listing Rule requirement	Listing Rule Reference	Section
Capitalisation of interest	LR 9.8.4R (1)	Note 10/page 217
Publication of unaudited financial information	LR 9.8.4R (2)	Not applicable
Long-term incentive schemes	LR 9.8.4R (4)	Directors' remuneration report/ pages 143-144 and Note 25, page 240 of the financial statements
Director emoluments	LR 9.8.4R (5), (6)	No such waivers.
Allotment of equity securities	LR 9.8.4R (7), (8)	No such share allotments
Listed shares of a subsidiary	LR 9.8.4R (9)	Not applicable
Significant contracts with Directors and controlling shareholders	LR 9.8.4R (10), (11)	Directors' report/ pages 153-154
Dividend waiver	LR 9.8.4R (12), (13)	Not applicable
Board statement in respect of relationship agreement with the controlling shareholder	LR 9.8.4R (14)	Not applicable

This Directors' Report was approved by the Board and signed on its behalf by the Company Secretary on 18 April 2021.

By order of the Board

Russell Poynter

Company Secretary

18 April 2021

Company number: 10758801, 44 Baker Street, London W1U 7AL

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the group financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare financial statements for each financial year.

Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the Companies Act 2006 and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, group financial statements are required to be prepared in accordance with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. Under company law the directors must not approve the group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs (or in respect of the parent company financial statements, FRS 101)is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance
- In respect of the group financial statements, state whether IFRSs in conformity with the Companies Act 2006 and IFRSs adopted pursuant to Regulation(EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- In respect of the parent company financial statements, state whether applicable UK Accounting standards including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report:

The directors confirm, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with IFRSs in conformity with the Companies Act 2006 and IFRSs adopted pursuant to Regulation(EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole
- That the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- That they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

Mathios Rigas	Panos Benos
Director	**Director**
18 April 2021	18 April 2021

Financial Statements

Independent Auditor's Report to the Members of Energean plc

Opinion

In our opinion:

- Energean plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- The group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Energean plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise:

Group	**Parent company**
Consolidated balance sheet as at 31 December 2020	Balance sheet as at 31 December 2020
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 16 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	

Related notes 1 to 31 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- In conjunction with our walkthrough of the group's financial close process, we confirmed our understanding of management's going concern assessment process which included the preparation of a base case cash flow model covering the period 1 January 2021 to 30 April 2022, a reasonable worst case scenario and a reverse stress test.
- We obtained management's going concern assessment, including the cash flow forecast models for each of the scenarios noted above and the related covenant calculations. We noted that management has modelled a number of alternative adverse scenarios in order to incorporate potential unexpected changes to the key assumptions in order to evaluate the impact on the projected liquidity of the group and its compliance with its loan covenants over the going concern period.
- We assessed the reasonableness of the key assumptions included in the base case and reasonable worst case cash flow models which included evaluating how the impacts of Covid-19 on oil prices and the timing of first gas from the Karish development in Israel had been reflected in each of these scenarios. Our evaluation of the key assumptions within the models included comparing oil and gas price forecasts to external data, verifying reserves and production estimates to Competent Person Reports (CPRs), evaluating the expected receipts from EGPC, assessing the progress of the Karish development against the plan including payments for delayed first gas and checking consistency of forecast operating costs and

capital expenditures against approved budgets. We obtained the latest oil and gas (including PSV) price forecasts and the latest CPR reports to confirm no contra evidence that would indicate management's assumptions used were not appropriate.

- We tested the integrity of the models used to calculate the forecast cash flows and the related covenant calculations and, where relevant assessed consistency with information relevant to other areas of our audit.
- We verified the starting cash position and the available financing facilities reflected in the models, including the proceeds from the March 2021 bond issuance held in an escrow account, to the audit work we have performed including the nature of the facilities, their repayment terms and the covenants attaching to each facility, where applicable.
- We confirmed the bond proceeds directly with the appointed Escrow Agent together with the conditions attached to the release of the escrow funds. We assessed the Board's assertion that the probability of the escrow release conditions not being satisfied is remote.
- We evaluated the appropriateness of management's reverse stress test and assessed the likelihood of such conditions arising that would lead to the group utilising all liquidity or breaching one or more financial covenants during the going concern period.
- We reviewed the group's going concern disclosures included in the financial statements in order to assess whether the disclosures were appropriate and accurately reflected the outcome of the group's assessment process.

In line with the Group's plans to implement new financing for the Karish development as it approaches first gas, in March 2021 the group raised $2.5 billion in secured borrowings. The proceeds from the bond issuance will be released from an escrow account upon the receipt of standard regulatory approvals, registration of certain pledges and execution of relevant legal documentation. Upon release, we noted that the cash will be utilised to repay the project financing in Israel and the term loan drawn down to purchase the minority interest in Energean Israel while also providing significant additional funds for general corporate purposes.

We further observed that the group's flagship Karish development project is currently on track to deliver first gas by the first quarter of 2022 and the development costs in the cash flow forecast model were found to be consistent with those we are aware of from our underlying audit work. We determined that management's forecast oil and gas prices used for the purposes of their base case assessment are within the ranges suggested by available market forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for the period through to 30 April 2022.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of five components and audit procedures on specific balances for a further seven components • The components where we performed full or specific audit procedures accounted for 84% of the group's loss before tax, 98% of revenue and 98% of total assets
Key audit matters	• Recoverability of oil and gas assets, including estimation of oil and gas reserve volumes • Accounting for the acquisition of Edison E&P • Karish / Tanin development project spend
Materiality	• Overall group materiality was $20.0 million which represents 0.5% of Total Assets, adjusted to remove the amount of goodwill relating to the group's additional investment in Energean Israel Limited

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the twenty (2019: eight) reporting components of the Group, we selected twelve (2019: seven) components covering entities within Israel, Italy, Greece, Egypt, Cyprus, Croatia and the United Kingdom, which represent the principal business units within the Group.

Of the twelve components selected, we performed an audit of the complete financial information of five (2019: three) components ("full scope components") which were selected based on their size or risk characteristics. For the remaining seven (2019: four) components ("specific scope components"), we performed audit procedures on specific accounts within each component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. For Energean Montenegro Limited, specified procedures were defined by the primary team in respect of Intangible assets accounts.

The table below illustrates the coverage obtained from the work performed by our audit teams.

Reporting components

	Number	% of Group Revenue	% of Group Total Assets	% of Group Loss before tax [3]
Full scope	5	98%	95%	84%
Specific scope [1]	7	0%	3%	-
Specified procedures	1	0%	0.2%	-
Full, specific and specified procedures coverage	**13**			
Remaining components [2]	7	<2%	<2%	16%
Total reporting components	**20**	**100%**	**100%**	**100%**

[1] The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the group. The procedures were performed directly by the primary audit team.

[2] Of the remaining seven (2019: one) components we performed other procedures including the following to respond to any potential risks of material misstatement of the consolidated financial statements:

- Analytical review procedures on a legal entity basis;
- Tested consolidation journals and intercompany eliminations and reperformed foreign currency translations;
- Made inquiries of management about unusual transactions in these components; and
- Reviewed minutes of Board meetings held throughout the period.

[3] The contribution of specific and specified procedure components to Group Loss before tax is included within 'remaining components' as audit procedures were performed on certain, but not all, significant accounts of the specific and specified procedures components contributing to Group Loss before tax.

Changes from the prior year

The primary reason for the changes in components scoped in to our audit is the acquisition of the Edison E&P business, contributing eleven additional components, including two being designated as full scope components and five as specific scope components.

The remaining change (one specific scope component) was due to a newly established entity within the existing group.

The scope designation for Energean Montenegro Limited was changed from specific to specified procedures.

Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the five full scope components, audit procedures were performed on three of these directly by the primary audit team in London. For two full scope components where the work was performed by EY component teams based in Athens and Tel-Aviv, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the group as a whole.

The primary audit team interacted regularly with the EY component teams during each stage of the audit, were responsible for the scope and direction of the audit process and reviewed key working papers prepared by the component teams.

The primary audit team followed a programme of planned virtual site visits that was designed to ensure that the primary audit team members visited the full scope component teams during the current year's audit cycle. Due to the travel restrictions as a result of the Covid-19 pandemic, it was not practicable to travel to Athens and Tel Aviv in the current environment. As a result, we requested those component auditors to provide us with access to key audit workpapers to perform our workpaper reviews through the interactive capability of EY Canvas, our global audit workflow tool, or through share-screen functionality, subject to local law and regulations. In addition, due to the inability to arrange in-person meetings with such component auditors, we increased the use of alternative methods of communication with them, including through written instructions, exchange of emails and virtual meetings. The primary team held virtual closing meetings with local management in order to discuss the audit issues arising from the local audit process. The findings reported to the primary audit team were discussed in more detail with component auditors and any further work required by the primary audit team was then performed by the component auditors.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of oil and gas assets, including estimation of oil and gas reserve volumes	
Key audit matter description	Tangible oil and gas assets: $3,054 million (2019: $1,884 million) *Refer to the Audit and Risk Committee Report (page 114); Accounting policies (pages 186 - 206); and Notes 3.6, 3.8, 3.11, 4.2, and 13 of the Consolidated Financial Statements* This refers to the risk that capitalised costs associated to tangible oil and gas assets may be recorded at a level that exceeds the future recoverable amounts. Within the Energean group, we consider this risk to exist for the established assets in Greece (Prinos, Prinos North, Epsilon) and the development assets in Israel (Karish and Tanin). For the oil and gas assets acquired through the Edison E&P acquisition, reference is made to the separate key audit matter below. Where indicators of impairment exist, management determines the recoverable amount of the asset or cash generating unit (CGU) by preparing discounted cash flow models to estimate the value-in use. We have focused on this area because the models include a number of management estimates and judgements including reserve and resource volume estimates, future oil and gas prices, discount rates, production forecasts and operating and capital expenditures. Changes to one or more of these key inputs could lead to a potential impairment, change the amount of impairment recognised or result in a reversal of a previously recognised impairment.
Our response to the risk	We assessed management's approach to identifying indicators of impairment through the year. During the first half of 2020 management identified impairment indicators for the Greece CGU (which constitutes the Prinos, Prinos North and Epsilon fields) and accordingly performed an impairment test which resulted in the recognition of an impairment charge of $63 million. We validated internal or external factors that may lead to impairment triggers and no impairment indicators were identified for the development assets in Israel.

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In relation to the Greece CGU we tested the methodology applied in the value-in-use calculation relative to the requirements of International Accounting Standard 36: Impairment of Assets and validated the mathematical accuracy of management’s cash flow forecasts.
We tested the reasonableness of the forecast of future cash flows by considering evidence available to support assumptions and the reliability of past forecasts.
For the Greece CGU that management tested for impairment, we focused on the following key assumptions used in the impairment model:

Future oil price estimates
Reserves and resources
Forecast production
Discount rate used in the life-of-field cash flow model

Our audit work on the impairment test for the Greece CGU comprised the following key procedures:

With the assistance of EY’s valuations specialists, we evaluated the price and discount rate assumptions used by management, which included benchmarking against industry peers;
We obtained and reviewed the most recent third party reserves and resources reports and compared them with management’s impairment analysis for completeness and consistency;
We assessed the qualifications of management’s specialist (NSAI) that was used for the reserves and resources estimates; and
We performed testing to determine the sensitivity of the impairment model to changes in key assumptions.

We also performed the following procedures as part of our overall impairment work:

Evaluated internal or external factors that may lead to further impairment triggers or suggest reversal of impairment subsequent to the date the impairment of the Greece CGU was recognised. This included obtaining the updated December 2020 third party reserves and resources reports prepared by management’s specialist and comparing these to the reports used in the aforementioned impairment test; and
Verified that all required disclosures in relation to the impairment assessment and related estimates are included in the consolidated financial statements.

The audit procedures to address this risk were performed by the primary team and the Greek and Israeli component teams.
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<tr><td>Key observations communicated to the Audit and Risk Committee</td><td>
We reported to the Audit and Risk Committee that:

We consider management’s estimates used in the impairment test performed for the Greece CGU to be reasonable, with assumptions used being within an acceptable range. Based on our audit procedures, including relevant sensitivities performed, we concur with the amount of impairment recognised during the year.
Management’s disclosures in the financial statements accurately reflect the key judgements and estimates made in determining the $63 million impairment recognised.

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Accounting for the acquisition of Edison E&P	
Key audit matter description	*Refer to the Audit and Risk Committee Report (page 114); Accounting policies (pages 186 - 206); and Notes 2.3, 3.2, 4.1, 4.2 and 6 of the Consolidated Financial Statements* As more fully described in Note 6 to the consolidated financial statements, on 17 December 2020 Energean completed the acquisition of the Edison's E&P business for an aggregate net cash consideration of $203.2million, and contingent consideration estimated at $55.2 million. The acquisition was accounted for under the acquisition method of accounting which resulted in a fair value of $721.9 million being attributed to tangible and intangible oil and gas assets and goodwill of $25.3 million. Additionally, liabilities of $1.1 billion were recognised of which $809 million related to decommissioning provisions in Italy, the UK and Croatia. The accounting for business acquisitions can be highly complex in nature, with significant judgement required to determine the fair values of the assets and liabilities acquired. This transaction falls under the scope of *IFRS 3: Business Combinations* (IFRS 3) which requires significant management judgement in determining the fair value of the net assets acquired, including tangible and intangible oil and gas assets. Our key audit matter focuses on the valuation of assets acquired and the completeness of liabilities associated with the Edison E&P acquisition (the purchase price allocation).
Our response to the risk	Audit procedures on the purchase price allocation ("PPA") were performed by the primary audit team and included support provided by EY personnel in Italy and Egypt. We performed the following procedures in response to the key audit matter identified: • We performed a risk-based assessment on the accounts included in the opening balance sheet (as at 17 December 2020) for the acquired business to inform and direct the scope of our PPA work; • We engaged our valuation specialists to review the valuation reports prepared by management's specialist, including attending calls with the specialists to critically challenge the valuation methodology, key underlying assumptions and understand subsequent adjustments made to the model; • We evaluated the reasonableness of key underlying assumptions and estimates used in the valuation models such as quantity of the oil and gas reserves, production volumes, oil and gas prices, discount rates and capital and operating expenditures; • We assessed the estimates used by management in determining the values attributed to the decommissioning provisions through comparing them to third party reports for the operated fields and to operator data for non-operated fields and evaluated the appropriateness of the discount rates applied; • We evaluated and tested the integrity and mathematical accuracy of the valuation models; • We agreed the resulting goodwill to underlying calculations; and • Reviewed the disclosures in the financial statements. To test the fair value of the acquired identifiable oil and gas assets and contingent consideration, with the assistance of our valuation specialists, our audit procedures included, amongst others, assessing the competence, capabilities and objectivity of management's specialists, evaluating the prospective financial information used in the valuation models, testing the completeness and accuracy of underlying data and evaluating the group's use of valuation methodologies. Our procedures to evaluate the prospective financial information used in the valuation models included assessing the key assumptions discussed above through comparison to

	current industry, market and economic trends and forecasts (where available) and to historical results of the Edison E&P business. We also performed sensitivity analyses to evaluate the impact of changes in key assumptions to the valuation of the acquired identifiable oil and gas assets. We assessed the appropriateness of the disclosures in Note 6 to the consolidated financial statements.
Key observations communicated to the Audit and Risk Committee	We reported to the Audit and Risk Committee that: Based on the procedures performed, we are satisfied that the assumptions, methodologies and judgements applied to determine the fair values of the assets and liabilities acquired are reasonable. We are satisfied that the disclosures in Note 6 of the consolidated financial statements are appropriate and comply with IFRS 3.

Karish / Tanin development project spend	
Key audit matter description	*Karish / Tanin development costs incurred during the year ended 31 December 2020 and capitalised within Oil and Gas properties: $525 million (2019: $603 million)* *Refer to Accounting policies (pages 186 - 206); and Notes 3.5, 3.22 and 13 of the Consolidated Financial Statements* The Karish / Tanin development attained Final Investment Decision (FID) in March 2018 and consequently there has been significant project-related expenditure since this date. The main contractor is TechnipFMC through a lump sum EPCIC contract to deliver the FPSO and related subsea infrastructure. The Karish North development was approved by the Israeli Ministry of Energy in August 2020 and therefore its accumulated costs of $42 million were added to the development asset within the Israeli CGU. We focused on the risks of inappropriate capitalisation of costs in accordance with *IAS 16: Property, Plant and Equipment* (IAS 16) and the completeness of project cost accruals recorded as at 31 December 2020.
Our response to the risk	We performed audit procedures focused on capitalisation criteria and the completeness of accruals for the key elements of costs incurred for the Karish / Tanin (including Karish North) development. These procedures included: • Understanding the criteria used by management to assess whether costs should be capitalised or expensed; • Verifying that the capitalisation criteria were met for costs that we selected on a sample basis as part of our audit procedures relating to the project costs; • Reviewing the agreements with the major project contractors, including the agreements with TechnipFMC which accounted for approximately 53% of the development costs incurred in the year, to understand the nature of services to be provided and the associated milestones; • Obtaining a listing of project cost accruals at 31 December 2020, validating a sample of costs to supporting documents and comparing to the contractual milestones for the development project work; • Performing a search for unrecorded liabilities through reviewing invoices received and cash payments made after the balance sheet date. We compared these to the project

	costs accrued by management and assessed whether there were any material omissions. The audit procedures to address this risk were principally performed by the Israeli component team with oversight by the primary team.
Key observations communicated to the Audit and Risk Committee	We reported to the Audit and Risk Committee that: • The capitalisation of development costs for the Karish / Tanin project spend met the IAS 16 capitalisation criteria; and • The accruals recorded at year end are materially complete and appropriately reflect the cost of services provided by the project contractors.

Revenue recognition is a significant risk presumed by ISAs (UK). Consistent with the prior year it is not included above as, prior to the 17 December 2020 acquisition of the Edison E&P business which did not result in a material addition to reported revenues for the year, Energean's revenue streams have not changed significantly in 2020, are routine in nature and do not involve significant judgement or use of significant estimates. Consequently, the auditing of revenue recognition did not have a significant effect on our overall audit strategy, the allocation of resources in the audit or in directing the efforts of the engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be $20.0 million (2019: $12.2 million), which is 0.5% of total assets as at 31 December 2020, adjusted to remove the amount of goodwill related to the group's additional investment in Energean Israel Limited which occurred in a prior period. This goodwill was driven by the recognition of a deferred tax liability as part of the business combination accounting which we did not consider to be reflective of the underlying business activities. We believe that adjusted total assets provides us with a suitable basis for setting materiality for development stage oil and gas exploration and production companies, providing a reliable measure to assess the size of the group's operations.

We determined materiality for the parent company to be $5.6 million (2019: $5.6 million) which is 0.5% of total assets.

During the course of our audit, we reassessed initial materiality and no adjustment to materiality was made, therefore no additional testing was required due to an amendment in final materiality.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely $10.0 million (2019: $6.1 million). We have set performance materiality at this percentage based on our assessment of the likelihood of misstatements and our understanding of the group gained through our planning procedures.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $2.0 million to $3.5 million (2019: $1.2 million to $4.6 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of $1,000,000 (2019: $610,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

For the parent company, we agreed with the Audit and Risk Committee that we would report to them all uncorrected differences in excess of $280,000 (2019: $280,000), based on the same judgement made for the Group.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 2 to 158, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 155 to 156 ;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 94 to 95;
- Directors' statement on fair, balanced and understandable set out on page 109;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 76;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 71 to 75;
- The section describing the work of the Audit and Risk Committee set out on pages 113 to 118.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 157 to 158, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (IFRSs, Companies Act 2006, the UK Corporate Governance Code and Listing Rules of the UK Listing Authority) and the relevant tax compliance regulations in the jurisdictions in which the group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and laws and regulations relating to health and safety, employee matters, environmental and bribery and corruption practices.

- We understood how Energean plc is complying with those frameworks by making enquiries of management and with those responsible for legal and compliance procedures. Other procedures performed to address the risk of management override included evaluating the business rationale for significant unusual and one-off transactions, reviewing the minutes of the Board of Directors and Audit and Risk Committee, and including a level of unpredictability in our testing.

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, focussing on opportunities for management to reflect bias in key accounting estimates. We have reported our findings in our key audit matters section of our report. We also incorporated data analytics and manual journal entry testing into our audit approach.

- Based on this understanding we designed audit procedures to identify non-compliance with such laws and regulations identified in the paragraph above, including corroborating our enquiries through our review of Board minutes, papers provided to the Audit and Risk Committee and correspondence received from regulatory bodies, and noted that there was no contradictory evidence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

Following the recommendation from the Audit and Risk Committee, we were re-appointed by the company on 3 September 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the years ending 31 December 2017 to 31 December 2020 inclusive.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

Our audit opinion is consistent with our additional report to the Audit and Risk Committee explaining the results of our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Smyth (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
18 April 2021

Notes:

1. The maintenance and integrity of the Energean plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group Income Statement

YEAR ENDED 31 DECEMBER 2020

	Notes	2020 $'000	2019 $'000
Revenue	7	28,014	75,749
Cost of sales	8a	(48,416)	(65,552)
Gross (loss)/profit		**(20,402)**	**10,197**
Administrative expenses	8b	(15,136)	(13,305)
Selling and distribution expenses	8c	(147)	(345)
Exploration and evaluation expenses	8d	(4,424)	(801)
Impairment of property, plant and equipment	13	(65,299)	(71,115)
Other expenses	8e	(28,329)	(21,584)
Other income	8f	9,186	3,095
Operating loss		**(124,551)**	**(93,858)**
Finance income	10	493	2,496
Finance costs	10	(4,986)	(9,002)
Net foreign exchange gain/(losses)	10	15,445	(3,933)
Loss before tax		**(113,599)**	**(104,297)**
Taxation income	11	20,741	20,531
Loss for the year		**(92,858)**	**(83,766)**
Attributable to:			
Owners of the parent		(91,414)	(83,313)
Non-controlling interests		(1,444)	(453)
		(92,858)	**(83,766)**
Basic and diluted loss per share (cents per share)	12		
Basic		**($0.52)**	**($0.50)**
Diluted		**($0.52)**	**($0.50)**

Group Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2020

	2020 $'000	2019 $'000
Loss for the year	**(92,858)**	**(83,766)**
Other comprehensive profit/(loss):		
Items that may be reclassified subsequently to profit or loss		
Cash Flow Hedge	(7,483)	564
Income taxes of items that may be reclassified to profit or loss	1,721	(130)
Exchange difference on the translation of foreign operations, net of tax	19,222	(3,751)
	13,460	(3,317)
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit pension plan	(49)	(466)
Income taxes on items that will not be reclassified to profit or loss	12	117
	(37)	(349)
Other comprehensive profit/(loss) after tax	**13,423**	**(3,666)**
Total comprehensive loss for the year	**(79,435)**	**(87,432)**
Total comprehensive (loss attributable to:		
Owners of the parent	(76,262)	(87,109)
Non-controlling interests	(3,173)	(323)
	(79,435)	**(87,432)**

Group Statement of Financial Position

YEAR ENDED 31 DECEMBER 2020

	Notes	2020 $'000	2019 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	3,107,272	1,902,271
Intangible assets	14	275,816	147,676
Equity-accounted investments		4	-
Other receivables	18	31,568	4,076
Deferred tax asset	15	126,056	33,038
		3,540,716	**2,087,061**
Current assets			
Inventories	17	73,019	6,797
Trade and other receivables	18	318,339	59,892
Cash and cash equivalents	16	202,939	354,419
		594,297	421,108
Total assets		**4,135,013**	**2,508,169**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	19	2,367	2,367
Share premium	19	915,388	915,388
Merger reserve	19	139,903	139,903
Other reserve		1,792	5,862
Foreign currency translation reserve		(42)	(19,264)
Share-based payment reserve		13,419	10,094
Retained earnings		(144,734)	(53,320)
Equity attributable to equity holders of the parent		**928,093**	**1,001,030**
Non-controlling interests	20	266,299	259,722
Total equity		**1,194,392**	**1,260,752**
Non-current liabilities			
Borrowings	21	330,092	877,932
Deferred tax liabilities	15	68,609	73,381
Retirement benefit liability	22	7,839	4,265
Provisions	23	881,535	13,145
Other payables	24	177,193	72,401
		1,465,268	**1,041,124**
Current liabilities			

Trade and other payables	24	355,454	168,108
Current portion of borrowings	21	1,112,984	38,052
Derivative financial instruments	26	6,915	-
Provisions	23	-	133
		1,475,353	**206,293**
Total liabilities		**2,940,621**	**1,247,417**
Total equity and liabilities		**4,135,013**	**2,508,169**

Approved by the Board on 18 April 2021.

Matthaios Rigas **Panos Benos**

Chief Executive Officer Chief Financial Officer

Group Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2020

	Share capital $'000	Share premium[1] $'000	Other reserve[2] $'000	Share based payment reserve[3] $'000	Translation reserve[4] $'000	Retained earnings $'000	Merger reserves[5] $'000	Total $'000	Non-controlling interests $'000	Total $'000
At 1 January 2019	**2,066**	**658,805**	**5,907**	**6,617**	**(15,513)**	**29,993**	**139,903**	**827,778**	**260,045**	**1,087,823**
Loss for the period	-	-	-	-	-	(83,313)	-	(83,313)	(453)	(83,766)
Remeasurement of defined benefit pension plan	-	-	(349)	-	-	-	-	(349)	-	(349)
Hedges net of tax	-	-	304	-	-	-	-	304	130	434
Exchange difference on the translation of foreign operations	-	-	-	-	(3,751)	-	-	(3,751)	-	(3,751)
Total comprehensive income	-	-	(45)	-	(3,751)	(83,313)	-	(87,109)	(323)	(87,432)
Transactions with owners of the company										
Issuance of new shares (note 19)	297	264,785	-	-	-	-	-	265,082	-	265,082
Transaction cost in relation to new share issue (note 19)	-	(8,202)	-	-	-	-	-	(8,202)	-	(8,202)
Employee share schemes (note 25)	4	-	-	3,477	-	-	-	3,481	-	3,481
At 1 January 2020	**2,367**	**915,388**	**5,862**	**10,094**	**(19,264)**	**(53,320)**	**139,903**	**1,001,030**	**259,722**	**1,260,752**
Loss for the period	-	-	-	-	-	(91,414)	-	(91,414)	(1,444)	(92,858)
Remeasurement of defined benefit pension plan			(37)					(37)		(37)
Hedges, net of tax	-	-	(4,033)	-	-	-	-	(4,033)	(1,729)	(5,762)
Exchange difference on the translation of foreign operations	-	-	-	-	19,222	-	-	19,222	-	19,222
Total comprehensive income	-	-	(4,070)	-	19,222	(91,414)	-	(76,262)	(3,173)	(79,435)
Transactions with owners of the company										
Share capital increase in subsidiary	-	-	-	-	-	-	-	-	9,750	9,750
Employee share schemes (note 25)	-	-	-	3,325	-	-	-	3,325	-	3,325
At 31 December 2020	**2,367**	**915,388**	**1,792**	**13,419**	**(42)**	**(144,734)**	**139,903**	**928,093**	**266,299**	**1,194,392**

[1] The share premium account represents the total net proceeds on issue of the Company's shares in excess of their nominal value of £0.01 per share less amounts transferred to any other reserves.
[2] Other reserves are used to recognise remeasurement gain or loss on cash flow hedge and actuarial gain or loss from the defined benefit pension plan.
[3] The share-based payments reserve is used to recognise the value of equity-settled share-based payments granted to parties including employees and key management personnel, as part of their remuneration.
[4] The foreign currency translation reserve is used to record unrealised exchange differences arising from the translation of the financial statements of entities within the Group that have a functional currency other than US dollar.
[5] Refer to note 19

Group Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2020

		For the year ended 31 December	
		2020	**2019**
	Note	**$'000**	**$'000**
Operating activities			
Loss before taxation		**(113,599)**	**(104,297)**
Adjustments to reconcile loss before taxation to net cash provided by operating activities:			
Depreciation, depletion and amortisation	13, 14	24,125	39,054
Impairment loss on property, plant and equipment	13	65,299	71,115
Loss from the sale of property, plant and equipment	13	7,568	-
Impairment loss on intangible assets	14	2,936	-
Increase/(decrease) in provisions		(100)	730
Finance income	10	(493)	(2,496)
Finance costs	10	4,986	9,002
Other liabilities derecognised	8(f)	(4,094)	(1,270)
Share-based payment charge	25	3,325	2,751
Net foreign exchange (gain)/loss	10	(15,445)	3,933
Cash flow (used in)/from operations before working capital adjustments		(25,492)	18,522
Increase in inventories		1,944	2,929
Decrease/(increase) in trade and other receivables		24,936	(2,423)
Increase in trade and other payables		136	18,167
Cash flow from operations		**1,524**	**37,195**
Tax paid		(55)	(910)
Net cash inflow from operating activities		1,469	36,285

	Note	For the year ended 31 December 2020 $'000	2019 $'000
Investing activities			
Payment for purchase of property, plant and equipment	13	(403,968)	(897,153)
Payment for exploration and evaluation, and other intangible assets	14	(15,041)	(57,397)
Acquisition of a subsidiary, net of cash acquired	6	(203,204)	-
Proceeds from disposal of property, plant and equipment		1,879	-
Interest received		542	2,431
Net cash used in investing activities		(619,792)	(952,119)
Financing activities			
Proceeds from issue of share capital	19	-	265,082
Drawdown of borrowings	21	557,000	848,658
Repayment of borrowings		(38,040)	-
Proceeds from capital increases by non-controlling interests		9,750	-
Transaction costs in relation to new share issue	19	-	(8,202)
Advance payment from future sale of property, plant and equipment (INGL)	24	22,229	5,090
Repayment of obligations under leases		(6,645)	(1,024)
Debt arrangement fees paid		(11,563)	(8,557)
Finance cost paid for deferred license payments		(3,993)	(4,492)
Finance costs paid		(70,463)	(45,142)
Net cash inflow from financing activities		458,275	1,051,413
Net (decrease) / increase in cash and cash equivalents		(160,048)	135,579
Cash and cash equivalents:			
At beginning of the period		354,419	219,822

		For the year ended 31 December	
		2020	2019
	Note	$'000	$'000
Effect of exchange rate fluctuations on cash held		8,568	(982)
At end of the period	16	202,939	354,419

Notes to the Consolidated Financial Statements

1. Corporate Information

Energean plc (the 'Company') was incorporated in England & Wales on 8 May 2017 as a public company with limited liability, under the Companies Act 2006. Its registered office is at 44 Baker Street, London W1U 7AL, United Kingdom. The Company and all subsidiaries controlled by the Company, are together referred to as “the Group”.

The Group has been established with the objective of exploration, production and commercialisation of crude oil and natural gas in Greece, Israel, North Africa, UK and the wider Eastern Mediterranean. On 21st May 2020 the Company following shareholder approval at the Annual General Meeting of the Company, changed its name from Energean Oil & Gas plc to Energean plc.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 and IFRS adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union (EU). The consolidated financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) as applied to financial periods beginning on or after 1 January 2020.

The consolidated financial information is presented in US Dollars and all values are rounded to the nearest thousand dollars except where otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements.

The consolidated financial statements have been prepared on a going concern basis. The principal accounting policies adopted by the Group are set out below.

Going concern

The Group carefully manages its risk to a shortage of funds by monitoring its funding position and its liquidity risk. The going concern assessment covers for the period to 30 April 2022 ‘the Forecast Period’.

Cash forecasts are regularly produced based on, inter alia, the Group’s latest life of field production and budgeted expenditure forecasts, management’s best estimate of future commodity prices (based on recent published forward curves) and the Group’s borrowing facilities. The Base Case conservatively assumes first gas from Karish in April 2022, Brent at $60/bbl flat and PSV (Italian gas price) at an average of EUR16/MWH.

In addition, on a regular basis, the Group performs sensitivity tests of its liquidity position for negative impacts that may result from changes to the macro economic environment such as a fall in commodity price or increase in interest rate. The Group also looks at the impact of changes or deferral of key projects and/or portfolio rationalisation. This is done to identify risks to liquidity and covenant compliance and enable management to formulate appropriate and timely mitigation strategies in order to manage the risk of funding shortfalls or covenant breaches and to safeguard the Group's ability to continue as a going concern.

Specifically, the Group tested the following sensitivities:

(i) Reduction in Brent Price over the current Brent forward curve
(ii) Increase in LIBOR over the Forecast Period
(iii) decrease in projected collection of EGPC receivables over the Forecast Period
(iv) A reasonable worst case including a combination of lower Brent prices and reduced collection of EGPC receivables

The Group also ran a Breakeven analysis to stress test the combination of lower Brent price, lower PSV (Italian Gas Price) and reduced collection of EGPC receivables.

Should a more extreme downside scenario occur, appropriate mitigating actions that can be executed in the necessary timeframe could be taken such as a tightening of operating cost and reductions/postponement of other discretionary exploration and development expenditures. The Group's cash and cash equivalents at 31 December 2020 are $203million.

In terms of the Group's Borrowing Facilities, the following was considered in the context of the Group's liquidity and covenant compliance over the Forecast Period.

1. *Karish Field Development, Israel:*

Consistent with the Group's plans to implement new financing as the Karish development approaches first gas, in March 2021 Energean issued a $2.5 billion Bond to (i) refinance its $1.45 billion Project Finance Facility (ii) cancel and replace the $700m Term Loan which was drawn to fund the acquisition of Kerogen's minority interest in Energean Israel, (iii) fund future capital and exploration expenditure in Israel, including Karish and Karish North and (iv) for general corporate purposes of the Group. The gross proceeds from the Bond issuance will be released from an escrow account upon the receipt of standard regulatory approvals, the registration of certain pledges and execution of relevant legal documentation. While the approval and registration processes are not wholly within the Group's control, the Board considers the risk of these not being forthcoming to be remote and has therefore reflected the receipt of the bond proceeds for the purposes of the going concern assessment.

2. *Greek RBL:*

In March 2021, the Group agreed a waiver with its lenders under the EBRD reserve-based lending facility whereby there are no more Borrowing Base Redeterminations and the facility effectively converts to an amortising term loan with repayments weighted towards the second half of 2022 to 2024. Covenants under the Subordinated Loan Agreement are also waived until December 2022.

3. *Egypt RBL:*

The next redetermination under the Egypt RBL is due in June 2021. Given the conservative assumptions on Brent price set in 2020 during a material drop in oil prices due to COVID and the weaker economic environment we do expect any reduction in debt capacity or availability under the

Egypt RBL. All forecasted covenants are compliant under both base and reasonable worst case scenario.

In forming an assessment on the Group's ability to continue as a going concern and its review of the forecasted cashflow of the Group over the Forecast Period (from the date of approval of the consolidated financial statements) the Board has made significant judgements about:

- Reasonable sensitivities appropriate for the current status of the business and the wider macro environment; and
- the Group's ability to implement the mitigating actions if required within the Group's control, which would further safeguard the Group's liquidity and covenant compliance.

After careful consideration, the Directors are satisfied that the Group has sufficient financial resources to continue in operation for the foreseeable future, for a period of not less than 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

2.2 New and amended accounting standards and interpretations

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any further business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.
The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

New and amended standards and interpretations in issue but not yet effective for the 2020 year end

New standards and interpretations that are in issue but not yet effective are listed below:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (1 Jan 2023)
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use (1 Jan 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Cost of fulfilling a contract
- Annual improvements 2018-2020 (1 Jan 2022)
- Amendments to IFRS 17 Insurance Contracts (1 Jan 2023)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Interest rate benchmark reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFSR IFRS 4 and IFRS 16)"– (1 Jan 2021)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8) - (1 Jan 2023)
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021"

The adoption of the above standard and interpretations is not expected to lead to any changes to the Group's accounting policies or have any other material impact on the financial position or performance of the Group.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as detailed in Note 30. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount of the investor's returns

The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Profit or loss and each component of other comprehensive income (OCI) are attributed to owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

Transactions with non-controlling interests that do not result in loss of control of a subsidiary, are accounted for as transactions with the owners (i.e. as equity transactions). The difference between the fair value of any consideration and the resulting change in the non-controlling interests' share of the net assets of the subsidiary, is recorded in equity.

3. Summary of significant accounting policies

The principal accounting policies and measurement bases used in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented in the consolidated financial statements unless otherwise stated.

3.1 Functional and presentation currency and foreign currency translation

- **Functional and presentation currency**

Items included in the consolidated financial statements of the Company and its subsidiaries entities are measured using the currency of the primary economic environment in which each entity operates ("the functional currency").

The functional currency of the Company is US Dollars (US$). The US Dollar is the currency that mainly influences sales prices, revenue estimates and has a significant effect on its operations. The functional currencies of the Group's main subsidiaries are Euro for Edison E&P Spa, Edison International E&P Spa, Energean Oil & Gas S.A., and US$ for Energean Israel Limited, Energean International Limited and Energean Capital Limited.

- **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the retranslation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Such monetary assets and liabilities are translated at year end foreign exchange rates. Non-monetary items denominated in a foreign currency are translated at the exchange rates prevailing at the date of the transaction and are not subsequently remeasured.

- **Translation to presentation currency**

For the purpose of presenting consolidated financial statements information, the assets and liabilities of the Group are expressed in US$. The Company and its subsidiaries' assets and liabilities are translated using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates have fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in the Group's translation reserve. Such translation differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

3.2 Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognised in the consolidated statement of profit or loss as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified are accounted for in profit or loss. Contingent consideration classified as equity is not remeasured.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12, 'Income Taxes' and IAS 19, 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based payment at the acquisition date; and
- non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are measured at fair value less costs to sell.

If the initial accounting for a business combination is incomplete by the end of the reporting year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

The measurement period is the time from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one year.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3.3 Joint arrangements

A joint arrangement is one in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

- **Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group’s investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group’s share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group’s share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

- **Joint Operations**

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have the right to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Group recognises its share of:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly.

3.4 Exploration and evaluation expenditures

The Group adopts the successful efforts method of accounting for exploration and evaluation costs. Pre-licence costs are expensed in the period in which they are incurred. All licence acquisition, exploration and evaluation costs and directly attributable administration costs are initially capitalised as intangible assets by field or exploration area, as appropriate. All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the statement of profit or loss. When proved reserves of oil and gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties.

Farm-outs — in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the Group as a gain on disposal.

3.5 Oil and gas properties – assets in development

Expenditure is transferred from 'Exploration and evaluation assets' to 'Assets in development' which is a subcategory of 'Oil and gas properties' once the work completed to date supports the future development of the asset and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within 'Assets in development'. Development expenditure is net of proceeds from the sale of oil or gas produced during the development phase to the extent that it is considered integral to the development of the asset. Any costs incurred in testing the assets to determine whether they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss. When a development project moves into the production stage, all assets included in 'Assets in development' are then transferred to 'Producing assets' which is also a sub-category of 'Oil and gas properties'. The capitalisation of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to 'Oil and gas properties' asset additions, improvements or new developments.

3.6 Commercial reserves

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50 per cent statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50 per cent statistical probability that it will be less.

3.7 Depletion and amortisation

All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field-by-field basis or by a group of fields which are reliant on common infrastructure. Costs included in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to recover the commercial reserves remaining. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

3.8 Impairments of oil & gas properties

The group assesses assets or groups of assets, called cash-generating units (CGUs), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable; for example, changes in the group's assumptions about commodity prices, low field utilization, significant downward revisions of estimated reserves or increases in estimated future development expenditure or decommissioning costs. If any such indication of impairment exists, the group makes an estimate of the asset's or CGU's recoverable amount.

Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single CGU for impairment purposes. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the group and not applicable to entities in general.

In order to discount the future cash flows the Group calculates CGU-specific discount rates. The discount rates are based on an assessment of a relevant peer group's post tax Weighted Average Cost of Capital (WACC). The Group then adds any exploration risk premium which is implicit within a peer group's WACC and subsequently applies additional country risk premium for CGUs. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any amortisation that would have been charged since the impairment.

The reversal is limited such that the carrying amount of the asset exceeds neither its recoverable amount, nor the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

3.9 Other property, plant and equipment

Other property, plant and equipment comprise of plant machinery and installation, furniture and fixtures.

Initial recognition

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Depreciation

Depreciation of other property, plant and equipment is calculated on the straight-line method so as to write-off the cost amount of each asset to its residual value, over its estimated useful life. The useful life of each class is estimated as follows:

	Years
Property leases and leasehold improvements	3 - 10
Motor vehicles and other equipment	2 - 5
Plant and machinery	7 - 15
Furniture, fixtures and equipment	5 - 7

Depreciation of the assets in the course of construction commences when the assets are ready for their intended use, on the same basis as other assets of the same class.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Repairs, maintenance, and renovations

Expenditure for routine repairs and maintenance of property, plant and equipment is charged to the profit or loss in the year in which it is incurred. The cost of major improvements and renovations and other subsequent expenditure are included in the carrying amount of the asset when the recognition criteria of IAS 16 ‘Property, Plant and Equipment’ are met. Major improvements and renovations capitalised are depreciated over the remaining useful life of the related asset.

3.10 Other intangible assets

- **Computer software**

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses.

Costs associated with maintenance of computer software programs are recognised as an expense when incurred.

Computer software costs are amortised using the straight-line method over their useful live, of between three and five years, which commences when the computer software is available for use.

3.11 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its depreciable property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Impairment is assessed at the level of cash-generating units (CGUs) which, in accordance with IAS 36 ‘Impairment of Assets’, are identified as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from other assets. This is usually at the individual royalty, stream, oil and gas or working interest level for each property from which cash inflows are generated.

An impairment loss is recognised for the amount by which the asset’s carrying value exceeds its recoverable amount, which is the higher of fair value less costs of disposal (FVLCD) and value-in-use (VIU). The future cash flow expected is derived using estimates of proven and probable reserves and information regarding the mineral, stream and oil & gas properties, respectively, that could affect the future recoverability of the Company’s interests. Discount factors are determined individually for each asset and reflect their respective risk profiles.

Assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the conditions that gave rise to the recognition of an impairment loss are subsequently reversed and the asset’s recoverable amount exceeds its carrying amount. Impairment losses can be reversed only to the extent that the recoverable amount does not exceed the carrying value that would have been determined had no impairment been recognised previously.

Exploration and evaluation assets are tested for impairment when there is an indication that a particular exploration and evaluation project may be impaired. Examples of indicators of impairment include a significant price decline over an extended period, the decision to delay or no longer pursue the exploration and evaluation project, or an expiration of rights to explore an area. In addition, exploration and evaluation assets are assessed for impairment upon their reclassification to producing assets (oil and gas interest in property, plant and equipment). In assessing the impairment of exploration and evaluation assets, the carrying value of the asset would be compared to the estimated recoverable amount and any impairment loss is recognised immediately in profit or loss.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the date of inception. The arrangement is assessed to determine whether fulfilment is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement. The Group is not a lessor in any transactions, it is only a lessee.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Property leases 1 to 10 years
- Motor vehicles and other equipment 1 to 12 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 21).

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3.13 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment under the expected credit loss model. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortized cost include trade receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired or are transferred.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, modified and through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

- **Derivative financial instruments and hedge accounting**

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps and forward commodity contracts, to hedge its interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item attributable to the hedged risk.

From time to time, the Group may use forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to forward commodity contracts is recognised in revenue or cost of sales.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity.

The amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction.

- **Equity instruments**

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

<u>Ordinary shares</u>

Ordinary shares are classified as equity and measured at their nominal value. Any premiums received on issue of share capital above its nominal value, are recognised as share premium within equity. Associated issue costs are deducted from share premium.

3.14 Share-based payment

<u>Equity-settled transactions</u>

Awards to non-employees:

The fair value of the equity settled awards has been determined at the date the goods or services are received with a corresponding increase in equity (share based payment reserve).

Awards to employees:

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The fair value of the equity settled awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions.

That cost is recognized in employee benefits expense, together with a corresponding increase in equity (share based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

3.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the consolidated financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, demand deposits and also cash reserves retained as a bank security pledge in respect of bank guarantees (Note 28), with a maturity of three months or less that are subject to an insignificant risk of changes in their fair value.

The cash reserves retained as a bank security pledge in respect of bank guarantees are defined as restricted cash and held in designated bank deposits accounts to be released when the Group meet the specified expenditure milestones.

3.17 Over/underlift

Lifting or offtake arrangements for oil and gas produced in certain of the Group's jointly owned operations are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative production less stock is underlift or overlift. Underlift and overlift are valued at market value and included within receivables and payables respectively. Movements during an accounting period are adjusted through cost of sales such that gross profit is recognised on an entitlements basis.

In respect of redeterminations, any adjustments to the Group's net entitlement of future production are accounted for prospectively in the period in which the make-up oil is produced. Where the make-up period extends beyond the

expected life of a field an accrual is recognised for the expected shortfall.

3.18 Inventories

Inventories comprise crude oil and by-product (Sulphur), consumables and other spare parts. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the monthly weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It does not include borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Spare parts consumed within a year are carried as inventory and recognised in profit or loss when consumed.

The Group assesses the net realisable value of the inventories at the end of each year and recognises in the consolidated statement of profit or loss the appropriate valuation adjustment if the inventories are overstated. When the circumstances that previously caused impairment no longer exist or when there is clear evidence of an increase in the inventories' net realisable value due to a change in the economic circumstances, the amount thereof is reversed.

3.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation. The expense relating to a provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning costs

Provision for decommissioning is recognized in full when the related facilities are installed. A corresponding amount equivalent to the provision is also recognized as part of the cost of the related property, plant and equipment.

The amount recognized is the estimated cost of decommissioning, discounted to its net present value at a risk-free discount rate, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

3.20 Revenue

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

- **Sale of gas, crude oil and by-products**

Sales revenue represents the sales value, net of VAT, of actual sales volumes to customers in the year together with the gain/loss on realization of cash flow hedges.

The Group's accounting policy under IFRS 15 is that revenue is recognised when the Group satisfies a performance obligation by transferring oil or gas to its customer. The title to oil and gas typically transfers to a customer at the same time as the customer takes physical possession of the oil or gas. Typically, at this point in time, the performance obligations of the Group are fully satisfied. The revenue is recorded when the oil or gas has been physically delivered to a vessel or pipeline.

- **Rendering of services**

The Group recognizes revenue from technical advisory services, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognises revenue from advisory services on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

3.21 Retirement benefit costs

- **State-managed retirement benefit scheme**

Payments made to state-managed retirement benefit schemes (e.g. Government Social Insurance Fund) are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the government scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

- **Defined benefit plan**

The Group operates an unfunded defined benefit plan in which a lump-sum amount is specified and is payable at the termination of employees' services based on such factors as the length of the employees' service and their salary. The liability recognised for the defined benefit plan is the present value of the defined benefit obligation at the reporting date.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. These assumptions used in the actuarial valuations are developed by management with the assistance of independent actuaries.

Service costs on the defined benefit plan are included in staff costs. Interest expense on the defined benefit liability is included in finance costs. Gains and losses resulting from other remeasurements of the defined benefit liability are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

3.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Excluded from the above capitalisation policy are any qualifying assets that are inventories that are produced in large quantities on a repetitive basis.

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

3.23 Tax

Income tax expense represents the sum of current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated financial statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. No deferred tax is recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Current and deferred tax assets and corresponding liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its tax assets and liabilities on a net basis.

3.24 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following:

- remeasurement of net defined benefit liability – comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets (see Note 3.18)
- translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities (see Note 3.1)
- merger reserves - On 30 June 2017, the Company became the parent company of the Group through the acquisition of the full share capital of Energean E&P Holdings Limited. From that point, in the consolidated financial statements, the share capital became that of Energean Oil & Gas plc. The previously recognised share capital and share premium of Energean E&P Holdings Limited was eliminated with a corresponding positive merger reserve.
- Share-based payment reserve: The share-based payments reserve is used to recognise the value of equity-settled share-based payments granted to parties including employees and key management personnel, as part of their remuneration.

Retained earnings includes all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the balance sheet date.

4. Critical accounting estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires the use of accounting estimates and assumptions, and also requires management to exercise its judgement, in the process of applying the Group's accounting policies.

Estimates, assumptions and judgement applied are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates, assumptions and judgement are based on management's best knowledge of current events and actions, actual results may ultimately differ.

4.1 Critical judgements in applying the Group's accounting policies

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements:

Determining whether an acquisition constitutes a Business combination (note 6)

Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Group to make certain judgements. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. A business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on or after acquisition.

On 17 December 2020, the Group completed its acquisition of Edison Exploration & Production S.p.A. ("Edison E&P") from Edison S.p.A. ("Edison"). The gross consideration for the transaction, as at the locked box date of 1 January 2019, is $284 million and the final net consideration, as of 17 December 2020, is $270 million. Prior to 1 July 2018 Edison E&P did not operate as a consolidated group, instead the relevant component entities formed part of a broader exploration and production business unit. On 1 July 2018 a new legal sub group of Edison E&P was established. As part of the acquisition management identified relevant inputs, processes and outputs that met the definition of a business under IFRS 3.

Following 17 December 2020, Edison E&P Group has been consolidated into the Group. The business combination is subject to the application of acquisition accounting as required by IFRS 3 *Business Combinations*.

<u>Carrying value of intangible exploration and evaluation assets (note 14)</u>

Amounts carried under intangible exploration and evaluation assets represent active exploration projects. Capitalized costs will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment in accordance with the Group’s accounting policy. The process of determining whether there is an indicator for impairment or calculating the impairment requires critical judgement. The key areas in which management has applied judgement and estimation are as follows: the Group’s intention to proceed with a future work programme; the likelihood of license renewal or extension; the assessment of whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and the success of a well result or geological or geophysical survey.

<u>Identification of cash generating units</u>

In considering the carrying value of property, plant and equipment the Group has to make a critical judgement in relation to the identification of the smallest cash generating units to which those assets are allocated. In all countries except for Italy the cash generating unit is considered to be at the concession level. In Italy the concessions are connected via a shared pipeline with different points of entry, which allows production to be changed from one concession to another. In view of this shared infrastructure that exists in Italy and the ability to move sales between assets as well as the management of spare parts and the organisational structure of the Italian business the Group has identified cash generating units in Italy to be at the country and commodity level (being Italy gas and Italy oil).

4.2 Estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are discussed below:

<u>Carrying value of property, plant and equipment (note 13)</u>

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where indicators of impairments or impairment reversals are present and an impairment or impairment reversal test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models. The recoverable amount (which is the higher of fair value less costs to sell and value in use) of the cash-generating unit to which the assets belong is then estimated based on the present value of future discounted cash flows. Key assumptions and estimates used in both the impairment models and in the calculation of the fair value of property, plant and equipment acquired as part of business combination relate to: commodity prices assumptions, post-tax discount rates and commercial reserves and the related cost profiles. Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Group's oil and gas assets. The Group estimates its reserves using standard recognised evaluation techniques. The estimate is reviewed at least twice annually by management and is regularly reviewed by independent consultants.

Proven and probable reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to host governments under the terms of the Production Sharing Contracts. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

Further details about the carrying value of property, plant and equipment are shown in Note 13 of the consolidated financial statements.

Recognising and measuring the identifiable assets acquired and liabilities assumed in Business combination (note 6)

As mentioned above on 17 December 2020, the Group completed its acquisition of Edison Exploration & Production S.p.A. The identifiable assets acquired and liabilities assumed of the acquiree are recognised as of the acquisition date and measured at fair value as at that date.

When the fair values of assets and liabilities cannot be measured based on quoted prices in active markets, they are measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values.

Recognition and presentation of contingent consideration

The transaction includes a contingent consideration of up to c. $100.0m for which the fair value has been estimated at $55.2m, based on pricing simulations. The final consideration amount will be determined on the basis of future gas prices (PSV) recorded at the time of the commissioning of the Cassiopea field, which is expected in 2024.

Hydrocarbon reserve and resource estimates

The Group's oil and gas development and production properties are depreciated on a unit of production basis at a rate calculated by reference to developed and undeveloped proved and probable commercial reserves (2P developed and undeveloped) which are estimated to be recoverable with existing and future developed facilities using current operating methods, determined in accordance with the Petroleum Resources Management System published by the Society of Petroleum Engineers, the World Petroleum Congress and the American Association of Petroleum Geologists.

Commercial reserves are determined using estimates of oil in place, recovery factors and future oil prices. The level of estimated commercial reserves is also a key determinant in assessing whether the carrying value of any of the Group's oil and gas properties has been impaired. As the economic assumptions used may change and as additional geological information is produced during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results which include:

- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change
- Impairment charges in profit or loss
- Provisions for decommissioning may change - where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities
- The recognition and carrying value of deferred tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets

The impact upon commercial reserves and the aggregate depletion charge for the year of a fluctuation of the forward Brent oil price assumption as well as the Group's carrying amount of oil and gas properties for all periods presented are presented in note 13. Management monitors the impact on the commercial reserves and the depletion charge on a Group level.

Decommissioning costs (note 23):

There is uncertainty around the cost of decommissioning as cost estimates can vary in response to many factors, including from changes to market rates for goods and services, to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope, amount of expenditure, discount and inflation rates may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning.

The estimated decommissioning costs are reviewed annually by an internal expert and the results of this review are then assessed alongside estimates from operators. Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and price levels.

Income taxes

Judgements are required in recognition of deferred tax assets relating to the extent to which future cash flows are included.

The Group has recognised deferred tax assets in respect of tax losses and other temporary differences to the extent that it is probable that there will be future taxable profits against which such tax losses can be recovered and other temporary differences can be utilised. The Group considers their carrying value at each balance sheet date and assesses whether sufficient taxable profits will be generated in future years to recover such recognised deferred tax assets, which requires management to make a number of estimates. These estimates are based on forecast performance and where tax losses are subject to expiration, the estimates take into account the expected reversal patterns of taxable temporary differences compared to the future reversal of deductible temporary differences.

At 31 December 2020 the Group has gross unused tax losses of $ $783.6 million as of 31 December 2019: $364.4 million) available to offset against future profits (note 15).

In evaluating whether it is more likely than not, that sufficient taxable profits will be generated in future periods in order to assess recoverability of losses, the Group considered all available evidence including approved budgets, forecasts and business plans to form its assessment. Following an assessment conducted at December 2020, it was determined there would be sufficient taxable income generated to recover the deferred tax assets recognised.

5. Segmental reporting

The information reported to the Group's Chief Executive Officer and Chief Financial Officer (together the Chief Operating Decision Makers) for the purposes of resource allocation and assessment of segment performance is focused on four operating segments: Europe, (including Greece, Italy, UK, Croatia), Israel, Egypt and New Ventures (Montenegro and Malta).

The Group's reportable segments under IFRS 8 Operating Segments are Europe, Israel and Egypt. Segments that do not exceed the quantitative thresholds for reporting information about operating segments have been included in Other. In 2019, before the acquisition of Edison E&P, the Group had no activities in Egypt and the Europe segment comprised only Greece (including the Prinos and Epsilon production asset, Katakolo non-producing assets and Ioannina and Aitoloakarnania exploration assets.

Segment revenues, results and reconciliation to profit before tax

The following is an analysis of the Group's revenue, results and reconciliation to profit/(loss) before tax by reportable segment: The consolidated financial statements for the year ended 31 December 2020 include the results of Egypt segment and Italy, UK and Croatia countries for the 14 day period ended 31 December 2020 (note 6).

	Europe	Israel	Egypt	Other & intercompany transactions	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2020					
Revenue from Oil	17,987	-	1,580	0	19,567
Revenue from Gas	2,250	-	5,097	0	7,347
Other revenue	7,126	-	92	(6,118)	1,100
Adjusted EBITDAX[1]	(4,874)	(3,574)	4,143	(4,030)	(8,335)
Reconciliation to profit before tax:					
Depreciation and amortisation expenses	(21,399)	(294)	(1,989)	(443)	(24,125)
Share-based payment charge	(471)	(42)	-	(2,712)	(3,225)
Exploration and evaluation expenses	(2,942)	(502)	-	(980)	(4,424)
Impairment loss on property, plant and equipment	(65,299)	-	-	-	(65,299)
Other expense	(1,137)	(2,700)	-	(24,492)	(28,329)
Other income	4,154	-	689	4,343	9,186
Finance income	224	201	64	4	493
Finance costs	(3,619)	(326)	175	(1,216)	(4,986)

	Europe	Israel	Egypt	Other & intercompany transactions	Total
	$'000	$'000	$'000	$'000	$'000
Net foreign exchange gain/(loss)	10,769	1,862	(967)	3,781	15,445
Profit/(loss) before income tax	**(84,594)**	**(5,375)**	**2,115**	**(25,745)**	**(113,599)**
Taxation income / (expense)	21,009	495	(1,081)	318	**20,741**
Profit/(loss) from continuing operations	**(63,585)**	**(4,880)**	**1,034**	**(25,427)**	**(92,858)**
Year ended 31 December 2019					
Revenue from oil	75,749	-	-	-	75,749
Other revenue	(2,950)	-	-	(2,950)	-
Adjusted EBITDAX[1]	45,129	(2,846)	-	(3,931)	38,352
Reconciliation to profit before tax:					
Depreciation and amortisation expenses	(38,777)	(38)	-	(239)	(39,054)
Share-based payment charge	(1,065)	(86)	-	(1,600)	(2,751)
Exploration and evaluation expenses	(16)	(55)	-	(730)	(801)
Impairment loss on property, plant and equipment	(71,115)	-	-	-	(71,115)
Other expense	(4,418)	(89)	-	(17,077)	(21,584)
Other income	2,610	37	-	448	3,095
Finance income	595	1,293	-	608	2,496
Finance costs	(8,265)	(1,138)	-	401	(9,002)
Net foreign exchange gain/(loss)	(4,504)	932	-	(361)	(3,933)
Profit before income tax	**(79,826)**	**(1,990)**	-	**(22,481)**	**(104,297)**
Taxation income / (expense)	20,283	375	-	(127)	20,531
Profit from continuing operations	**(59,543)**	**(1,615)**	-	**(22,608)**	**(83,766)**

[1]Adjusted EBITDAX is a non-IFRS measure used by the Group to measure business performance. It is calculated as profit or loss for the period, adjusted for discontinued operations, taxation, depreciation and amortisation, share-based payment charge, impairment of property, plant and equipment, other income and expenses (including the impact of derivative financial instruments and foreign exchange), net finance costs and exploration and evaluation expenses.

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2020 and 31 December 2019, respectively:

	Europe	Israel	Egypt	Other & intercompany transactions	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2020					
Oil & Gas properties	572,834	2,156,236	326,366	(1,728)	**3,053,708**
Other fixed assets	21,727	765	27,588	3,484	**53,564**
Intangible assets	139,267	89,607	39,219	7,723	**275,816**
Trade and other receivables	154,469	1,304	162,222	344	**318,339**
Deferred tax asset	103,200	0	22,856	(0)	**126,056**
Other assets	251,240	37,464	247,028	(228,202)	**307,530**
Total assets	**1,242,737**	**2,285,376**	**825,279**	**(218,379)**	**4,135,013**
Trade and other payables	187,117	76,146	57,959	34,232	**355,454**
Borrowings	121,264	1,093,965	0	227,847	**1,443,076**
Decommissioning provision	826,729	38,399	-	-	**865,128**
Other current liabilities	140,629	6,914	54,652	(195,280)	**6,915**
Other non-current liabilities	25,291	193,920	32,284	18,553	**270,048**
Total liabilities	**1,301,030**	**1,409,344**	**144,895**	**85,352**	**2,940,621**
Other segment information					
Capital Expenditure:					
- Property, plant and equipment	14,117	405,279	860	(197)	**420,059**
- Intangible, exploration and evaluation assets	1,219	6,625	-	1,147	**8,991**
Year ended 31 December 2019					
Oil & Gas properties	302,327	1,582,202	-	(878)	**1,883,651**
Other fixed assets	16,253	558	-	1,809	**18,620**

	Europe	Israel	Egypt	Other & intercompany transactions	Total
	$'000	$'000	$'000	$'000	$'000
Intangible assets	16,059	125,501	-	6,116	**147,676**
Trade and other receivables	24,295	34,550	-	1,047	**59,892**
Deferred tax asset	33,038	-	-	-	**33,038**
Other assets	20,196	110,974	-	234,122	**365,292**
Total assets	**412,168**	**1,853,785**	-	**242,216**	**2,508,169**
Trade and other payables	65,408	93,168	-	9,532	**168,108**
Borrowings	159,768	756,217	-	-	**915,985**
Decommissioning provision	13,145	-	-	-	**13,145**
Other current liabilities	133	-	-	-	**133**
Other non-current liabilities	7,019	142,177		850	**150,046**
Total liabilities	**245,473**	**991,562**	-	**10,382**	**1,247,417**
Other segment information					
Capital Expenditure:					
- Property, plant and equipment	59,481	565,413	-	(748)	624,146
- Intangible, exploration and evaluation assets	8,941	47,085	-	4,937	60,963

Segment cash flows

	Greece	Israel	Egypt	Other & intercompany transactions	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2020					
Net cash from / (used in) operating activities	(5,442)	(2,469)	22,808	(13,428)	**1,469**
Net cash (used in) investing activities	(18,626)	(392,236)	(925)	(208,005)	**(619,792)**

	Greece	Israel	Egypt	Other & intercompany transactions	Total
	$'000	$'000	$'000	$'000	$'000
Net cash from financing activities	19,164	320,216	(174)	119,069	**458,275**
Net increase/(decrease) in cash and cash equivalents	**(4,904)**	**(74,489)**	**21,709**	**(102,364)**	**(160,048)**
Cash at beginning of the year	6,084	110,488	0	237,847	**354,419**
Cash acquired from business Acquisition	7,234	-	55,650	(62,884)	**-**
Effect of exchange rate fluctuations on cash held	5,195	1,422	(1,119)	3,070	**8,568**
Cash and cash equivalents at end of the period	**13,609**	**37,421**	**76,240**	**75,669**	**202,939**
Year ended 31 December 2019					
Net cash from / (used in) operating activities	47,641	(2,314)	-	(9,042)	**36,285**
Net cash (used in) investing activities	(71,932)	(875,223)	-	(4,964)	**(952,119)**
Net cash from financing activities	18,804	791,254	-	241,355	**1,051,413**
Net increase/(decrease) in cash and cash equivalents	**(5,487)**	**(86,283)**	**-**	**227,349**	**135,579**
At beginning of the year	11,799	196,706		11,317	**219,822**
Effect of exchange rate fluctuations on cash held	(228)	65	-	(819)	**(982)**
Cash and cash equivalents at end of the period	**6,084**	**110,488**	**-**	**237,847**	**354,419**

6. Business combination

Acquisition of Edison E&P

On 17 December 2020, the Group acquired 100 per cent of the issued share capital and obtained control of Edison Exploration & Production S.p.A ("Edison E&P"). Edison E&P contains a portfolio of assets including producing assets in Egypt, Italy, the UK North Sea and Croatia with development assets in Egypt and Italy and balanced-risk exploration opportunities across the portfolio. The acquisition of Edison E&P qualifies as a business combination as defined in IFRS 3.

The fair values of the identifiable assets and liabilities of Edison E&P have been provisionally estimated as at the date of acquisition and were as follows:

	Fair value recognised on acquisition $'000
Assets:	
Property, plant and equipment	689,188
Identifiable intangible assets	133,786
Inventory	68,977
Trade and other receivables[87]	336,081
Cash and cash equivalents	62,884
Deferred tax assets	70,832
	1,361,748
Liabilities	
Trade and other payables	(199,399)
Retirement benefit liability	(3,021)
Other long term liabilities	(51,059)
Decommissioning liabilities	(808,994)
	(1,062,473)
Total identifiable assets acquired and liabilities assumed	**299,275**
Goodwill arising on acquisition	25,346
Fair value of purchase consideration transferred	**324,621**
Satisfied by:	
Cash paid	266,088
Amount payable	3,311
Contingent consideration arrangement	55,222
Total consideration transferred	**324,621**
Net cash outflow arising on acquisition:	
Cash consideration	(266,088)
Less: cash and cash equivalent balances acquired	62,884
Net consolidated cash outflow	**(203,204)**

[87] Trade receivables include mainly balances from EGPC, the Egyptian governmental body that are significantly aged. Consideration has been given to whether the carrying amount appropriately reflects their recoverable amount and a proper loss allowance recognised. As such it has been concluded that book value equates to fair values.

The base consideration payable of $398.6 million was agreed as of a locked box date of 1 January 2019 with the impact of economic performance, capital expenditure and working capital movements from this date to completion of 17 December 2020 adjusted within the final consideration payable of $269.9 million.

The contingent consideration arrangement will vary depending on future Italian gas prices at the point in time at which first gas production is delivered from the Cassiopea field in Italy which is expected in 2024. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between $0 and $100 million. $0 will be payable if the arithmentic average of the year one and year two Italian PSV futures prices is equal to or less than €10/Mwh when first gas production is delivered from the field. $100 million is payable if that average price is equal to or exceeds €20/Mwh. A sliding scale is used to determine consideration if the average price is between €10/Mwh and €20/Mwh.

The fair value of the contingent consideration arrangement of $55.2 million was estimated by applying forward gas price curves against the expected date of first gas as at acquisition date. This resulted in an aggregate fair value of $433.7 million being allocated to the identifiable assets and liabilities acquired, prior to the recognition of a deferred tax liability of $22.9 million as further described below.

Goodwill of $25.3 million has been recognised upon acquisition. An amount of $22.9 million was due to the requirement of IAS 12 to recognise deferred tax assets and liabilities for the difference between the assigned fair values and tax bases of assets acquired and liabilities assumed. The assessment of fair value of such licences is therefore based on cash flows after tax. Nevertheless, in accordance with IAS 12 Sections 15 and 19, a provision is made for deferred tax corresponding to the tax rate of each CGU country (27.9% for Italy and 40% for UK) multiplied by the difference between the acquisition cost and the tax base. The offsetting entry to this deferred tax is goodwill. Hence, goodwill arises as a direct result of the recognition of this deferred tax adjustment (“technical goodwill”). None of the goodwill recognised will be deductible for income tax purposes.

Acquisition-related costs (included in other expenses) amount to $17.9 million and have been recognised in profit and loss.

Edison E&P contributed $10.1 million revenue and $4.6 million to the Group’s loss for the period between the date of acquisition and 31 December 2020.

If the acquisition of Edison E&P had been completed on the first day of the financial year, Group revenues for the year would have been $335.9 million and Group loss before tax would have been $422.2million.

7. Revenue

	2020 $'000	2019 $'000
Crude oil sales	19,567	74,940
Gas sales	7,347	-
Petroleum products sales	326	809
Rendering of services	774	-
Total revenue	**28,014**	**75,749**

100% of the gas produced at Abu Qir (Egypt) is sold to EGPC under a Brent-linked gas price. At Platt's Dated Brent prices of between US$40/bbl and US$72/bbl the gas price is US$3.5/mmBTU, limiting volatility and exposure to commodity price fluctuations. For Brent prices below US$40/bbl the gas price decreases until it reaches a gas price floor of US$1.29/mmBTU at a Brent price of US$0/bbl. For Brent prices above US$72/bbl the gas price increases until it reaches a cap of US$5.88/mmBTU at Brent prices in excess of US$100/bbl.

8. Operating (loss)/profit before taxation

		2020 $'000	2019 $'000
(a)	***Cost of oil sales***		
	Staff costs (note 9)	14,562	12,643
	Energy cost	5,310	7,157
	Royalty payable	430	553
	Other operating costs	8,227	5,590
	Depreciation and amortisation (note 13)	22,052	36,645
	Stock overlift/underlift movement	(2,165)	2,964
	Total cost of oil sales	**48,416**	**65,552**
(b)	***Administration expenses***		
	Staff costs (note 9)	5,745	4,812
	Other General & Administration expenses	4,584	3,559
	Share-based payment charge included in administrative expenses	2,776	2,685
	Depreciation and amortization (note 13, 14)	780	804
	Auditor fees (note 8g)	1,251	1,445
		15,136	**13,305**
(c)	***Selling and distribution expense***		
	Staff costs (note 9)	29	52
	Other selling and distribution expenses	118	293
		147	**345**
(d)	***Exploration and evaluation expenses***		

		2020 $'000	2019 $'000
	Staff costs for Exploration and evaluation activities (Note 9)	1,175	466
	Exploration costs written off	2,936	-
	Other exploration and evaluation expenses	313	335
		4,424	801
(e)	***Other expenses***		
	Transaction costs in relation to Edison E&P acquisition[1]	17,914	16,461
	Intra-group merger costs	2,188	4,106
	Loss from disposal of Property plant & Equipment	7,568	-
	Other indemnities	210	-
	Write-down of inventory	101	-
	Expected credit losses	-	451
	Other expenses	348	566
		28,329	21,584
(f)	***Other income***		
	Income from accounts payable written off[2]	4,094	-
	Reversal of previous period provision	92	1,825
	Write-back bank liabilities[3]	-	1,270
	Proceeds from termination of agreement with Neptune Energy[4]	5,000	-
		9,186	3,095
(g)	***Fees payable to the Company's auditor for:***		
	The audit of the Company's annual accounts	710	256
	The audit of the Company's subsidiaries pursuant to legislation	333	327
	Total audit services	1,043	583
	Audit-related assurance services – half-year review	175	167
	Reporting accountant for proposed Edison E&P acquisition	264	595
	Other services	73	100

	2020 $'000	2019 $'000
	1,555	1,445

[1] *Direct costs incurred in 2019 and 2020 relating to the acquisition of Edison's E&P business*

[2] *Related to derecognition of specific accounts payables balances in the Greek subsidiary following waiver agreements with creditors.*

[3] *Related to old bank liability transacted with on European Emission Allowances credits ("EUAs") that became time barred.*

[4] *Related to termination fees paid by Neptune Energy following the termination of the agreement for Neptune Energy to acquire Edison E&P's UK and Norwegian subsidiaries from the Group.*

9. Staff costs

The average monthly number of employees (including Executive Directors) employed by the Group worldwide was:

	2020 Number	2019 Number
Administration	99	85
Technical	307	327
	406	412

	2020 $'000	2019 $'000
Salaries	30,095	27,424
Social security costs	5,965	5,664
Share-based payments (note 25)	3,325	3,481
	39,385	36,569
Payroll cost capitalized in oil & gas assets and exploration & evaluation costs	(12,109)	(13,651)
Payroll cost expensed	**27,276**	**22,918**
Included in:		
Cost of oil sales (note 8a)	14,562	12,643
Cost of services	-	-
Administration expenses (note 8b)	8,521	7,497
Exploration & evaluation expenses (note 8d)	1,175	466
Transaction costs in relation to future acquisitions (note 8e)	-	1,034
Selling and distribution expenses (note 8c)	29	52
Restructuring costs (note 8e)	756	1,081
Other	2,233	145
	27,276	**22,918**

Details of Directors' remuneration, Directors' transactions and Directors' interests are set out in the part of the Directors' Remuneration Report described as having been audited, which forms part of these Financial Statements.

10. Net finance cost

	Notes	2020 $'000	2019 $'000
Interest on bank borrowings	21	90,008	34,430
Interest expense on long term payables	24	6,716	7,178
Less amounts included in the cost of qualifying assets	13,14	(93,581)	(39,850)
		3,143	**1,758**
Finance and arrangement fees		4,042	5,139
Other finance costs and bank charges		744	1,349
Unwinding of discount on provision for decommissioning		247	320
Interest on obligations for leases		919	436
Less amounts included in the cost of qualifying assets		(4,109)	-
Total finance costs		**4,986**	**9,002**
Interest income from time deposits		(493)	(2,496)
Total finance income		**(493)**	**(2,496)**
Foreign exchange (gain)/losses		(15,445)	3,933
Net financing (income)/costs		**(10,952)**	**10,439**

11. Taxation

(a) Taxation charge

	2020 $'000	2019 $'000
Corporation tax - current year	(1,171)	(3)
Corporation tax - prior years	404	(127)
Deferred tax (Note 15)	21,508	20,661
Total taxation income	**20,741**	**20,531**

(b) Reconciliation of the total tax charge

	2020 $'000	2019 $'000
Loss before tax	**(113,599)**	**(104,297)**

	2020 $'000	2019 $'000
Tax calculated at 24.9% weighted average rate (2019: 25.0%)	28,232	26,074
Impact of different tax rates	326	(804)
Tax impact of change of tax rates	-	-
Reassessment of recognised deferred tax asset in the current period	822	725
Permanent differences[2]	(5,251)	(3,599)
Non recognition of deferred tax on current period losses3	(3,366)	(1,910)
Tax effect of non-taxable income	649	137
Foreign taxes	(1,081)	-
Other adjustments	6	35
Prior year tax	404	(127)
Taxation income	**20,741**	**20,531**
Effective tax rate	**(18%)**	**(20%)**

[1] For the reconciliation of the tax rate, the weighted average rate of the statutory tax rates in Greece (25%), Israel (23%) and Italy (24%) was used weighted according to the profit or loss before tax earned by the Group in each jurisdiction.

[2] Permanent differences mainly consisted of non-deductible expenses with the majority relating to transaction costs for the Edison E&P acquisition.

[3] Tax losses generated from entities which are not expected to generate sufficient taxable profits in the near future and for which deferred tax is not recognised.

12. Earnings per share

Basic earnings per ordinary share amounts are calculated by dividing net income for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted income per ordinary share amounts are calculated by dividing net income for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued if dilutive employee share options were converted into ordinary shares.

	2020 $'000	2019 $'000
Total loss attributable to equity shareholders	(91,414)	(83,313)

Effect of dilutive potential ordinary shares	-	-
	(91,414)	(83,313)

	2020 Number	2019 Number
Number of shares		
Basic weighted average number of shares	177,089,406	165,061,117
Dilutive potential ordinary shares	-	-
Diluted weighted average number of shares	**177,089,406**	**165,061,117**
Basic (loss)/earnings per share	**$(0.52)/share**	**$(0.50)/share**
Diluted (loss)/earnings per share	**$(0.52)/share**	**$(0.50)/share**

13. Property, plant & equipment

Property, Plant & Equipment at Cost	Oil and gas assets $'000	Leased assets* $'000	Other property, plant and equipment $'000	Total $'000
At 1 January 2019	**1,487,454**	**9,792**	**56,513**	**1,553,759**
Additions	622,786	123	1,238	624,147
Lease modification	-	(699)	-	(699)
Capitalized borrowing cost	39,095	-	-	39,095
Capitalised depreciation	1,937	-	-	1,937
Change in decommissioning provision	5,437	-	-	5,437
Foreign exchange impact	(9,546)	(99)	(1,052)	(10,697)
At 31 December 2019	**2,147,163**	**9,117**	**56,699**	**2,212,979**
Additions	411,932	1,951	1,581	415,464
Acquisition of subsidiary	646,507	40,549	2,132	689,188
Lease modification	-	(1,519)	-	(1,519)
Disposal of assets	(4,795)	-	(5,328)	(10,123)
Capitalized borrowing cost	94,929	-	-	94,929
Capitalised depreciation	576	-	-	576

Property, Plant & Equipment at Cost	Oil and gas assets $'000	Leased assets* $'000	Other property, plant and equipment $'000	Total $'000
Change in decommissioning provision	39,620	-	-	39,620
Transfer from Intangible assets	41,822	-	-	41,822
Foreign exchange impact	52,575	743	5,153	58,471
At 31 December 2020	**3,430,329**	**50,841**	**60,237**	**3,541,407**
Accumulated Depreciation				
At 1 January 2019	**175,122**	**-**	**27,141**	**202,263**
Charge for the period				
Expensed	33,206	3,437	4,096	40,739
Impairments	58,147	-	12,968	71,115
Foreign exchange impact	(2,963)	11	(457)	(3,409)
At 31 December 2019	**263,512**	**3,448**	**43,748**	**310,708**
Charge for the period				
Expensed	18,105	3,073	2,149	23,327
Impairments	64,727	-	572	65,299
Foreign exchange impact	30,299	458	4,044	34,801
At 31 December 2020	**376,643**	**6,979**	**50,513**	**434,135**
Net carrying amount				
At 31 December 2019	**1,883,651**	**5,669**	**12,951**	**1,902,271**
At 31 December 2020	**3,053,686**	**43,862**	**9,724**	**3,107,272**

Borrowing costs included in the cost of qualifying assets during the year are calculated by applying an interest rate of 8.72 % (for the year ended 31 December 2019: 9.4%).

During the year the Group executed an impairment test for the Prinos CGU (Prinos and Epsilon fields). In the period, indicators of impairment were noted for the Prinos CGU, being a reduction in both short-term (Dated Brent forward curve) and long-term price assumptions and a change in the Group's Prinos field production forecast, which have resulted in an impairment of $65.3 million in the carrying value of the Prinos CGU.

The Group applied the following nominal oil price assumptions for impairment assessment in respect of its production asset of Prinos:

	2020	2021	2022	2023	2024	2025	2026
31 December 2020	-	$50/bbl	$55/bbl	$60/bbl	$60/bbl	$60/bbl inflated at 2% thereafter	
31 December 2019	forward curve ($61.7/bbl)	forward curve ($58.6/bbl)	forward curve ($57.2/bbl)	forward curve ($56.8/bbl)	forward curve ($57.0/bbl)	$65.0/bbl	$65/bbl inflated at 2% thereafter

In 2020 impairment test the Group applied a 12.5% pre-tax discount rate (2019: 11.9%).

The Group used the value in use in determining the recoverable amount of the cash-generating unit using discounted future cash flows. A reduction in the short and long-term price assumptions by 10% per barrel, are considered to be reasonably possible changes for the purposes of sensitivity analysis. Applying such a decrease to oil prices specified above would increase the impairment charge by $77.5 million. A 1 per cent increase in the pre-tax discount rate would increase the impairment by $25.3 million.

Impairment charges for the year also include an amount of $4.9 million relating to the disposal of Energean Force rig unit.

Depreciation and amortisation for the year has been recognised as follows:

	2020 $'000	2019 $'000
Cost of sales (note 8a)	22,052	36,645
Administration expenses (note 8b)	780	804
Other operating (income)/expenses	1,293	1,605
Capitalized depreciation in oil & gas properties	576	1,937
Total	**24,701**	**40,991**

Cash flow statement reconciliations:

Payment for additions to property, plant and equipment	2020 $'000	2019 $'000
Additions to property, plant and equipment	550,589	671,345
Associated cash flows		
Payment for additions to property, plant and equipment	(403,968)	(897,153)
Non-cash movements/presented in other cash flow lines		
Borrowing cost capitalised	(94,929)	(39,095)
Right-of-use asset additions/modifications	(1,951)	-
Lease payments related to capital activities	6,645	-
Capitalised share-based payment charge	(99)	(730)
Capitalised depreciation	(576)	(1,937)
Change in decommissioning provision	(39,620)	(5,437)
Movement in working capital	(16,091)	273,007

	0	0

14. Intangible assets

	Exploration and evaluation assets $'000	Goodwill $'000	Other Intangible assets $'000	Total $'000
Intangibles at Cost				
At 1 January 2019	**10,310**	**75,800**	**1,641**	**87,751**
Additions	60,639	-	324	60,963
Capitalized borrowing costs	755	-	-	755
Exchange differences	(103)	-	(24)	(127)
31 December 2019	**71,601**	**75,800**	**1,941**	**149,342**
Additions	8,379	-	612	8,991
Acquisition of subsidiary	115,438	25,346	18,348	159,132
Capitalized borrowing costs	2,761	-	-	2,761
Transfers to property, plant and equipment	(41,822)	-	-	(41,822)
Exchange differences	1,856	-	1,454	3,310
At 31 December 2020	**158,213**	**101,146**	**22,355**	**281,714**
Accumulated amortisation and impairments				
At 1 January 2019	**261**	**-**	**1,135**	**1,396**
Charge for the period	-	-	252	252
Exchange differences	-	-	18	18
31 December 2019	**261**	**-**	**1,405**	**1,666**
Charge for the period	-	-	1,375	1,375
impairment	2,936	-	-	2,936
Exchange differences	(193)	-	114	(79)
31 December 2020	**3,004**	**-**	**2,894**	**5,898**

	Exploration and evaluation assets	Goodwill	Other Intangible assets	Total
	$'000	$'000	$'000	$'000
Net carrying amount				
At 31 December 2019	**71,340**	**75,800**	**536**	**147,676**
At 31 December 2020	**155,209**	**101,146**	**19,461**	**275,816**

Borrowing costs capitalised for qualifying assets for the year ended 31 December 2020 amounted to $2.8 million (31 December 2019: $0.8 million). The interest rates used was 8.72 % (31 December 2019: 9.4%).

Goodwill arises principally because of the requirement to recognise deferred tax assets and liabilities for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value (refer to note 6).

Cash flow statement reconciliations:

Payment for additions to intangible assets	2020 $'000	2019 $'000
Additions to intangible assets	11,753	61,718
Associated cash flows		
Payment for additions to intangible assets	(15,041)	(57,397)
Non-cash movements/presented in other cash flow lines		
Borrowing cost capitalized	(2,761)	(755)
Movement in working capital	6,049	(3,566)

15. Net deferred tax (liability)/ asset

Deferred tax (liabilities)/assets	Property, plant and equipment	Right of use asset IFRS 16	Decom-missioning	Prepaid expenses and other receivables	Inventory	Tax losses	Retirement benefit liability	Accrued expenses and other short-term liabilities	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2019	**(150,633)**	**-**	**-**	**(1,705)**	**676**	**85,614**	**820**	**4,390**	**(60,838)**

Deferred tax (liabilities)/assets	Property, plant and equipment	Right of use asset IFRS 16	Decom-missioning	Prepaid expenses and other receivables	Inventory	Tax losses	Retirement benefit liability	Accrued expenses and other short-term liabilities	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Increase / (decrease) for the period through:									
profit or loss (Note 11)	11,250	(1,074)	-	829	94	6,289	70	3,203	20,661
other comprehensive income	-	-	-	(130)	-	-	-	116	(14)
Exchange difference	1,385	(4)	-	35	(37)	(1,491)	23	(63)	(152)
31 December 2019	**(137,998)**	**(1,078)**	**-**	**(971)**	**733**	**90,412**	**913**	**7,646**	**(40,343)**
Acquisition of subsidiary (Note 6)	10,080					60,752			70,832
Increase / (decrease) for the period through:									
profit or loss (Note 11)	8,381	819	8,877	(3,474)	(98)	7,384	53	(434)	21,508
other comprehensive income	-	-	-	130	-	-	-	1,603	1,733
Exchange difference	(4,006)	(33)	-	(336)	60	7,293	84	655	3,717
31 December 2020	**(123,543)**	**(292)**	**8,877**	**(4,651)**	**695**	**165,841**	**1,050**	**9,470**	**57,447**

	2020	2019

	$'000	$'000
Deferred tax liabilities	(68,609)	(73,381)
Deferred tax assets	126,056	33,038
	57,447	**(40,343)**

The change in the deferred tax liability is not equal to the origination of temporary difference as in Note 11 mainly because of the acquisition of the subsidiary company Energean Israel (business combination).

At 31 December 2020 the Group has gross unused tax losses of $783.6 million (as of 31 December 2019: $364.4 million) available to offset against future profits. Out of the total tax losses, $386.1 million come from the Greek operations whereas amount of $40.5 million comes from the Israeli operations and specifically the Karish licence which is in the development phase and expected to commence production by 2021. Finally, tax losses of $357 million comes from the Edison E&P Group and especially from its Italian and UK operations. With respect to the Greek tax losses carried forward, the majority of them ($384.7 million) come from the Prinos exploitation area which is the only producing asset of the Group, whereas an amount of $1.4 million comes from Ioannina and Katakolo areas which are in the exploration and development phase respectively. A deferred tax asset has been recognised as of 31 December 2020 in respect of $165.8 million (as of 31 December 2019: $90.4 million) of such tax losses. This represents the losses which are expected to be utilised based on Group's projection of future taxable profits in the jurisdictions in which the losses reside. It is considered probable based on business forecasts that such profits will be available.

Greece

Tax losses can be utilised to offset taxable profits for a period of time that is dictated by the tax legislation of each licence. The above carried forward unused tax losses arise almost exclusively from the Prinos Area. Tax losses incurred under the Prinos licence (Law2779/1999) can be utilised without limitation to offset taxable profits until the termination of Prinos exploitation area.

According to the Ioannina, Katakolo and recently granted Aitoloakarnania lease agreements the losses incurred in respect of a particular exploitation area prior to the commencement of any exploitable production shall be carried forward without any restrictions for such period. From the commencement of any exploitable production and thereafter, the general income tax provisions shall apply in relation to the carrying forward of losses (currently 5 years).

The Group expects that there will be sufficient taxable profit in the following years and that deferred tax assets, recognised in the consolidated financial statements of the Group, will be recovered.

Israel

The Group is subject to corporation tax on its taxable profits in Israel at the rate of 23%. The Capital Gain Tax rates depends on the purchase date and the nature of asset. The general capital tax rate for a corporation is the standard corporate tax rate.

Tax losses can be utilised for an unlimited period, and tax losses may not be carried back.

Tax losses occurring during the development or construction phases are to be deducted at the depreciation rate of the asset under development in respect of which they were created.

According to Income Tax (Deductions from Income of Oil Rights Holders) Regulations, 5716-1956, the exploration and evaluation expenses of oil and gas assets are deductible in the year in which they are incurred.

The Group expects that there will be sufficient taxable profit in the following years and that deferred tax assets, recognised in the consolidated financial statements of the Group, will be recovered.

Italy

The Group is subject to corporation tax on its taxable profits in Italy at the rate of 24% (IRES) plus Italian regional income tax of 3.9% (IRAP). Tax losses can be carried forward for IRES purposes and used to offset income in the following tax periods without any time limitation. Tax losses can only be offset with taxable income for an amount not exceeding 80% of the taxable income. Thus, corporations are required to pay IRES on at least 20% of taxable income. For IRAP purposes, tax losses may not be carried forward. In Italy, tax losses may not be carried back.

Egypt

All of the producing areas in Egypt in which Energean holds an interest are subject to certain PSC terms. The terms of the PSCs provide contractors with cost recovery from a portion of the gross revenue as well as a share of the profit. All Egyptian income taxes are paid out of the state-owned Egyptian General Petroleum Corporation ("EGPC") on behalf of the contractor.

However as tax is still considered to have been incurred, the entity owning the concession may be able to credit the Egyptian tax paid for the purpose of calculating the tax liability in their country of residence (subject to domestic law / application of relevant double tax treaties).

16. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank	197,514	349,857
Restricted bank deposits	5,425	4,562
	202,939	**354,419**

Bank demand deposits comprise deposits and other short-term money market deposit accounts that are readily convertible into known amounts of cash. The effective interest rate on short-term bank deposits was 1.07% for the year ended 31 December 2020 (year ended 31 December 2019: 1.68%).

Restricted bank deposits comprise mainly cash retained as a bank security pledge for the Group's performance guarantees in its exploration blocks of Israel, Montenegro, Ioannina and Aitoloakarnania. These deposits can be used for funding the exploration activities of the respective blocks.

17. Inventories

	2020 $'000	2019 $'000
Crude oil	16,946	2,312
Raw materials and supplies	56,073	4,485

Total inventories	**73,019**	**6,797**

The Group's raw materials and supplies consumption for the year ended 31 December 2020 was $1.3 million (year ended 31 December 2019: $1.8million).

The Group recorded impairment and write-off charges on inventory of $0.1 million for the year ended 31 December 2020 (year ended 31 December 2019: $nil) related to materials written off (note 8e).

18. Trade and other receivables

	2020 $'000	2019 $'000
Trade and other receivables-Current		
Financial items:		
Trade receivables	226,118	5,383
Government subsidies1	3,481	-
Receivables from related parties (note 24)	22	23
Derivative asset	-	564
	229,621	5,970
Non-financial items:		
Deposits and prepayments[2]	38,756	18,155
Refundable VAT	49,414	30,247
Deferred insurance expenses	507	5,338
Accrued interest income	41	182
	88,718	53,922
	318,339	**59,892**
Trade and other receivables-Non Current		
Financial items:		
Government subsidies	-	2,964
Other tax recoverable	16,686	-
	16,686	**2,964**
Non-financial items:		
Deposits and prepayments	13,409	-
Deferred Insurance expenses	-	438
Other non-current assets	1,473	674
	14,882	1,112
	31,568	**4,076**

[1] Government subsidies mainly relate to grants from Greek Public Body for Employment and Social Inclusion (OAED) to financially support the Kavala Oil S.A. labour cost from manufacturing under the action plan for promoting sustainable employment in underdeveloped or deprived districts of Greece, such as the area of Kavala.

[2] Included in deposits and prepayments, are mainly prepayments for goods and services under the GSP Engineering, Procurement, Construction and Installation Contract (EPCIC) for Epsilon project.

The table below summarizes the maturity profile of the Group receivables:

31 December 2020	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables	226,118	226,118	92,194	133,924	-	-
Government subsidies	3,481	3,481	-	3,481	-	-
Refundable VAT	49,414	49,414	34,618	14,796	-	-
Other tax recoverable	16,686	16,686	-	-	-	16,686
Total	**295,699**	**295,699**	**126,812**	**152,201**	**-**	**16,686**

31 December 2019	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years
Trade receivables	5,383	5,383	5,383	-	-	-
Government subsidies	2,964	2,964	-	-	-	2,964
Refundable VAT	30,247	30,247	-	30,247	-	-
Total	**38,594**	**38,594**	**5,383**	**30,247**	**-**	**2,964**

19. Share capital

On 30 June 2017, the Company became the parent company of the Group through the acquisition of the full share capital of Energean E&P Holdings Limited, in exchange for 65,643,120 £0.01 ($0.013) shares in the Company issued to the previous shareholders. As of this date, the Company's share capital increased from £50 thousand ($65k) to £706 thousand ($917k). From that point, in the consolidated financial statements, the share capital became that of Energean plc. The previously recognised share capital of $14.9 million and share premium of $125.8 million was eliminated with a corresponding positive merger reserve recognised of $139,903 thousand. The below tables outline the share capital of the Company.

In July 2019 a total of 23,444,445 new ordinary shares were placed with institutional investors at a price of £9.00 per Placing Share, raising proceeds of approximately $265.1 million (approximately £211 million) before expenses.

	Equity share capital allotted and fully paid	Share capital	Share premium
	Number	$'000	$'000
Issued and authorized			
At 1 January 2019	**153,152,763**	**2,066**	**658,805**
Issued during the year			
- New shares	23,618,583	297	256,583
- Share based payment	318,060	4	-
At 31 December 2019	**177,089,406**	**2,367**	**915,388**
Issued during the year			
- New shares	-	-	-

	Equity share capital allotted and fully paid	Share capital	Share premium
	Number	$'000	$'000
- Share based payment	-	-	-
At 31 December 2020	**177,089,406**	**2,367**	**915,388**

20. Non-controlling interests

Name of subsidiary	Voting rights		Share of loss		Accumulated balance	
	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019
	%	%	$'000	$'000	$'000	$'000
Kavala Oil S.A.		-		-	-	92
Energean Israel Ltd	30.00	30.00	(3,173)	(323)	266,299	259,630
Total	**30.00**	**30.00**	**(3,173)**	**(323)**	**266,299**	**259,722**

Material partly-owned subsidiaries

Energean Israel Limited

On 29 March 2018, the Group, following a final investment decision in respect of the Karish and Tanin assets, after acquiring the 50% founders' shares, the Group subscribed for additional shares in Energean Israel for an aggregate consideration of $266.7 million, payable in cash. At the time of completion of this subscription, the Group held 70% of the shares in Energean Israel, with Kerogen Capital holding the remaining 30%. On 25 February 2021 the Group completed the acquisition of Kerogen Capital's 30% holding in Energean Israel. See note 28 for further details.

In January 2020 Energean Israel Limited issued and allotted to Energean and Kerogen 32,500 total shares at nominal value of $1,000. The total number of shares issued to Energean and Kerogen were 22,750 and 9,750 respectively, consistent with each party's equity interest in Energean Israel at that date .

The summarised financial information of Energean Israel Limited for the year ended 31 December 2020, is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of financial position as at 31 December 2020:

	2020	2019
	$'000	$'000
Current assets	38,725	145,038
Non current assets	2,178,689	1,638,566
Current liabilities	(1,207,374)	(93,169)
Non-current liabilities	(122,759)	(825,011)
Total equity	**887,281**	**865,424**

Summarized statement of profit or loss for 2020:

	2020 $'000	2019 $'000
Administration expenses	(3,909)	(2,868)
Exploration and evaluation expenses	(502)	-
Other expenses	(2,701)	(55)
Operating loss	(7,112)	(2,923)
Finance income	2,063	2,262
Finance costs	(326)	(1,227)
Loss for the year before tax	**(5,375)**	**(1,888)**
Tax income	495	375
Net loss for the period	**(4,880)**	**(1,513)**
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Cash Flow hedge, net of tax	(7,483)	564
Tax relating to items that may be reclassified subsequently to profit or loss	1,721	(130)
Other comprehensive (loss)/income	**(5,762)**	**434**
Total comprehensive income/(loss) for the period	**(10,642)**	**(1,079)**

21. Borrowings

	2020 $'000	2019 $'000
Net Debt		
Current borrowings	1,112,984	38,052
Non-current borrowings	330,092	877,932
Total borrowings	1,443,076	915,984
Less: Cash and cash equivalents and bank deposits	(202,939)	(354,419)
Net Debt (1)	**1,240,137**	**561,565**
Total equity (2)	1,194,392	1,260,752
Gearing Ratio (1)/(2):	**103.83%**	**44.54%**

EBRD Senior Facility:

On 30 January 2018, the Group's existing EBRD Senior Facility Agreement was amended and restated pursuant to the RBL Senior Facility Agreement,. The RBL Senior Facility Agreement comprises two facilities—a facility of up to $105.0 million with EBRD and the Black Sea Trade and Development Bank as lenders and a $75.0 million facility pursuant to which the Export-Import Bank of Romania Eximbank SA and Banca Comerciala Intesa Sanpaolo Romania S.A. (with 95% insurance cover from the Romanian ECA) as lenders. Proceeds from the Romanian Club Facility will finance exclusively 85% of the value attributable to goods and services under the GSP Engineering, Procurement, Construction and Installation Contract (EPCIC) contract. The facility is secured by substantially all of the assets of the subsidiary company Energean Oil & Gas S.A. and a guarantee from Energean E&P Holdings and a pledge of its shares in Energean Oil & Gas S.A. The facility has a seven-year tenor and incurs interest on outstanding debt at US dollar LIBOR01 plus an applicable margin (4.9% for the $105.0 million facility and 3.0% for the $75.0 million facility). As at 31 December 2020 an amount of $145.2 million has been drawn down from the EBRD Senior Facility. In 2020, the Group made a prepayment of $38 million, to coincide with the commencement of the loan. Its lenders, for both the EBRD facility and the Romanian tranche of the loan, simultaneously cancelled outstanding commitments under the loan. As such, the loan should be considered fully drawn. As at 31 December 2020 the amortised carrying value of the loan was $103.5 million.

EBRD Subordinated Facility:

In July 2016, the Group signed an EBRD Subordinated Facility Agreement, a subordinated loan agreement with the EBRD, subsequently amended on 8 March 2017, for a $20 million facility to fund the Group's exploration activities. The facility is subject to an interest rate of 4.9% plus LIBOR01, in addition to fees and commission and an EBITDA participation of the Greek subsidiary Energean Oil & Gas S.A. an amount of up to 3.5% of EBITDA (if EBITDA is positive) depending on the amount of the facility drawn.

On 28 February 2018, the Group's existing Subordinated Facility Agreement was amended and restated regarding the Maturity Date (25 August 2025) and EBITDA participation rate increase by 0.5% . EBITDA participation amount accrued in 2020 was $nil million (31 December 2019: $2.1 million). As at 31 December 2020 an amount of $20.0 million has been drawn down from the EBRD Subordinated Facility (31 December 2019: $20 million).

Senior Credit Facility for the Karish-Tanin Development:

On 2 March 2018, the Group entered into a senior secured project finance for its Karish-Tanin project amounting to $1,275 million. The loan is held at the Energean Israel Limited level (Energean 70%). Once drawn, interest is to be charged at LIBOR + 3.75% over months 1 to 12, LIBOR + 4.00% over months 13 – 24, LIBOR + 4.25% over months 25 – 36 and LIBOR + 4.75% over months 37 – 45. The facility matures in December 2021 and has a bullet repayment on maturity. There is a commitment fee of 30% of the applicable margin.

In March 2020, the Senior Credit Facility was increased to $1.45 billion, providing an additional $175 million of liquidity for the Karish project and future appraisal activity in Israel.

As at 31 December 2020 an amount of $1,150.0 million (31 December 2019: $830.0) was drawn down from the $1.450,0 million Karish-Tanin project finance facility. In January 2020, the Group agreed with the existing lenders of its $1.45 billion project finance facility to extend its maturity by nine months, from December 2021 to September 2022. As such from January 2021 the said loan which is presented at short term borrowings was classified as long-term borrowings.

In 1Q 2021, the Group issued a $2.5 billion bond, part of which will be used to repay the $1.45 billion project finance facility.

New Egypt RBL Facility:

On 20 June 2020, the Group signed a reserve based facility with a group of lending banks (the “Egypt RBL”) in order to fund a portion of the cash consideration to be paid to Edison S.p.A for the Edison E&P Acquisition, to fund transaction costs and for general corporate purposes.

The Egypt RBL comprises a single senior secured revolving reserve-based credit facility of up to $280 million (the “Facility Limit”), which may be drawn by way of loans or letters of credit. The Facility Limit may be increased by up to $175 million (for a total Facility Limit of up to $455 million) subject to certain conditions contained in the accordion provisions in the Egypt RBL.

The New RBL Facility has a tenor of six years from the closing date and matures on the earlier of (i) the date on which aggregate remaining reserves for the borrowing base assets are projected to be less than 25% of the initial approved reserves and (ii) the date falling six years from the closing date. As at 31 December 2020 an amount of $237.0 million has been drawn down from the Egypt RBL Facility.

Reconciliation of liabilities arising from financing activities

	1 January	Cash inflows	Cash outflows	Reclassi-fication	IFRS 16 adoption	Acquisition of subsidiary	Additions	Lease modification	Borrowing costs including amortisation of arrangement fees	Foreign exchange impact	Fair value changes	31 December
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000
2020	**999,551**	**557,000**	**(140,621)**	**(1,130)**	**-**	**43,347**	**57,173**	**(1,519)**	**100,522**	**434**	**7,597**	**1,622,354**
Long -term borrowings	877,931	237,000	(53,033)	(740,579)	-	-	-	-	8,669	104	-	330,092
Current borrowings [(1)]	38,052	320,000	(61,437)	735,649	-	-	-	-	80,720	-	-	1,112,984
Lease liabilities	6,111	-	(6,644)	3,800	-	43,347	1,951	(1,519)	247	330	-	47,623
Deferred licence payments	78,139	-	(14,843)	-	-	-	-	-	6,222	-	-	69,518
Contingent consideration	-	-	-	-	-	-	55,222	-	-	-	-	55,222
Asset held to hedge long-term borrowings	(682)	-	(4,664)	-	-	-	-	-	4,664	-	7,597	6,915
2019	**230,788**	**849,546**	**(61,104)**	**(2,517)**	**9,792**	**-**	**123**	**(699)**	**(25,756)**	**(57)**	**(564)**	**999,552**
Long -term borrowings	142,985	848,658	(44,738)	(38,052)	-	-	-	-	(30,890)	(31)	-	877,932
Current portion of long-term borrowings	1,285	-	-	38,052	-	-	-	-	(1,259)	(26)	-	38,052
Lease liabilities	-	-	(1,024)	(2,517)	9,792	-	123	(699)	436	-	-	6,111
Deferred licence payments	86,518	-	(15,342)	-	-	-	-	-	6,963	-	-	78,139
Asset held to hedge long-term borrowings	-	888		-	-	-	-	-	(1,006)	-	(564)	(682)

(1) As of 31 December 2020 the balance amount $756.2 million classified as long-term borrowings under Karish facility , is currently presented in short term borrowings. On 13 January 2021, the Group signed with its existing lenders for the facility for Karish development a nine-month extension for the facility maturity date, from December 2021 to September 2022. As such from January 2021 the said loan balance amount $1,094 million which currently presented in short term borrowings will be classified in long-term borrowings

Capital management

The Group defines capital as the total equity and net debt of the Group. Capital is managed in order to provide returns for shareholders and benefits to stakeholders and to safeguard the Group's ability to continue as a going concern. Energean is not subject to any externally imposed capital requirements. To maintain or adjust the capital structure, the Group may put in place new debt facilities, issue new shares for cash, repay debt, engage in active portfolio management, adjust the dividend payment to shareholders, or undertake other such restructuring activities as appropriate.

In March 2021 the Group issued a $2.5 billion Bond to (i) refinance its $1.45 billion Project Finance Facility (ii) cancel and replace the $700 million Term Loan which was drawn to fund the acquisition of Kerogen's minority interest in Energean Israel, (iii) fund future capital and exploration expenditure in Israel, including Karish and Karish North and (iv) for general corporate purposes of the Group. The gross processed were deposited into an escrow account pending the receipt of regulatory approvals and registration of certain pledges.

22. Retirement benefit liability

The Group operates defined benefit pension plans in Greece and Italy.

Under Italian law, Edison E&P is required to operate a Target Retirement Fund "TFR" for its local employees. This is technically a defined benefit scheme, though has no pension assets, with the liability measured by independent actuaries.

In accordance with the provisions of Greek labour law, employees are entitled to compensation in case of dismissal or retirement. The amount of compensation varies depending on salary, years of service and the manner of termination (dismissal or retirement). Employees who resign are not entitled to compensation. The compensation payable in case of retirement is equal to 40% of the compensation which would be payable in case of unjustified dismissal

These plans are not funded and are defined benefit plans in accordance with IAS 19. The Group charges the accrued benefits in each period with a corresponding increase in the relative actuarial liability. The payments made to retirees in every period are charged against this liability. The liabilities of the Group arising from the obligation to pay termination indemnities are determined through actuarial studies, conducted by independent actuaries.

22.1 Provision for retirement benefits

	2020 $'000	2019 $'000
Defined benefit obligation	7,839	4,265
Provision for retirement benefits recognised	7,839	4,265
Allocated as:		
Non-current portion	7,839	4,265
	7,839	4,265

22.2 Defined benefit obligation

	2020 $'000	2019 $'000
At 1 January	4,265	3,659
Acquisition of subsidiary	3,021	-
Current service cost	364	405
Interest cost	39	61
Extra payments or expenses	557	564
Actuarial losses - from changes in financial assumptions	49	466
Benefits paid	(866)	(824)
Exchange differences	410	(66)
At 31 December	**7,839**	**4,265**

22.3 Actuarial assumptions and risks

The most recent actuarial valuation was carried out as of 31 December 2020 and it was based on the following key assumptions:

	2020 $'000	2019 $'000
Discount rate	**1.70%**	**1.70%**
Expected rate of salary increases	**3.54%**	**3.54%**
Average life expectancy over retirement age	**19.4 years**	**20.8 years**
Inflation rate	**1.84%**	**1.70%**

<u>Sensitivity analysis</u>

The sensitivity analysis below shows the impact on the defined benefit obligation of changing each assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	2020	2019
Percentage Effect on defined benefit obligation		
Change + 0,5% in Discount rate	-9%	-8%
Change - 0,5% in Discount rate	9%	8%
Change +0,5% in Expected rate of salary increases	8%	8%

Change -0,5% in Expected rate of salary increases	-8%	-8%

	2020	2019
Percentage Effect on current service cost		
Change + 0,5% in Discount rate	-12%	-12%
Change - 0,5% in Discount rate	12%	12%
Change +0,5% in Expected rate of salary increases	12%	13%
Change -0,5% in Expected rate of salary increases	-12%	-13%

The amounts presented reflect the impact from the percentage increase / (decrease) in the given assumption by +/- 0.5% on the defined benefit obligation and current service cost , while holding all other assumptions constant.

The plan exposes the Group to actuarial risks such as interest rate risk, longevity changes and inflation risk.

Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in Euro. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit liability.

Longevity of members

Any increase in the life expectancy of the members will increase the defined benefit liability.

Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's defined benefit liability.

23. Provisions

	Decommissioning	Provision for litigation and other claims	Total
	$'000	$'000	$'000
At 1 January 2019	**7,530**	**-**	**7,530**
New provisions and changes in estimates	5,437	133	5,570
Unwinding of discount	320	-	320
Currency translation adjustment	(142)	-	(142)
At 31 December 2019	**13,145**	**133**	**13,278**

	Decommissioning	Provision for litigation and other claims	Total
	$'000	$'000	$'000
Current provisions	**-**	**133**	**133**
Non-current provisions	**13,145**	**-**	**13,145**
At 1 January 2020	**13,145**	**133**	**13,278**
New provisions	38,125	-	38,125
Change in estimates	1,496	-	1,496
Refunds	-	(145)	(145)
Acquisition of subsidiary	808,994	16,375	825,369
Unwinding of discount	919	-	919
Currency translation adjustment	2,448	45	2,493
At 31 December 2020	**865,127**	**16,408**	**881,535**
Current provisions	**-**	**-**	**-**
Non-current provisions	**865,127**	**16,408**	**881,535**

Decommissioning provision

The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties, which are expected to be incurred up to 2040, when the producing oil and gas properties are expected to cease operations. The future costs are based on a combination of estimates from an external study completed at the end of 2019 and internal estimates. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

The decommissioning provision represents the present value of decommissioning costs relating to assets in Italy, Greece, UK, Israel and Croatia. No provision is recognized for Egypt as there is no legal or constructive obligation as at 31 December 2020.

	Inflation assumption	Discount rate assumption	Cessation of production assumption	*2020* $'000	*2019* $'000
Greece	1.2% – 1.6	1.26%	2034	16,082	13,105
Italy	0.6%-1.4%	1.45%	2021-2040	551,464	-
UK	1.9%	0.35%	2022-2030	239,708	-
Israel	2.2%	1.44%	2040	38,399	-

	Inflation assumption	Discount rate assumption	Cessation of production assumption	*2020* $'000	*2019* $'000
Croatia	na	na	2021	19,474	-
Total				**865,127**	**13,105**

Litigation and other claims provisions

Litigation and other claim provision related to litigation actions currently open in Italy with the Termoli Port Authority in respect of the fees payable under the marine concession regarding FSO Alba Marina serving the Rospo Mare field in Italy. The fees have been paid on the basis of the actual area of the FSO Alba Marina ship. The Termoli Port Authority subsequently claimed that the concession fees should have been calculated according to the "virtual area" criterion, which would look at the whole sea area which might be taken up by the FSO Alba Marina as it pivoted around its anchor buoy. Based on legal advice received, Energean is confident that Energean Italy Spa has a good chance of being successful in these litigations. However, The Termoli Port Authority has been successful in a couple of first instance cases on procedural grounds in the Court of Campobasso, but the judge did not consider the substantive issue as to whether the virtual area criterion or "actual area" was the correct method of calculation for the Concession Fee. Accordingly, Energean Italy Spa has appealed these cases to the Campobasso Court of Appeal. None of the other cases has yet had a decision on the substantive issue. The Group contain a provision of €4.7 million against an adverse outcome of these court cases.

Between 20 December 2019 and 5 January 2021 a number of new tax assessments were received by Edison in respect of the years 2016 to 2019 from the municipalities of Porto Sant'Elpidio, Torino di Sangro, Cupra Marittima, Scicli and Pineto claiming amounts in respect of IMU, TASI, interest and sanctions. These will be defended vigorously by Edison S.p.A. and by Energean Italy Spa and there are a number of lines of defence. Energean Italy's Spa potential liability is in respect of the 2019 year only. The assessments from the municipalities of Scicli and Cupra Marittima are illegitimate as they disregard the previous agreements entered by the two Municipalities, in which the same Municipalities recognized the lack of the conditions for taxation of the platforms for 2016 onwards. The Group strongly believes based on legal advice received that the outcome of the court decisions will be in its favour with no material exposure expected, therefore the Group recognised a provision of $1.9 million in respect of this claim.

Amount of $1.9 million provision relates to leasing cost charged to ENI on the floating storage located in the Leoanis plan. The Group following a claim from ENI accounted for this provision since these overestimated costs were required to be reimbursement.

Other provisions include non-income tax provision and other potential claim in Egypt.

It is not currently possible to accurately predict the timing of the settlement of these claims and therefore the expected timing of the cash flows.

It is not currently possible to accurately predict the timing of the settlement of these claims and therefore the expected timing of the cash flows.

24. Trade and other payables

	2020 $'000	2019 $'000
Trade and other payables-Current		
Financial items:		
Trade accounts payable [1]	193,987	95,919
Payables to partners under JOA 2	64,752	-
Deferred licence payments due within one year[3]	14,344	14,843
Other creditors	12,502	5,641
Short term lease liability	10,561	3,541
	296,146	119,944
Non-financial items:		
Accrued Expenses [1]	49,812	42,026
Other finance costs accrued	2,630	2,306
Social insurance and other taxes	5,695	3,774
Income taxes	1,171	58
	59,308	48,164
	355,454	**168,108**
Trade and other payables-Non Current		
Financial items:		
Deferred licence payments [3]	55,174	63,296
Contingent consideration (note 6)	55,222	-
Long term lease liability	37,062	2,570
	147,458	65,866
Non-financial items:		
Long term prepayment [3]	29,105	5,306
Social insurance	630	1,229
	29,735	6,535
	177,193	**72,401**

[1] Included in trade payables and accrued expenses in FY2020 and Y2019, are mainly Karish field related development expenditures (mainly FPSO and Sub Sea construction cost) .

[2] Payables related to operated Joint operations primarily in Italy

[3] In December 2016, Energean Israel acquired the Karish and Tanin offshore gas fields for $40.0 million closing payment with an obligation to pay additional consideration of $108.5 million plus interest inflated at an annual rate of 4.6% in ten equal annual payments. As at 31 December 2020 the total discounted deferred consideration was $69.5 million (31 December 2019: $78.1 million).

[4] In June 2019, Energean signed a Detailed Agreement with Israel Natural Gas Lines ("INGL") for the transfer of title (the "hand over") of the near shore and onshore part of the infrastructure that will deliver gas from the Karish and Tanin FPSO into the Israeli national gas transmission grid. As consideration, INGL will pay Energean 369 million Israeli new shekel (ILS), approximately $102 million for the infrastructure being built by Energean which will be paid in accordance with milestones detailed in the agreement. The agreement covers the onshore section of the Karish and Tanin infrastructure and the near shore section of pipeline extending to approximately 10km offshore. It is intended that the hand over to INGL will become effective shortly after the delivery of first gas from the Karish field expected in Q4 2021/Q1 2022 . Following hand over, INGL will be responsible for the operation and maintenance of this part of the infrastructure.

Trade and other payables are non-interest bearing except for finance leases and deferred licence payments.

The change in trade payables and in other payables predominantly represents payables of the new acquired business Edison E&P.

25. Employee share schemes

Analysis of share-based payment charge

	2020 $'000	2019 $'000
Employee Share Award Plan		1,178
Energean DSBP Plan	693	314
Energean Long Term Incentive Plan	2,632	1,989
Total share-based payment charge	**3,325**	**3,481**
Capitalised to intangible and tangible assets	99	730
Expensed as administration expenses	2,776	2,685
Expensed to exploration and evaluation expenses	442	52
Expensed as other expenses	8	14
Total share-based payment charge	**3,325**	**3,481**

Energean Long Term Incentive Plan (LTIP)

Under the LTIP, Senior Management can be granted nil exercise price options, normally exercisable from three to ten years following grant provided an individual remains in employment. The size of awards depends on both annual performance measures and Total Shareholder Return (TSR) over a period of up to three years. There are no post-grant performance conditions. No dividends are paid over the vesting period; however, Energean's Board may decide at any time prior to the issue or transfer of the shares in respect of which an award is released that the participant will receive an amount (in cash and/or additional Shares) equal in value to any dividends that would have been paid on those shares on such terms and over such period (ending no later than the Release Date) as the Board may determine. This amount may assume the reinvestment of dividends (on such basis as the Board may determine) and may exclude or include special dividends.

The weighted average remaining contractual life for LTIP awards outstanding at 31 December 2020 was 1.4 years (31 December 2019: 1.7 years), number of shares outstanding 1,858,005 and weighted average price at grant date £5.84.

There are further details of the LTIP in the remuneration Report on pages 144 to 147.

Deferred Share Bonus Plan (DSBP)

Under the DSBP, the portion of any annual bonus above 30 per cent of the base salary of a Senior Executive nominated by the Remuneration Committee was deferred into shares.

Deferred awards are usually granted in the form of conditional share awards or nil-cost options (or, exceptionally, as cash-settled equivalents). Deferred awards usually vest two years after award although may vest early on leaving employment or on a change of control.

The weighted average remaining contractual life for DSBP awards outstanding at 31 December 2020 was 0.8 years, number of shares outstanding 196,514 and weighted price at grant date £6.27.

Employee Share Award Plan (ESAP)

Most Group employees are eligible to be granted nil exercise price options under the ESAP.

On 24 May 2018, the Company, following its admission on the London Stock Exchange on 21 March 2018 granted conditional awards to most of the Group employees under the Energean 2018 Long Term Incentive Plan (LTIP) over 659,050 ordinary shares in Energean Oil & Gas plc.

Subject to the rules of the LTIP, half of the shares subject to each employee Award vested on 22 November 2018, and the remainder vested on 22 November 2019.

26. Financial instruments

The Group is exposed to a variety of risks including commodity price risk, interest rate risk, credit risk, foreign currency risk and liquidity risk. The use of derivative financial instruments is governed by the Group's policies approved by the Board of Directors. Compliance with policies and exposure limits are monitored and reviewed internally on a regular basis. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

26.1. Fair values of financial assets and liabilities

The information set out below provides information about how the Group determines the fair values of various financial assets and liabilities.

The fair values of the Group's non-current liabilities measured at amortised cost are considered to approximate their carrying amounts at the reporting date.

The carrying value less any estimated credit adjustments for financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values due to their short term-nature. The fair value of the group's finance lease obligations is estimated using discounted cash flow analysis based on the group's current incremental borrowing rates for similar types and maturities of borrowing and are consequently categorized in level 2 of the fair value hierarchy.

As at 31 December 2020 the Group recognized contingent consideration payable of $55.2 million (31 December 2019: $nil) at fair value through profit and loss. The consideration payable has been recognized at level 3 in the fair value hierarchy. The fair value of the consideration payable has been estimated by reference to the sales and purchase agreement and by simulating PSV pricing by reference to the forecasted PSV pricing, historical volatility and a log normal distribution. The total cash payable has been discounted at the cost of debt. See note 6 for further details.

The fair value hierarchy of financial assets and financial liabilities that are not measured at fair value (but fair value disclosure is required) is as follows:

	Fair value hierarchy as at 31 December 2020			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Trade and other receivables (note 18)	-	246,307	-	246,307

Cash and cash equivalents and bank deposits (note 16)	202,939	-	-	202,939
Total	**202,939**	**246,307**	**-**	**449,246**
Financial liabilities				
Financial liabilities held at amortised cost:				
Borrowings (note 21)	-	1,443,076	-	1,443,076
Net obligations under finance leases (note 24)	-	47,623	-	47,623
Deferred licence payments (note 24)	-	69,518	-	69,518
Financial liabilities held at FVTPL:				-
Interest rate derivatives	-	6,915	-	6,915
Contingent consideration (note 6)	-	-	55,222	55,222
Total	**-**	**1,567,132**	**55,222**	**1,622,354**

	Fair value hierarchy as at 31 December 2019			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Trade and other receivables (note 18)	-	8,934	-	8,934
Cash and cash equivalents and bank deposits (note 16)	354,419	-	-	354,419
Total	354,419	8,934	**-**	**363,353**
Financial liabilities				
Financial liabilities held at amortised cost:				
Borrowings (note 21)	-	915,984	-	915,984
Net obligations under finance leases (note 24)	-	6,111	-	6,111
Deferred licence payments (note 24)	-	78,139	--	78,139
Total		**1,000,234**	**-**	**1,000,234**

26.2 Fair values of derivative financial instruments

The Group held financial instruments at fair value at 31 December 2020 related to interest rate derivatives. All derivatives are recognised at fair value on the balance sheet with valuation changes recognised immediately in the income statement, unless the derivatives have been designated as a cash flow hedge. Fair value is the amount for which the asset or liability could be exchanged in an arm's length transaction at the relevant date. Where available, fair values are determined using quoted prices in active markets. To the extent that market prices are not available, fair values are estimated by reference to market-based transactions, or using standard valuation techniques for the applicable instruments and commodities involved. Values recorded are as at the balance sheet date, and will not necessarily be realised.

As at 31 December 2020 the Group's interest rate derivatives are Level 2 (31 December 2019: Level 2). There were no transfers between fair value levels during the year.

26.3 Commodity price risk

The Group does not have a formal hedging policy with regard to the oil price and is limited in the scope of its hedging activities under the terms of its facility agreements with the EBRD. Historically, hedging has been undertaken via zero cost collars for general downside risk and fixed price contracts to set a fixed price for a set number of barrels for a known future BP lifting to protect against either (i) a fall in the oil price and/or (ii) the pricing optionality afforded to BP under the BP Offtake Agreement.

The Group did not enter into any hedging agreement in relation to oil or gas prices during 2019 or 2020.

26.4 Interest rate risk

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 December 2020, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial.

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 1%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	2020 $'000	2019 $'000
Variable rate instruments		
Borrowings	1,443,076	915,985
	1,443,076	**915,985**

Interest rate sensitivity

	Profit and loss for the period	
31 December 2020	5,780	(4,286)

	+ 50 basis points	- 50 basis points
31 December 2019	(2,645)	2,405

26.5 Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has policies in place to ensure that all of its transactions giving rise to credit risk are made with parties having an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

Also, the Group has policies to limit the amount of credit exposure to any banking institution, considering among other factors the credit ratings of the banks with which deposits are held. Credit quality information in relation to those banks is provided below.

With regard to the risk of potential losses caused by the failure of any of the counterparties the Company interacts with to honour the commitments they have undertaken, the Group has implemented for some time procedures and tools to evaluate and select counterparties based on their credit rating, constantly monitor its exposure to the various counterparties and implement appropriate mitigating actions, primarily aimed at recovering or transferring receivables. For the period ended 31 December 2020 the Group has also considered the impact of COVID-19 in relation to the recoverability of its trade receivables and expected credit loss allowances recognised at period end.

Presented below is a breakdown of trade receivables by past due bracket:

(in thousands of USD)	31 December 2020	31 December 2019
Trade receivables	257,779	5,383
Allowance for impairment	(31,661)	-
Total	**226,118**	**5,383**

Trade receivables include balances from EGPC, the Egyptian governmental body that are significantly aged.

	31 December 2020		31 December 2019	
(in thousands of US$)	Trade receivables	Allowance	Trade receivables	Allowance
Not yet due	133,144	(2,127)	5,383	-
Past due by less than one month	16,511	(424)	-	-
Past due by one to three months	14,269	(298)	-	-

Past due by three to six months	53,055	(1,850)	-	-
Past due by more than six months	40,800	(26,962)	-	-
Total	**257,779**	**(31,661)**	**5,383**	**-**

Trade Receivables by geography

(in thousands of USD)	31 December 2020	31 December 2019
Italy	62,622	-
United Kingdom	1,931	-
Egypt	184,940	-
Greece	5,617	5,383
Falkland	1,865	-
Croatia	301	-
Other Countries	503	-
Total	**257,779**	**5,383**

Credit quality of bank deposits

The credit quality of the banks in which the Group keeps its deposits is assessed by reference to the credit rating of these banks. Moody's credit ratings of the corresponding banks in which the Group keeps its deposits is as follows:

	2020 $'000	2019 $'000
Aa3	51,502	926
A1	25,974	8
A2	37,967	114,760
A3	-	235,355
BBB	50,507	-
B1	9,614	-
B2	23,443	-
B3	2,723	1,553
Baa1	26	-
Caa1	776	1,790
Unrated	407	4
	202,939	**354,396**

The Company has assessed the recoverability of all cash balances and believe they are carried within the consolidated statement of financial position at amounts not materially different to their fair value.

The credit ratings of the Group's trade receivables are as follows:

	2020 $'000	2019 $'000
A1		2,636
Non-rated	226,139	2,770
Total	**226,139**	**5,406**

26.6 Foreign exchange risk

The Group is exposed to foreign exchange risk as it undertakes operations in various foreign currencies. The key sources of the risk are attributed to the fact that the Group has certain subsidiaries with Euro functional currencies in which a number of loan agreements denominated in US$ and sales of crude oil are additionally denominated in US$.

The Group's exposure to foreign currency risk, as a result of financial instruments, at each reporting date is shown in the table below. The amounts shown are the US$ equivalent of the foreign currency amounts.

	Liabilities		Assets	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Dollars (US$)	130,161	176,802	19,710	4,861
United Kingdom Pounds (GBP)	358,083	16,099	373,462	29,035
Euro	1,072,146	2,488	1,559,366	84,404
CAD	15	-	-	-
NOK	259	-	50,723	49,320
ILS	32,593	9,889	23,103	702
SGD	161	83	91	-
EGP	41		1	-
Total	**1,593,459**	**205,361**	**2,026,456**	**168,322**

The following table reflects the sensitivity analysis for profit and loss results for the year and equity, taking into consideration for the periods presented foreign exchange variation by +/- 10%.

	31-Dec-20													
	USD		GBP		Euro		ILS		NOK		SGD		EGP	
	Variation		Variation		Variation		Variation		Variation		Variation		Variation	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%	10%	-10%	10%	-10%	10%	-10%
Profit or loss (before tax)	12,542	(15,329)	1,503	(1,746)	14,191	(17,220)	5,570	(5,063)	4,637	(5,659)	25	(23)	(4)	5

Other comprehensive income	15,245	(3,706)												
Equity	**27,787**	**(19,035)**	**1,503**	**(1,746)**	**14,191**	**(17,220)**	**5,570**	**(5,063)**	**4,637**	**(5,659)**	**25**	**(23)**	**(4)**	**5**

	31 December 2019									
	USD		GBP		Euro		ILS		NOK	
	Variation		Variation		Variation		Variation		Variation	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%	10%	-10%
Profit or loss (before tax)	16,396	(20,039)	3,427	(4,289)	7,527	(9,215)	(919)	835	4,485	(5,477)
Other comprehensive income	10,129	(9,642)	-	-	-	-	-	-	-	-
Equity	**26,525**	**(29,681)**	**3,427**	**(4,289)**	**7,527**	**(9,215)**	**(919)**	**835**	**4,485**	**(5,477)**

The above calculations assume that interest rates remain the same as at the reporting date.

26.7 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its risk to a shortage of funds by monitoring its debt rating and the maturity dates of existing debt and other payables. As at 31 December 2020, the Group had available US$1,040 million (2019: $480.0 million) of undrawn committed borrowing facilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The Group manages its liquidity risk by ongoing monitoring of its cash flows. Group management prepares budgets and regular cash flow forecasts and takes appropriate actions to ensure available cash deposits and credit lines with the banks are available to meet the Group's liabilities as they fall due.

The table below summarizes the maturity profile of the Group financial liabilities based on contractual undiscounted payments:

31 December 2020	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans	1,443,076	1,652,004	13,541	1,226,014	98,718	273,231	40,500
Lease liabilities	47,623	48,199	3,539	7,372	5,978	10,082	21,228
Trade and other payables	395,980	412,544	218,910	63,735	26,155	92,394	11,350
Total	**1,866,679**	**2,112,747**	**235,990**	**1,297,121**	**130,851**	**375,707**	**73,078**

31 December 2019	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans	915,985	1,146,599	34,806	64,022	968,320	79,451	-
Lease liabilities	6,111	6,626	797	2,761	1,955	1,113	-
Trade and other payables	233,428	260,910	100,917	63,270	21,136	52,390	23,197
Total	**1,155,524**	**1,414,135**	**136,520**	**130,053**	**991,411**	**132,954**	**23,197**

27. Related parties

27.1 Related party relationships

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Directors of Energean Plc are considered to be the only key management personnel as defined by IAS 24. The following information is provided in relation to the related party transaction disclosures provided in note 27.2 below:

Adobelero Holdings Co Ltd. is a beneficially owned holding company controlled by Panos Benos, the CFO of the Group.

Growthy Holdings Co Ltd is a beneficially owned holding company controlled by Matthaios Rigas, the CEO of the Group.

Oil Co Investments Limited is beneficially owned and controlled by Efstathios Topouzoglou, a Non-Executive Director of the Group. The nature of the Group's transactions with the above related parties is mainly financing activities.

Kerogen Capital is an independent private equity fund manager specialising in the international oil and gas sector, which currently holds the 30% of Energean Israel ordinary shares not held by the group.

Seven Maritime Company (Seven Marine) is a related party company controlled by one the Company's shareholders Mr Efstathios Topouzoglou. Seven Marine owns the offshore supply ships Valiant Energy and Energean Wave which support the Group's investment program in northern Greece.

Capital Earth: During the year ended 31 December 2018 the Group received consultancy services from Capital Earth Limited, a consulting company controlled by the spouse of one of Energean's executive director, for the provision of Group Corporate Social Responsibility Consultancy and Project Management Services.

27.2 Related party transactions

Purchases of goods and services

	2020	2019
	$'000	$'000
Nature of transactions		

Other related party "Seven marine"	Vessel leasing and services	1,473	4,066
Other related party "Prime Marine Energy Inc"	Construction of field support vessel	19,950	-
Other related party "Capital Earth Ltd"	Consulting services	129	129
		21,552	**4,195**

Following a competitive tender process, the Group has entered into an agreement to purchase a Field Support Vessel ("FSV") from Prime Marine Energy Inc., a company controlled by director and shareholder at Energean plc, for US$33.3 million. The FSV is being constructed to meet the Group's specifications and will provide significant in-country capability to support the Karish project, including FPSO re-supply, crew changes, holdback operations for tanker offloading, emergency subsea intervention, drilling support and emergency response. The purchase of this multi-purpose vessel will enhance operational efficiencies and economics when compared to the leasing of multiple different vessels for the various activities.

27.3 Related party balances

Payables

		2020 $'000	2019 $'000
	Nature of balance		
Seven marine	Vessel leasing and services	407	6,105
		407	**6,105**

27.4 Key management compensation

The Directors of Energean plc are considered to be the only key management personnel as defined by IAS 24 Related Party Disclosures.

31 December 2020	Salary and fees $'000	Benefits $'000	Annual bonus $'000	Total $'000
Executive Directors	1,436	160	1,215	2,811
Non-Executive Directors	574	-	-	574
Total	**2,010**	**160**	**1,215**	**3,385**

31 December 2019	Salary and fees $'000	Benefits $'000	Annual bonus $'000	Total $'000
Executive Directors	1,436	160	545	**2,141**
Non-Executive Directors	590	-	-	**590**

Total	**2,026**	**160**	**545**	**2,731**

28. Commitments and contingencies

In acquiring its oil and gas interests, the Group has pledged that various work programmes will be undertaken on each permit/interest. The exploration commitments in the following table are an estimate of the net cost to the Group of performing these work programmes:

	2020 $'000	2019 $'000
Capital Commitments*:		
Due within one year	102,255	5,425
Due later than one year but within two years	84,855	5,729
Due later than two years but within five years	200,895	-
	388,005	**11,154**
		-
Contingent liabilities		
Performance guarantees*		
Greece	6,743	658
Israel	62,101	38,330
UK	96,655	-
Italy	15,361	-
Montenegro	614	562
	181,474	**39,550**

* Amount of $15.9 million is towards to Government and amount of $372.1 million refers to capital commitments to partners based on future work programmes

** Performance guarantees are in respect of abandonment obligations, committed work programmes and certain financial obligations

<u>Issued guarantees:</u>

Karish and Tanin Leases - As part of the requirements of the Karish and Tanin Lease deeds, the Group provided the Ministry of National Infrastructures, Energy and Water with bank guarantees in the amount of US$10 million for each lease (total US$20 million). The bank guarantees were in force until 29 December 2019, and were renewed in March 2021 until 31 March 2022.

Blocks 12, 21, 22, 23 and 31 in Israel - As part of the requirements of the exploration and appraisal licences which granted to the Group during the Israeli offshore BID in December 2017, the Group provided the Ministry of National Infrastructures, Energy and Water in January 2018 with bank guarantees in the amount of US$6.5 million for all 5 blocks mentioned above. The bank guarantees are in force until 13 January 2023.

Blocks 55, 56, 61 and 62, also known as "ZONE D" - As part of the requirements of the exploration and appraisal licences which granted to the Group during the Israeli 2nd offshore BID in July 2019, the Group provided the Ministry of National Infrastructures, Energy and Water in January 2018 with bank guarantees in the amount of US$3.2 million for all 4 blocks mentioned above. The bank guarantees are in force until 28 September 2022.

Israeli Natural Gas Lines ("INGL") - As part of the agreement signed with INGL on June 2019 the Group provided INGL bank guarantee at the amount of 18.26 million ILS (approx. US$5.3 million) in order to secure the first milestone payment from INGL. The bank guarantee is in force until 21 November 2021.

Israel Custom Authority - As part of the ongoing importation related Karish development, the Group provided the Israeli Custom authority bank guarantees in 2019 at the amount of 10 million ILS (approx. US$2.9 million). The bank guarantees are in force until 28 February 2021.

United Kingdom: Following Edison E&P acquisition the Group issued letters of credit amount $96.7 million for United Kingdom decommissioning obligations and obligations under the United Kingdom licenses

Italy: Following Edison E&P acquisition the Group issued letters of credit amount $15.4 million for decommissioning obligations and obligations under the Italian licenses

Legal cases and contingent liabilities

The Group had no material contingent liabilities as of 31 December 2020.

Liquidated damages

To date, the Energean Group has entered into gas sale and purchase agreements with various gas buyers (the “GSPAs” or “Gas Supply Agreements”) in Israel.

During 2021, the Company expects to compensate group of gas buyers due to the fact the gas supply date expected to take place beyond a certain date which is defined in the GSPAs. The subject compensation is estimated at approximately $23.0 million.

TechnipFMC starts to pay LDs under its EPCIC contract, on a sliding scale, if practical completion (which is expected to quickly follow first gas) is not achieved by 6 April 2021. In respect of delay to first gas, the aggregate of the LDs payable under the GSPAs is generally less than the amount of LDs payable by TechnipFMC.

Significant transaction

On 29 December 2020, the Group had entered into a conditional sale and purchase agreement to acquire Kerogen Investments No. 38 Limited’s (“**Kerogen**”) entire interest in Energean Israel Limited (“**Energean Israel**”), which constitutes 30% of the total issued share capital of Energean Israel (the “**Minority Interest**”) for a total consideration of between US$380 million and US$405. The Total Consideration includes:

- US$175 million of up-front cash consideration (the “**Up-Front Cash Consideration**”).
- Between US$125 million and US$150 million of deferred cash consideration (the “**Deferred Cash Consideration**”),

- A further US$30 million of deferred cash consideration, payable on 31 December 2022 (the "**Additional Deferred Cash Consideration**").
- US$50 million of convertible loan notes, to be issued by the Company to Kerogen, which have a maturity date of 29 December 2023, a strike price of GBP 9.50 and zero coupon (the "**Convertible Loan Notes**"). Issuance of the Convertible Loan Notes requires no up-front cash outlay by the Company.

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29. Subsequent events

On 13 January 2021, the Group entered into the Term Loan with J.P. Morgan AG and Morgan Stanley Senior Funding, Inc. (as lenders). The Term Loan comprises a single senior secured term loan facility of up to US$700 million, which may be drawn by way of loan for the purposes of, amongst other things, financing the acquisition of the Minority Interest in Energean Israel.

In January 2021, Energean reached FID on its Karish North (Israel) and NEA/NI (Egypt) projects.

On 13 January 2021, the Group signed with its existing lenders for the US$1.45 billion facility for Karish development a nine- month extension for the facility maturity date, from December 2021 to September 2022.

On 25 February 2021, Energean completed its acquisition of the 30% minority interest in EISL, from Kerogen Capital. Energean now owns 100% of EISL.

On 24 March 2021, Energean issued $2.5 billion aggregate principal amount of senior secured notes. The $2.5 billion principal will be split into four equal tranches:

- $625 million maturing 30 March 2024, at fixed 4.5%
- $625 million maturing 30 March 2026 at fixed 4.875%
- $625 million maturing 30 March 2028 at fixed 5.375%
- $625 million maturing 30 March 2031 at fixed 5.875%

Interest will be paid semi-annually, on 30 March and on 30 September of each year, beginning on September 30, 2021.

The gross proceed were deposited into an escrow account pending the receipt of regulatory approvals and registration of certain pledges. Following release, the funds will be used to replace the $1.45 billion project finance facility and $700 million term loan, fund certain reserve accounts and for general corporate purposes. The notes will be listed for trading on the TACT Institutional of the Tel Aviv Stock Exchange (TASE), subject to the approval of the TASE.

30. Subsidiary undertakings

At 31 December 2018, the Group had investments in the following subsidiaries:

Name of subsidiary	Country of incorporation / registered office	Principal activities	Shareholding At 31 December 2020 (%)	Shareholding At 31 December 2019 (%)
Energean E&P Holdings Ltd	22 Lefkonos Street, 2064 Nicosia, Cyprus	Holding Company	100	100

Energean Capital Ltd	22 Lefkonos Street, 2064 Nicosia, Cyprus	Holding Company	100	100
Energean MED Limited	44 Baker Street, London W1U 7AL, United Kingdom	Oil and gas exploration, development and production	100	100
Energean Oil & Gas S.A.	32 Kifissias Ave. 151 25 Marousi Athens, Greece	Oil and gas exploration, development and production	100	100
Energean International Limited	22 Lefkonos Street, 2064 Nicosia, Cyprus	Oil and gas exploration, development and production	100	100
Energean Israel Limited (Note 6)	22 Lefkonos Street, 2064 Nicosia, Cyprus	Oil and gas exploration, development and production	70	70
Energean Montenegro Limited	22 Lefkonos Street, 2064 Nicosia, Cyprus	Oil and gas exploration, development and production	100	100
Energean Israel Finance SARL	560A rue de Neudorf, L-2220, Luxembourg	Financing activities	70	70
Energean Israel Transmission LTD	Andre Sakharov 9, Haifa, Israel	Gas transportation license holder	70	70
Energean Isreal Finance LTD	Andre Sakharov 9, Haifa, Israel	Financing activities	70	-
Energean Egypt Limited	22 Lefkonos Street, 2064 Nicosia, Cyprus	Oil and gas exploration, development and production	100	-
Energean Hellas Limited	22 Lefkonos Street, 2064 Nicosia, Cyprus	Oil and gas exploration, development and production	100	-
Energean Italy S.p.a.	31 Foro Buonaparte, 20121 Milano, Italy	Oil and gas exploration, development and production	100	-
Energean International E&P S.p.a.	31 Foro Buonaparte, 20121 Milano, Italy	Oil and gas exploration, development and production	100	-
Energean Sicilia Srl	Via Salvatore Quasimodo 2 - 97100 Ragusa (Ragusa)	Oil and gas exploration, development and production	100	-
Energean Exploration Limited	44 Baker Street, London W1U 7AL, United Kingdom	Oil and gas exploration, development and production	100	-
Edison E&P UK Ltd	44 Baker Street, London W1U 7AL, United Kingdom	Oil and gas exploration, development and production	100	-
Edison Egypt Energy Services JSC	Cairo, Egypt	Oil and gas exploration, development and production	100	-

31. Exploration, Development and production interests

Country	Fields	Fiscal Regime	Group's working interest	Field Phase
Israel				
	Karish[1]	Concession	70%	Development
	Tanin[1]	Concession	70%	Development
	Blocks 12, 21, 22, 23, 31	Concession	70%	Exploration
	Four licenses Zone D	Concession	56%	Exploration
Egypt				
	Abu Qir	PSC	100%	Production
	Abu Qir North	PSC	100%	Production
	Abu Qir West	PSC	100%	Production
	Yazzi	PSC	100%	Development
	Python	PSC	100%	Development
	Field A (NI-1X)	PSC	100%	Exploration
	Field B (NI-3X)	PSC	100%	Exploration
	NI-2X	PSC	100%	Exploration
	North East Hap'y	PSC	30%	Exploration
	Viper (NI-4X)	PSC	100%	Exploration
Greece				
	Prinos	Concession	100%	Production
	Epsilon	Concession	100%	Development
	Prinos exploration area	Concession	100%	Exploration
	South Kavala	Concession	100%	Production
	Katakolo	Concession	100%	Undeveloped
	Ioannina	Concession	40%	Exploration
	West Patraikos	Concession	50%	Exploration
	Block-2	Concession	75%	Exploration
Italy				
	Vega A*	Concession	60%	Production
	Vega B*	Concession	60%	Production
	Rospo Mare	Concession	62%	Production
	Verdicchio	Concession	100%	Production
	Vongola Mare	Concession	95%	Production
	Gianna	Concession	100%	Development
	Accettura	Concession	50%	Production
	Anemone	Concession	19%	Production
	Appia	Concession	50%	Production
	Argo-Cassiopea	Concession	40%	Development
	Azalea	Concession	16%	Production
	Calipso	Concession	49%	Production
	Candela Dolce	Concession	40%	Production
	Candela Povero	Concession	40%	Production
	Carlo	Concession	49%	Production

Country	Fields	Fiscal Regime	Group's working interest	Field Phase
	Cassiano	Concession	50%	Production
	Castellaro	Concession	50%	Production
	Cecilia	Concession	49%	Production
	Clara East	Concession	49%	Production
	Clara North	Concession	49%	Production
	Clara Northwest	Concession	49%	Production
	Clara West	Concession	49%	Production
	Comiso	Concession	100%	Production
Italy (continued)				
	Cozza	Concession	85%	Production
	Daria	Concession	49%	Production
	Didone	Concession	49%	Production
	Emma West	Concession	49%	Production
	Fauzia	Concession	40%	Production
	Giovanna	Concession	49%	Production
	Leoni	Concession	50%	Production
	Monte Urano-San Lorenzo	Concession	40%	Production
	Naide	Concession	49%	Production
	Portocannone	Concession	62%	Production
	Quarto	Concession	33%	Production
	Ramona	Concession	49%	Production
	Regina	Concession	25%	Production
	Salacaro	Concession	50%	Production
	San Giorgio Mare	Concession	95%	Production
	San Marco	Concession	100%	Production
	Santa Maria Mare	Concession	96%	Production
	Santo Stefano	Concession	95%	Production
	Sarago Mare	Concession	85%	Production
	Sinarca	Concession	40%	Production
	Talamonti	Concession	50%	Production
	Tresauro	Concession	25%	Production
UK				
	Garrow	Concession	68%	Production
	Kilmar	Concession	68%	Production
	Scott	Concession	10%	Production
	Telford	Concession	16%	Production
	Wenlock	Concession	80%	Production
	Glengorm	Concession	25%	Exploration
	Isabella	Concession	10%	Exploration
Montenegro				
	Block 26, 30	Concession	100%	Exploration
Croatia				
	Irena	PSC	70%	Exploration

Country	Fields	Fiscal Regime	Group's working interest	Field Phase
	Izabela	PSC	70%	Production
Malta				
	Blocks 1, 2 and 3 of Area 3	Concession	100%	Exploration

* In January 2021 Energean has agreed with ENI to acquire the latter's WI (40%) in these fields.

Company statement of financial position

As at 31 December 2020

	Notes	2020 $'000	2019 $'000
ASSETS			
Non-current assets			
Investment in subsidiaries	3	1,031,991	877,183
Property plant and equipment		71	2
Loans and other intercompany receivables	5	2,183	2,309
		1,034,245	**879,494**
Current assets			
Trade and other receivables	6	25,745	5,178
Cash and cash equivalents		67,187	235,329
		92,932	**240,507**
Total assets		**1,127,177**	**1,120,001**
LIABILITIES			
Current liabilities			
Trade and other payables	8	10,532	4,892
		10,532	**4,892**
Non-current liabilities			
Other payables	9	153	267
		153	**267**
Total liabilities		**10,685**	**5,159**
Capital and reserves			
Share capital	10	2,367	2,367
Share premium	10	915,388	915,388
Share based payment reserve	12	13,419	10,094

Retained earnings	185,318	186,993
Total equity	**1,116,492**	**1,114,842**
Total equity and liabilities	**1,127,177**	**1,120,001**

During the year the Company made a loss of $1.7 million (31 December 2019: loss of $4.4 million).

Approved by the Board and authorised for isssuance on 18 April 2021.

Matthaios Rigas **Panagiotis Benos**

Chief Executive Officer Chief Financial Officer

Company Statement of Changes in Equity

As at 31 December 2020

	Share Capital	Share Premium	Share based payment reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000
At 1 January 2019	**2,066**	**658,805**	**6,617**	**191,384**	**858,872**
Profit/(loss) for the year	-	-	-	(4,391)	(4,391)
Transactions with owners of the company					
New Shares issued	297	264,785	-	-	265,082
Employee share schemes	4	-	3,477	-	3,481
Transaction cost in relation to new share issue	-	(8,202)	-	-	(8,202)
At 31 December 2019	**2,367**	**915,388**	**10,094**	**186,993**	**1,114,842**
Profit/(loss) for the year	-	-	-	(1,675)	(1,675)
Transactions with owners of the company					
Employee share schemes	-	-	3,325	-	3,325
At 31 December 2020	**2,367**	**915,388**	**13,419**	**185,318**	**1,116,492**

Company accounting policies

As at 31 December 2020

1. General information

Energean Plc ‘the Company') was incorporated in England & Wales on 8 May 2017 as a public company with limited liability, under the Companies Act 2006. Its registered office is at 44 Baker Street, London W1U 7AL, United Kingdom. The Financial Statements are presented in US dollars and all values are rounded to the nearest US$ thousands ($‘000), except where otherwise stated. Energean Plc is the ultimate Parent of the Energean Group. Following the shareholders’ approval at the Annual General Meeting of the Company held on 21st May 2020, the Company has changed its name from Energean Oil & Gas plc to Energean plc.

2. Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. The parent company Financial Statements have therefore been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 (FRS 101) “Reduced Disclosure Framework” as issued by the Financial Reporting Council. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions of the following disclosure exemptions under FRS 101. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions under FRS 101:

a) the requirements of IFRS 7 Financial Instruments: Disclosures;

b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

c) the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1 and (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment;

d) the requirements of paragraphs 10(d), 16, 38A to 38D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;

e) the requirements of IAS 7 Statement of Cash Flows;

f) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 share-based payments

g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and

i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Where relevant, equivalent disclosures have been given in the Group accounts.

The Company has applied the exemption from the requirement to publish a separate income statement for the parent company set out in section 408 of the Companies Act 2006.

2.1 Going concern

The Directors have exercised significant judgement in assessing that the preparation of the financial statements on a going concern basis is appropriate. In making this assessment a number of factors were considered, refer to note 2.1. of the consolidated financial statements. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and consider it appropriate to adopt the going concern basis in preparing the financial statements

2.2 Foreign currencies

The US dollar is the functional currency of the Company. Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date, with a corresponding charge or credit to the income statement.

2.3 Investments

Fixed asset investments, representing investments in subsidiaries, are stated at cost and reviewed for impairment if there are indications that the carrying value may not be recoverable.

2.4 Financial instruments at fair value through profit or loss (FVTPL)

FVTPL includes financial instruments held for trading (HFT) and financial instruments designated upon initial recognition at fair value through profit or loss. Financial instruments are classified as HFT if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as HFT. Financial instruments at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as gain or loss in the statement of profit or loss. The Company's financial instruments that have been classified as HFT were derivative instruments.

2.5 Trade and other receivables

Receivables represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Where the time value of money is material, receivables are carried at amortised cost.

The Company is required to assess the carrying values of each of the amounts due from subsidiary undertakings, considering the requirements established by IFRS 9 Financial Instruments. The IFRS 9 impairment model requiring the recognition of 'expected credit losses', in contrast to the requirement to recognise 'incurred credit losses' under IAS 39. If the subsidiary has sufficient liquid assets to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. However, if the subsidiary could not demonstrate the ability to repay the loan, if demanded at the reporting date, the Company calculated an expected credit loss.

2.6 Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obligated to make future payments in respect of the purchase of those goods and services.

2.7 Share issue expenses

Costs of share issues are written off against share premium arising upon the issuance of share capital.

2.8 Capital management

The Company defines capital as the total equity of the Company. Capital is managed in order to provide returns for shareholders and benefits to stakeholders and to safeguard the Company's ability to continue as a going concern. The Company is not subject to any externally imposed capital requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, and put in place new debt facilities.

2.9 Share-based payments

The Company has share-based awards that are equity settled as defined by IFRS 2.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee remuneration expense together with a corresponding increase in equity (share based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, demand and time deposits and other short-term highly liquid investments with a maturity of less than 3 months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.11 Critical accounting judgements and key sources of estimation uncertainty

There are no cricical accounting judgements and key sources of estimation uncertainty in the current year.

3. Investments in subsidiaries

The following table shows the movement in the investment in subsidiaries during the year

	$'000
At 31 December 2019	**877,183**
Additions	154,808
At 31 December 2020	**1,031,991**

During 2020, the Company increased its investments in subsidiary undertakings by $154.8 million (31 December 2019: $28.7 million). These additions relate to further injections of cash in existing subsidiaries.

A complete list of Energean Plc Group companies at 31 December 2020, and the Group's percentage of share capital are set out in the note 30 of the Group financial statements. The principal activity of the majority of these companies relates to oil and gas exploration, development and production. All of these subsidiaries have been consolidated in the Group's financial statements.

4. Dividends

No dividends were paid or declared during the period. No dividend is proposed in respect of the year ended 31 December 2020 (2019: $nil).

5. Loans and other intercompany receivables

	2020	**2019**
	$'000	**$'000**
Loans to subsidiary	1,638	1,452
Receivables from share-based plan to subsidiary undertakings	545	857
At 31 December	**2,183**	**2,309**

The loan to subsidiary incurs a fixed rate of interest at 3% per annum and has maturity date on 20 October 2022. At 31 December 2020 no expected credit loss allowances (2019: $nil) were held in respect of the recoverability of amounts due from subsidiary undertakings.

6. Trade and other receivables

	2020 $'000	2019 $'000
Financial items		
Receivables from shareholders	22	25
Due from subsidiary undertakings	23,417	3,993
	23,439	**4,018**
Non-financial items		
Deposits and prepayments	1,894	538
Refundable VAT	412	622
	2,306	**1,160**
Total trade and other receivables	**25,745**	**5,178**

At 31 December 2020 no expected credit loss allowances (2019: $nil) were held in respect of the recoverability of amounts due from subsidiary undertakings.

The amounts due from subsidiary undertakings include $16.1 million (2019: $nil) that incurs interest at 4.1% per per annum and has a repayment date on 20 December 2023.

The remaining amounts due from subsidiaries accrue no interest and relates to intragroup recharges for subsidiaries' employees share-based payments and management services provided by the Company to its subsidiaries under a "Master Intercompany Services Agreement".

The receivable amount from shareholders consists of the nominal value of the initial share capital for the incorporation of the company. At incorporation, the affiliate company Energean E&P Holdings provided a letter according to which the amount of £50 thousand is held available in its bank accounts on behalf of the Company until its shareholders are able to pay the amount. At reporting date an amount of $22 thousand was still outstanding.

7. Financial risk management objectives

The Company follows the Group's policies for managing all its financial risks.

8. Trade and other payables

	2020 $'000	2019 $'000
Staff costs accrued	1,922	791
Trade payables	939	1,639
Due to subsidiary undertakings	385	210
Accrued expenses	7,031	1,892
Taxes and social securities payable	250	346
Other creditors	5	14
Total trade and other payables	**10,532**	**4,892**

The amounts are unsecured and are usually paid within 30 days of recognition.

9. Other payables

Other payables relates to Employers' National Insurance accounted for on the LTIP Awards at each reporting date up to the vesting date, 26 March 2022 and 31 Decemebr 2022.

10. Share capital

In July 2019 a total of 23,444,445 new ordinary shares were placed to both existing and new institutional investors at a price of £9.00 per Placing Share, raising proceeds of approximately $265.1 million (approximately £211 million) before expenses. The Placing Shares issued represented approximately 15.3 per cent of the issued share capital of the Company prior to the Placing.

	Equity share capital allotted and fully paid Number	Share capital $'000	Share premium $'000
Authorised			
At 31 December 2018	**153,152,763**	**2,066**	**658,805**
Issued during the year			
- New shares	23,618,583	297	256,583
- Employee share schemes	318,060	4	-
At 31 December 2019	**177,089,406**	**2,367**	**915,388**
Issued during the year			
- New shares	-	-	-

- Employee share schemes	-	-	-
At 31 December 2020	**177,089,406**	**2,367**	**915,388**

11. Staff costs

	2020	2019
	$'000	**$'000**
Wages and salaries	2,770	1,041
Directors' remuneration	2,032	2,723
Social insurance costs and other funds	974	731
Share-based payments	2,362	1,661
Pension contribution & insurance	67	34
Total payroll cost	**8,205**	**6,190**

Details of Directors' remuneration, Directors' transactions and Directors' interests are set out in the part of the Directors' Remuneration Report described as having been audited, which forms part of these Financial Statements.

12. Share-based payment

Energean Long Term Incentive Plan (LTIP)

Under the LTIP, Senior Management can be granted nil exercise price options, normally exercisable from three to ten years following grant provided an individual remains in employment. The size of awards depends on both annual performance measures and Total Shareholder Return (TSR) over a period of up to three years. There are no other post-grant performance conditions. No dividends are paid over the vesting period; however, Energean's Board may decide at any time prior to the issue or transfer of the shares in respect of which an award is released that the participant will receive an amount (in cash and/or additional Shares) equal in value to any dividends that would have been paid on those shares on such terms and over such period (ending no later than the Release Date) as the Board may determine. This amount may assume the reinvestment of dividends (on such basis as the Board may determine) and may exclude or include special dividends.

The weighted average remaining contractual life for LTIP awards outstanding at 31 December 2020 was 1.4 years (31 December 2019: 1.7 years), number of shares outstanding 1,858,005 and weighted average price at grant date £5.84.

There are further details of the LTIP in the Remuneration Committee Report section of the Annual Report.

Deferred Share Bonus Plan (DSBP)

Under the DSBP, the portion of any annual bonus above 30 per cent of the base salary of a Senior Executive nominated by the Remuneration Committee is deferred into shares.

Deferred awards are usually granted in the form of conditional share awards or nil-cost options (or, exceptionally, as cash-settled equivalents). Deferred awards usually vest two years after award although may vest early on leaving employment or on a change of control.

The weighted average remaining contractual life for DSBP awards outstanding at 31 December 2020 was 0.8 years (31 December 2019: 1.24 years), number of shares outstanding 196,514 and weighted average price at grant date £6.27.

Employee Share Award Plan (ESAP)

Most Group employees are eligible to be granted nil exercise price options under the ESAP.

On 24 May 2018, the Company, following its admission on the London Stock Exchange on 21 March 2018 granted conditional awards to most of the Group employees under the Energean 2018 Long Term Incentive Plan (LTIP) over 659,050 ordinary shares and price at grant date £5.00 in Energean plc.

Subject to the rules of the LTIP, half of the shares subject to each employee Award vested on 22 November 2018, and the remainder vested on 22 November 2019.

Income statement summary

Share based payment charges during the year, which have been recognised in the income statement amounted to $2.4 million.

13. Related party transactions

The Company's subsidiaries at 31 December 2020 and the Group's percentage of share capital are set out are in note 1 of the consolidated financial statements. The following table provides the Company's balances which are outstanding with subsidiariy companies at the balance sheet date:

	2020	**2019**
	$'000	**$'000**
Amounts receivable from subsidiary undertakings	25,600	3,993
Amounts payable to subsidiary undertakings	385	210
	25,985	**4,203**

The amounts outstanding are unsecured and repayable on demand and will be settled in cash.

The following table provides the Company's transactions only with partially owned subsidiary companies (minority interest exists) recorded in the income statement:

	2020	**2019**
	$'000	**$'000**
Amounts invoiced to subsidiaries under a "Master Intercompany Services Agreement"	5,354	3,000
	5,354	**3,000**

<u>Transaction with other related party</u>	**2020**	**2019**
	$'000	**$'000**
Consulting services by Capital Earth Limited	129	129
	129	**129**

14. Directors' Remuneration

Directors' remuneration has been provided in the remuneration report within the Annual Report. Please refer to pages 125 to152 of the Annual Report.

15. Auditor's Remuneration

Auditors' remuneration has been provided in the group financial statements. Please refer to note 8 of the group financial statements for details of the remuneration of the company's auditor on a group basis.

16. Events after reporting period

Please refer to note 29 of the consolidated financial statements.

Other Information

Glossary

O2 - Carbon dioxide

SO2 - Sulphur dioxide

NOx - Nitrogen oxides

GBP or £ - Pound sterling

USD or $ - US dollar

EUR or € - Euro

A

ACQ - Annual Contract Quantity

AGM - Annual General Meeting

B

bbl - Barrel

Bcf - Billion cubic feet

bcm - Billion cubic metres

boe - Barrels of oil equivalent

boepd - Barrels of oil equivalent per day

bopd - Barrels of oil per day

C

Capex - Capital expenditure

CEO - Chief Executive Officer

CFO - Chief Financial Officer

COO - Chief Operating Officer

CMAPP - Corporate Major Accident Prevention Policy

CNG - Compressed natural gas

CPR - Competent Person’s Report

CSR - Corporate Social Responsibility

E

E&P - Exploration and production

EBITDAX - Earnings before interest, tax, depreciation, amortisation and exploration expenses

EBRD - European Bank for Reconstruction and Development

EOR - Enhanced Oil Recovery

EPCIC - Engineering, Procurement, Construction, Installation and Commissioning

F

FAR - Fatal Accident Rate – number of fatalities per 100 million hours worked

FDP - Field Development Plan

FEED - Front-end Engineering and Design

FID - Final Investment Decision

FPSO - Floating Production Storage and Offloading vessel

FRC - Financial Reporting Council

FRS - Financial Reporting Standard

G

G&A - General and Administrative

GSPA - Gas Sale and Purchase Agreement

GSP - GSP Offshore S.R.L.

H

H&S - Health and Safety

HMRC - HM Revenue and Customs

HSE - Health, Safety and Environment

I

IAS - International Accounting Standard

IASB - International Accounting Standards Board

IFRS - International Financial Reporting Standard

INGL - Israel Natural Gas Lines Ltd

IPO - Initial Public Offering

IPP - Independent Power Producers

IR - Investor Relations

J

JOA - Joint Operating Agreement

JV - Joint Venture

K

kboepd - Thousands of barrels of oil equivalent per day

km - Kilometres

KPI - Key Performance Indicator

L

LIBOR - London Interbank Offered Rate

LSE - London Stock Exchange

LTI - Lost Time Injury

LTIF - Lost Time Injury Frequency

M

M3 - Cubic metre

MM - Million

MMbbls - Million barrels

MMbo - Million barrels of oil

MMboe - Million barrels of oil equivalents

MMbtu - Million British Thermal Units

MMscf - Million standard cubic feet

MMscf/day or MMscfd - Million standard cubic feet per day

MMtoe - Million tonnes of oil equivalent

MoU - Memorandum of Understanding

N

NGO - Non-Governmental Organisation

NPV - Net Present Value

NSAI - Netherland, Sewell & Associates, Inc. O

Opex - Operating expenses

P

PP&E - Property, plant and equipment

R

2P reserves - Proven and probable reserves

RBL - Reserve Based Lending

2C resources - Contingent resources

S

Sq km or km2 - Square kilometres

T

Tcf - Trillion cubic feet

TRIR - Total Recordable Injury Rate

TASE - Tel Aviv Stock Exchange

W

WI - Working interest

Company Information

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Financial calendar

May 2021: Annual General Meeting