ENERGEAN

2022

# Annual Report

Energean plc

www.energean.com

# Key Metrics and Report Highlights

| | 2022 | 2021 | % change |
|---|---|---|---|
| Average working interest 2P reserves and 2C resources (MMboe) | **1,378** | 1,154 | 19% |
| Average working interest production (kboepd) | **41.2** | 41.0 | 0.5% |
| Sales revenues ($ million) | **737** | 497 | 48% |
| Cost of production ($/boe) | **18.9** | 17.5 | 8% |
| Adjusted EBITDAX ($ million)[1] | **422** | 212 | 99% |
| Operating profit ($ million) | **232** | 32.1 | 623% |
| Profit/(loss) after tax ($ million) | **17** | (96) | 118% |
| Cash flow from operating activities ($ million) | **272** | 133 | 105% |
| Net debt / (cash) ($ million) | **2,518** | 2,017 | 25% |

## Operational Highlights

### Karish onstream

First gas was safely delivered at Energean's flagship project on 26 October 2022. Initially flowing from one well, all three production wells were brought online by year-end, with excellent reservoir deliverability confirmed. Energean has completed commissioning under the GSPAs and, at the time of writing, is sequentially notifying gas buyers that commercial obligations have commenced. Energean is on track to complete the FPSO debottlenecking by year-end 2023 *(see pages 39-40 for further details)*.

### Key development projects on track

First gas from the first well at NEA/NI was brought onstream in March 2023. Energean's other key development projects, (Karish North and Cassiopea) are on track to deliver Energean's 200 kboepd production target in H2 2024 *(see pages 41-42 for further details)*.

### Exploration success

The 2022 growth drilling programme in Israel was successfully completed and discovered and de-risked 73 bcm (480 MMboe) of new gas volumes. This includes 68 bcm (449 MMboe) of gas volumes in the Olympus Area (Block 12 and Tanin lease), for which the development concept is being finalised *(see pages 40-41 for further details)*.

## Corporate and Financial Highlights

### Commencement of dividend payments

In total, Energean returned US$0.60/share to shareholders ($106.5 million) in 2022, in line with Energean's target to pay dividends of at least $1 billion by end-2025 *(see page 38 for further details)*.

### Strong financial performance

Record revenues ($737 million) and adjusted EBITDAX[1] results ($422 million) on the back of strong commodity prices *(see pages 36 and 67 for further details)*. Energean paid a total of $29.3 million of one-off windfall taxes in Italy in 2022.

### Emissions intensity reduced

13% year-on-year reduction in carbon emissions intensity to 16.0 kgCO2e/boe *(see pages 37 and 65-67 for further details)*, on track to achieve reduction to 7-9 kgCO2e/boe once Karish is on plateau.

[1] 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'.

# Non-Financial Information Statement

The following table constitutes our Group Non-Financial Information Statement in compliance with Sections 414CA and 414CB of the Companies Act 2006. The information listed is incorporated by cross-reference. Additional Group Non-Financial Information is also available on our website www.energean.com.

| Reporting Requirement | Group Approach and Policies | Relevant Information | Relevant Pages |
|---|---|---|---|
| **Environment** | Environmental Policy<br>Climate Change Policy<br>Zero-Routine-Flaring Policy<br>Task Force on Climate Related Disclosure | Environmental policies | 17, 61-64 |
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| | | Excellence through our people | 52-56 |
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| | | Excellence through our people | 52-56 |
| **Social Matters** | CSR Policy<br>Code of Ethics<br>UN's 17 Sustainable Development Goals | CSR approach | 45-52 |
| **Anti-Corruption & Anti-Bribery** | Code of Ethics<br>UK Bribery Act<br>Applicable Local Anti-Bribery Laws<br>Anti-Corruption and Bribery Policy<br>Whistleblowing Policy | CSR approach | 45-52 |
| | | Corporate governance | 99-108 |
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| | | Corporate governance | 99-108 |
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# Strategic Review

## About Us

### Energean at a glance

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

Established in 2007, Energean is a London Premium Listed FTSE 250 and Tel Aviv Listed TA-35 E&P company with operations in seven 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 material reserve base of 1,161 boe of 2P reserves (84% gas).

Energean's flagship Karish project was brought safely onstream in October 2022, with excellent reservoir deliverability confirmed. Gas from Karish will be used to help Israel transition away from coal-powered electricity in line with the country's commitment to close all coal power stations by 2025.

Karish, combined with Energean's other development projects in Israel, Egypt, Italy and Greece, is targeted to grow production from 41.2 kboepd to over 200 kboepd in H2 2024 and achieve the Group's revenue and EBITDAX targets of $2.5 billion and $1.75 billion, respectively. Over 75% of the near-term production target is underpinned by long-term gas contracts with floor pricing, which ensures cash flow predictability. Energean is also poised for further value-creation following the discovery of additional gas resources offshore Israel in 2022. This includes 68 bcm (449 MMboe) of gas volumes in the Olympus Area (Block 12 and Tanin lease), for which the development concept is being finalised.

The Company has a disciplined capital allocation policy and is focused on shareholder returns. It aims to provide a reliable and progressive dividend stream and is targeting to pay cumulative dividends of at least $1 billion by the end of 2025. In 2022, Energean returned US$0.60/share to shareholders (approximately $106 million), representing two-quarters of dividend payments. This was aligned with its commitment to return an initial $50 million to shareholders per quarter no later than the end of 2022, which will rise to at least $100 million per quarter (on average) once its stated financial targets are achieved. Energean's dividend policy has no impact on its targeted deleveraging after first gas to <1.5x net debt/EBITDAX or on operational re-investment to continue its organic growth and opportunistic M&A strategy. Energean had $720 million of liquidity as at 31 December 2022, and has minimal exposure to interest rate rises following its 2021 refinancings.

ESG, health and safety is of central importance to Energean. We aim to run safe and reliable operations and are committed to achieving net-zero carbon emissions by 2050 and to reducing our methane emissions.

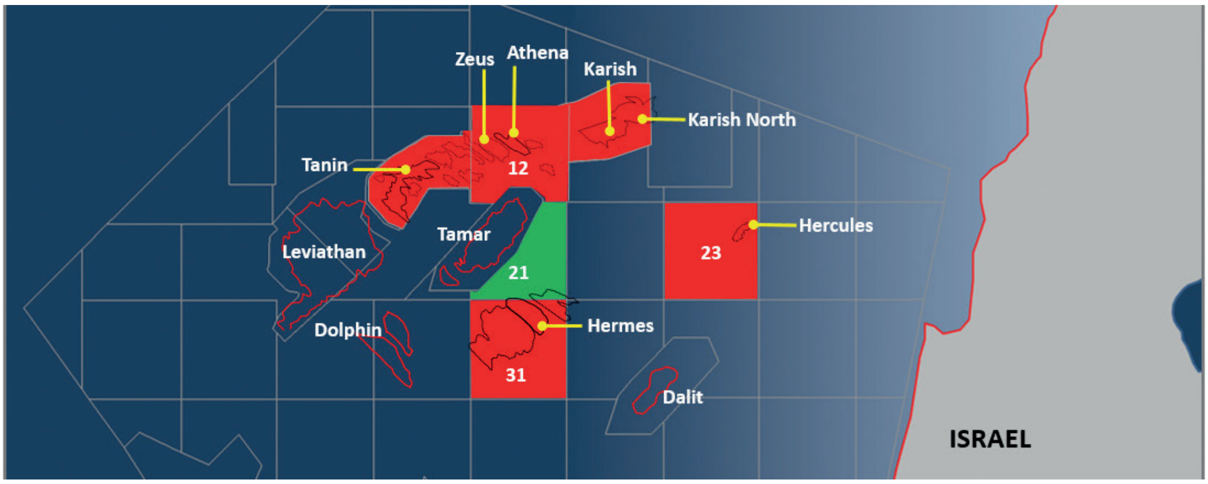
### Where we operate

Energean holds a balanced portfolio of exploration, development and production assets, with operations in seven countries across the Mediterranean and UK North Sea. We have interests in more than 65 leases and licences, 6 of which are located offshore Israel, one of our core countries of operation.

Please see pages 234-236 for a full breakdown of all our licences.

*Figure 1. Map of Energean's operations*


*Figure 2. Energean Israel Limited (EISL) leases and licenses*




*Red licences indicate Energean's acreage which contain discovered volumes. Green licences are Energean's acreage which have not been explored.*

# Performance in 2022

Energean continued to deliver strong performance against its strategic goals in 2022, producing record financial results and declaring its maiden dividend.

Please see the Key Performance Indicators section on pages 35-38 for more detail.

| Operational highlights | | |
|---|---|---|
| Production | 2P Reserves | 2C Resources |
| **41.2 (75% gas)** | **1,161 (84% gas)** | **217 (41% gas)** |
| kboepd | MMboe | MMboe |

- Working interest production of 41.2 kboepd (75% gas), (2021: 41.0 kboepd (72% gas))
- 2P + 2C reserves and resources of 1,378 MMboe (19%; 2021: 1,154 MMboe)
- Karish brought onstream on 26 October 2022, with excellent reservoir deliverability confirmed
- Key development projects (Karish North and Cassiopea) on track to deliver 200 kboepd production target in H2 2024 – NEA/NI achieved first gas in March 2023
- Successful completion of the 2022 growth drilling programme in Israel which discovered and de-risked 73 bcm (480 MMboe) of new gas volumes
  - Including 68 bcm (approximately 449 MMboe) of additional gas volumes in the Olympus Area, for which the development concept is now being finalised. This includes an addition of 31 bcm (approximately 206 MMboe) of 2P reserves in the Olympus Area, offshore Israel, that have been certified by Energean's reserve auditor, Degolyer and McNaughton ("**D&M**")

| Financial and corporate highlights | | |
|---|---|---|
| Revenues | EBITDAX | Dividend |
| **737.1** | **421.6** | **$106.5 million** |
| $ million | $ million | Distributed in 2022 |

- 2022 sales revenues of $737.1 million (48.3%; 2021: $497.0 million)
- Adjusted EBITDAX of $421.6 million (98.8%, 2021: $212.1 million)
- Profit / loss after tax of $17.3 million (118%, 2021: $(96) million)
- Cash flow from operating activities of $272.2 million (106.7%, 2021: $132.5 million)
- $720 million liquidity at 31 December 2022
- Spot gas agreement signed with the Israel Electric Company ("**IEC**") for Karish gas and a sales and purchase agreement signed with Vitol for the marketing of a number of cargoes of Karish blend hydrocarbon liquids
- Commenced dividend payments, returning a total of 60 US$cents/share ($106.5 million) to shareholders in 2022
- Signed a three-year $275 million Revolving Credit Facility ("**RCF**")[2] in September 2022, providing liquidity for general corporate purposes, if needed.

**Decarbonisation and ESG highlights**

- 13% year-on-year reduction in carbon emissions intensity to 16 kgCO2e/boe on an equity share basis
  - 76.6% reduction in carbon emissions intensity since our baseline year (2019)
- Verified all scope 1, 2 and 3 emissions to ISO 14064-1 based on the operational accounting approach
- Pre-FEED and subsurface study completed and exploration licence awarded for the Prinos CCS project, Greece
- Zero-routine flaring policy fully implemented across all operated and JV's sites
- Successful purchase of renewable-sourced electricity ("**green electricity**") across all our operated sites

[2] $101 million of the $275 million is reserved for Letters of Credit (at 31 December 2022), which replace the Letters of Credit previously issued under the previous facility with ING on a one-for-one basis.

- Performed three methane emissions detection campaigns at major process installations in Italy
- Achieved an upgraded score of A- for the CDP's Climate Change disclosure and aligned with all recommended pillars of TCFD disclosure
- Continued to implement climate-based scenario analysis and used internal carbon pricing to assist with investment-decision making
- ESG ratings in top quartile, awarded the "Platinum" index by MAALA, rated at 'AA' by MSCI and 30 out of 112 by Sustainalytics

**HSE highlights**

- Safe and reliable operations, zero serious personnel injuries
- Zero oil spills and zero environmental damage

**Awards**

- Awarded 'Best ESG Energy Growth Strategy in Europe 2022' by CFI
- Sembcorp Marine's Admiralty Yard was awarded two Safety and Health Award Recognition for Projects for Safety Excellence for Energean's FPSO Karish Project, taking the total number of awards to five since the project began in 2020

# Chair's Statement

**Karen Simon, Independent Chair**

**Dear Shareholders,**

2022 was a year of significant volatility. A high intensity war in Europe, with the renewed Russian invasion of Ukraine was the catalyst for the world to reconsider the parameters of the global energy dynamic. Without going into the detail here, the world has seen how it has to reconsider the prism through which we view energy. It is clear that whilst we must not waver on the road to a just transition, we cannot pretend that overreliance on singular suppliers are part of the ripple effect that has affected almost every living person on the planet.

Energean can be part of the solution to the challenge that we all face. This is not to overstate our role. We cannot replace Russia's 150 bcm of natural gas exports. However, we are committed to rapidly growing and developing our portfolio, a policy that will benefit both shareholders and our broader stakeholder community. The world needs additional supplies of energy, and natural gas can be both the foundation of and catalyst for a more sustainable energy dynamic. Our role as the largest gas focused E&P company in the Mediterranean has taken on a greater significance in 2022 and we expect this trend to continue.

**Environmental, Social and Governance**

The Board and I are keenly focused on ensuring that Energean is managed at the highest levels of environmental, social and governance ("**ESG**") standards. ESG is at the heart of Energean's operations. Strategic ESG consideration has three positive drivers: it underwrites our licence to operate with external stakeholders, it positively engages our colleagues around the world and finally, it is good for our collective societal wellbeing.

We have always been a leader in the field of ESG consideration. We are committed to outperforming our peer group in this category because it will be good for our business, but more importantly for the communities that host our operations and the global environment. We are proud to have been the first independent E&P company to make a Net Zero pledge.

Myself and the Board are very proud that we have significantly outperformed our relevant peer group across all the major ESG ratings agencies. Sustainalytics ESG, Bloomberg, MSCI, Maala & CDP have all maintained their highly positive assessment of our ESG impact. Maala have upgraded our rating to "platinum" and our CDP score has been upgraded to A-, moving us to the higher band, the "Leadership" band of our peer group.

I and the rest of the Board recognise that the success of the business depends on our people. Through 2022 we continued to work on the integration of our colleagues across our company, creating a "one team" approach. We aim to maintain a positive, open and collaborative work environment to equip our people from all backgrounds to fulfil their potential. In 2023, we will continue on this road, with Energean's first Diversity, Equity & Inclusion policy. You can find more detail our external and internal engagement in the CSR section of this Annual Report.

**HSE**

The safety of our people will always remain the Board's number one priority. Safety at Energean is underpinned by our well-structured and continuously improving HSE Management system. I'm pleased to report that we ended the year with zero serious injuries. 2023 will see the investment in, and roll out of, a new integrated issues and crisis management electronic program that will further ensure best-in-class management of any potential risks.

**Board composition**

During 2022, I was delighted that Roy Franklin stepped up to become a Senior Independent Director. Roy's significant experience in the Independent E&P sector is both well recognised by all our stakeholders and we are lucky to benefit from his years of hard won wisdom. I would like to thank Robert Peck, who stepped down from the Board in 2022. Robert's 5 years of service brought Energean significant value, as his experience of geopolitical engagement as a Canadian diplomat was much in need, as we successfully navigated the waters of the East Med.

The opening up of the world post COVID has allowed the Board to meet both in person, and engage with Energean employees across the world. We have met in London and we have visited the FPSO. This is important not only for the effective functioning of the Board, but to also better engage with the workforce of Energean. We must know the people we lead – this supports our commitment to the highest standards of governance.

**Operational delivery**

2022 was the year Energean made the final steps on a long road to first gas from Karish. Energean today produces natural gas and fluids from the only Floating Production and Storage & Offloading vessel in the Eastern Mediterranean. The "Energean Power" is a remarkable feat of engineering, and first gas from Karish was a remarkable achievement. This is not a purely matter of geology and engineering and finance. Energean achieved this success against the uniquely complex geopolitical dynamic of the region. Mathios and the team managed the situation with the correct combination of diplomacy and commitment – demonstrating the unique multi stakeholder value creation capability of an independent E&P company with deep regional understanding.

On top of this success, the 2022 drilling campaign has added significant value to the Group. Energean has discovered and de-risked approximately 73 bcm (480 MMboe) of natural gas. This "new" resource can create a major growth catalyst. We look forward to the announcement of how Energean will develop this new resource during 2023.

**Our strategic direction and 2023 outlook**

Energean's purpose is to become the leading, gas focused E&P company in the Mediterranean, with the highest of ESG and HSE standards at the heart of our operations. Our aim is to grow the company to become a 200 kboepd producer and a $1.75 billion per year EBITDAX generator.

2023 will take us a long way on this journey. As we ramp up production from Karish and debottleneck our production capacity on the FPSO as well and optimising production in Egypt and our broader portfolio, we are targeting 131 – 158 kboepd.

This increase in production is what gave the Board confidence in sanctioning Energean's sustainable and progressive dividend policy. Whilst we remain committed to growth and diversification, we will also be a significant producer and which to share our success with our shareholders.

Our priorities for 2023 are to build on the success of 2022. (1) We will ramp up production from offshore Israel and invest in the FPSO to enhance production capacity. We will also enhance production across the portfolio, with a particular focus on Egypt, with NEA/NI coming onstream. (2) Our strategic approach to portfolio development means that we can provide both sustainable returns to shareholders while continuing to grow organically. (3) Delivering energy responsibly and safely on our path to net-zero. ESG & CSR will remain at the heart of Energean. (4) This is why we will continue to focus on our people, culture and infrastructure in our transition to a 200 kboepd company.

I thank you, our shareholders, new and existing, for your continued support.

**Karen Simon**
Independent Chair

# Chief Executive's Review

**Mathios Rigas, Chief Executive Officer**

**2022 – a landmark year for Energean, the Global Energy Dynamic, and the East Mediterranean**

2022 was a landmark year for Energean, just as it was a deeply volatile year for the global energy dynamic. The two are somewhat intertwined.

In 2022, Energean commenced production from the only FPSO in the strategically vital Eastern Mediterranean region; commenced payment of dividends to our shareholders; and we successfully discovered and de-risked new natural gas resources adjacent to our infrastructure, providing significant potential upside and export optionality. 2022 was the year we made our dream a reality.

The Russian invasion of Ukraine has underlined the lack of global upstream investment in the past decade – and the resultant energy security risk of assuming a single dominant supplier would always deliver. The global gas market was tight before Russian supplies were constrained. Now, there is no surplus supply, which drives price volatility and creates an advantage for any producer bringing new molecules onstream, especially if they are adjacent to multiple demand markets.

Energean was and remains an Eastern Mediterranean focused exploration and production company. We explore, develop, produce and sell natural gas and fluids from and within the region. In Israel and Egypt in particular, we produce energy for local clients. The Russian invasion of Ukraine however has concentrated the minds of energy policy and commercial decision makers around the world. Our landmark moment of 2022, bringing Karish onstream, both underwrites Israeli energy security and suggests the potential value of regional hydrocarbons in global markets.

**Record numbers creating sustainable returns**

Energean is not purely a "Karish" or "Israel" story. In 2022, Energean delivered record financial performance that was driven by strong production in both Egypt and Italy, and our positive exposure to market based pricing, where we were able to benefit from historically high oil and gas prices. Revenues were $737.1 million, a 48% increase versus 2021 comparable period ($497.0 million). EBITDAX was $421.6 million, an increase of 99% versus 2021 comparable period ($212.1 million).

2022 was a transitional year for the Group. In 2023, whilst we remain committed to strategic growth, there remain multiple opportunities in the greater Mediterranean region that are open to consideration; we recognise that we will have completed a major phase of corporate development. As a significant producer of gas and oil, we can share our success with our shareholders and are committed to maintaining our progressive dividend policy.

Our operational success, combined with our prudent use of capital creates our core financial strength. This allowed us to commence our progressive and sustainable dividend policy to shareholders in 2022. We have paid out a total of 60 US$cents/shares in 2022, representing two-quarters of dividend payments, to shareholders.

**A platform for significant operational growth**

First gas at Karish was complemented by a successful exploration program. The 2022 growth drilling programme in Israel discovered and de-risked approximately 73 bcm (480 MMboe) of new gas resource, including 68 bcm (449 MMboe) of additional gas resource in the Olympus Area, for which the development concept is now being finalised.

We have for many years stated that our objective is to transform Energean into a 200 kboepd producing and $1.75 billion EBITDAX generating company. 2022 laid the necessary foundation for us to achieve that objective. The successes of 2022 mean that we project 131 – 158 kboepd production for 2023, with major increases in Israeli production through ramping up Karish and debottlenecking the FPSO, as well as optimising Abu Qir & first gas onwards at NEA/NI in Egypt.

200 kboepd is now within both sight and can be easily mapped. All six of our major projects are on track and are expected to come online over the next two years. In order of timing; NEA/NI (Egypt; which achieved first gas from the first well in March 2023), Karish North and the second gas export riser and oil train (Israel), Cassiopea (Italy) and finally Epsilon (Greece) will take us to and past our goals – all built on the foundation of 2022.

Of course there's more on top of this. We have an extremely exciting and potentially regionally significant exploration project at North East Hap'y in Egypt, that has attracted global industry interest. The well spud is scheduled for 2023. We are also keen to continue our progress with our JV in Croatia, with the Izabela well slated to spud in 2023.

**ESG & CSR at the Heart of Energean's Operations**

Energean's ESG strategy is to provide affordable and reliable energy, for our shareholders and societies in which we operate. We have chosen to focus on natural gas because it is and will remain the foundation of and catalyst for a more sustainable energy dynamic. Gas is and will continue to be a driver for enhanced sustainable development in the Eastern Mediterranean, displacing more polluting fuels and underwriting energy and economic security.

We remain committed to reducing emissions from our operations. We were the first E&P company to announce a Net Zero target and we remain on our clear roadmap for reaching our net-zero target in the short, medium and long-term. Our ESG ratings outperform our peer group and underline our leadership position. Sustainalytics, MSCI, Maala, FTSE4Good, CDP and Bloomberg ratings all independently verify not only our ambition, but our ongoing commitment.

Our Prinos CCS project is the East Med's only Carbon Capture & Storage project under evaluation. We have worked with both Halliburton and Wood to assess the potential of the projects and have successfully qualified for funding from the European Commission's Recovery and Resilience Fund. At the time of writing, we are in discussions with third party CO2 providers and are applying for additional funding from the European Innovation Fund. 2023 will be a critical year in making a potential project a commercial reality.

Finally, we have continued to place ourselves at the heart of the local communities that host our operations. We work together with community stakeholders, positively engaging with our communities through cultural events, sponsorships, donations and the provision of educational and professional opportunities.

**Health and safety remains our top priority**

During 2021, we continued to ensure that our all our staff across all sites remained protected against COVID-19 as we came to the end of the global pandemic We are proud to have continued our excellent safety record – at a group level, and alongside our contractors, we achieved an LTIF[3] of 0.47 per million hours which is within the target of 0.5 set for the year.

**Energy security requires intelligent policy support**

The world needs secure supplies of energy, and the time has not arrived when renewable / green energy can take the place of hydrocarbons. The reality of today is that we need more of everything. More nuclear, more green, more hydrocarbons. As populations continue to grow, energy demand will continue to grow, and if upstream investments are not made, then the price volatility following the Russian invasion of Ukraine will become the new normal.

This is why we implore all policy makers to consider the combination of energy security and the value of domestic supply when considering fiscal policy. We want to work in partnership with governments and are very keen to continue investing in major upstream projects. Israel and Egypt have incentivised domestic energy production. We hope other governments will learn the lesson.

**Outlook for 2023**

Energean is poised to become a major regional producer of hydrocarbons in a strategically vital region. We are in the middle of three hot markets (Israel, Egypt and the EU) and have significant organic growth opportunities to create value for all our stakeholders through 2023 and beyond. In the medium term, the world and in particular our markets' energy demand will continue to grow.

[3] Lost Time Injuries Frequency: The number of Lost Time Injuries per million hours worked.

Europe in particular remains gas hungry. A globally tight gas market, and a return of demand from China means that energy security should remain high on policy makers' agendas. Energean, with our unique portfolio of assets in a strategically vital region could be part of the answer to this challenge – whether that is through increased domestic production, or through new export liquidity.

Our growth and our success are the results of outstanding teamwork. We have an industry leading team at Energean. This is why we are the leading gas focused E&P in the region – because our colleagues buy into our vision and are committed to achieving our goals.

2023 will be an exciting year. The reason it is so exciting is that we are entering a new stage in our development. Energean is a sophisticated, ESG focused, corporately robust, natural gas focused energy production company.

**Mathios Rigas**
Chief Executive Officer

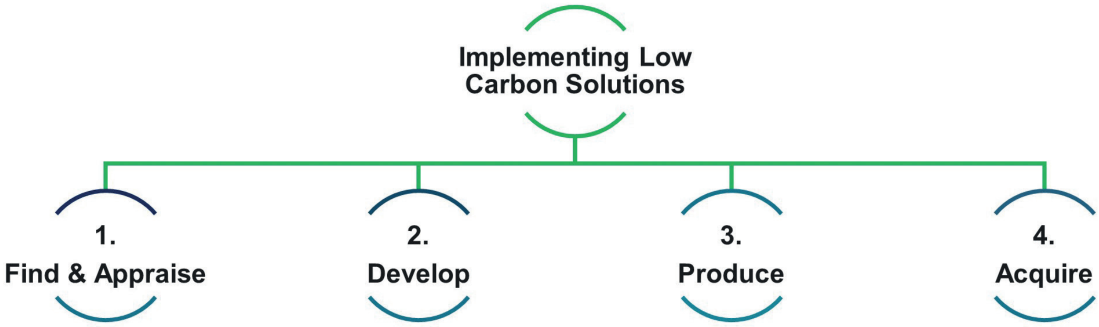
# Our Business Model

**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 our 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[4] by 2050.

**Our value life cycle**

***Find and 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 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 investment opportunities.

***Produce***

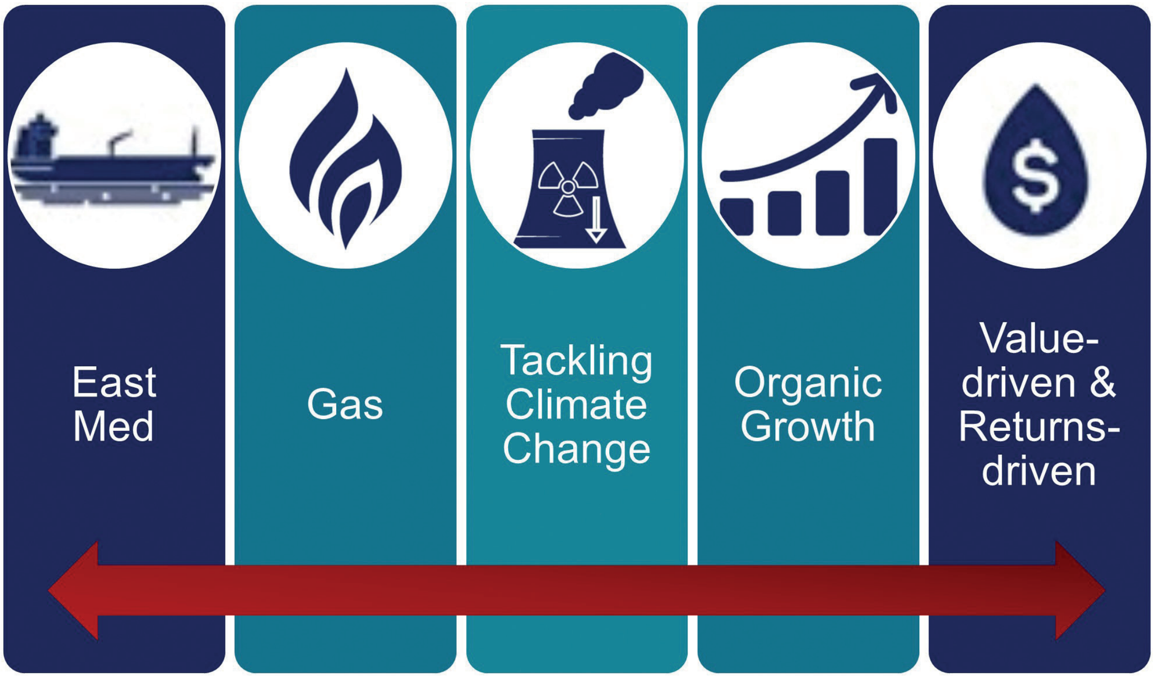
Production is the cash engine of our business and we are investing in options to maximise production across our producing assets in the Mediterranean, whilst also investing in opportunities to reduce the carbon footprint of these assets, such as the switch to sourcing electricity from 100% renewable sources through the national grid in Greece, Israel, Italy and Croatia. In addition, Energean is committed to evaluating carbon, capture and storage opportunities, and this will continue in 2023.

[4] Scope 1 and 2 emissions.

***Acquire***

Energean also seeks to grow its portfolio through highly selective and value accretive M&A that are a natural strategic fit, such as the Edison acquisition in 2020 and the consolidation of our Israel position through the Kerogen acquisition[5] in 2021.

**Our Strategic Pillars**




5 Energean's acquisition of Kerogen's 30% stake in Energean Israel closed on 25 February 2021.

# 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 a near-term 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 and the Energy Transition

Energean is fully committed to taking action on climate change, supporting the Paris Agreement, in particular Article 2.1(a) which states the goal of keeping the increase in global average temperatures to below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase even further to 1.5°C. To do this, as recognised in Article 4.1 of the Paris Agreement, we are committed to achieving net-zero emissions by 2050.

Energean was the first E&P company in the world to announce a net-zero by 2050 target in respect of absolute Scope 1 and Scope 2 GHG emissions. Our baseline year is 2019 and our commitment covers all existing and future assets. This commitment will be delivered through the implementation of our Climate Change Strategy, published in 2021, which provides a blueprint for reducing our greenhouse gas ("**GHG**") emissions and strengthening our low carbon portfolio. This report contains our short (by 2025), medium (by 2035) and long-term (by 2050) plans to reach this, details of which can be found within this Annual Report between pages 30-32.

In regards to scope 3 emissions, Energean has not set a specific commitment on reducing emissions, but it is considering tangible actions to reduce scope 3 emissions. Energean's Group Procurement Policy and HSE Policy encourages preference given towards vendors and contractors who can demonstrate emissions reduction policies. In 2022, Energean has continued to publish its scope 3 emissions. This data can be found on page 65 in the CSR section – 2022 data will be disclosed in this year's CDP Report.

## 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 near-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 ensure at least 100% reserves replacement on an annual basis.

Our exploration portfolio is spread across the Mediterranean and represents a balanced mix of new frontier areas and lower risk mature basins. Our Israel drilling campaign commenced in March 2022 and in the year we made four gas discoveries (Athena, Zeus, Hermes and Hercules), discovering approximately 36 bcm, and derisking 37 bcm in the wider Olympus Area. We expect to announce a development concept for the Olympus Area in the coming months.

## 5 Value and returns-driven

Disciplined capital allocation that maximises total shareholder returns is a top priority for Energean.

In March 2022, we announced our dividend policy, wherein we committed to return at least $1 billion to shareholders by end-2025. In the policy, we also committed to an initial $50 million per quarter, starting no later than Q4 2022, ramping-up in line with Energean's near-term production and revenue targets to at least $100 million per quarter. Energean is committed to providing a reliable and progressive dividend, with no impact on targeted deleveraging after first gas to <1.5x net debt/EBITDAX nor on operational re-investment to continue our organic growth and opportunistic M&A strategy.

In 2022, Energean returned a total of US$0.60/share to shareholders (approximately $106 million), representing two-quarters of dividend payments.

**2022 dividend payments**

| Quarter | Cash dividend | Declaration date | Ex-dividend date | Record date | Payment date |
|---|---|---|---|---|---|
| Q2 2022 | 30 US$ cents per share | 8 Sep 2022 | LSE – 15 Sep 22<br>TASE – 16 Sep 22 | LSE – 16 Sep 22<br>TASE – 18 Sep 22 | 30 Sep 2022 |
| Q3 2022 | 30 US$ cents per share | 17 Nov 2022 | LSE – 8 Dec 22<br>TASE – 11 Dec 22 | LSE – 9 Dec 22<br>TASE – 9 Dec 22 | 30 Dec 2022 |

In 2021, we optimised our capital structure via the raise of over $3 billion of bonds, with fixed interest rates. We remain focused on maintaining an optimal capital structure throughout the cycle. Our near-term target is to lower net debt / EBITDAX to <1.5x, and to pay down debt according to a fixed repayment schedule with refinance options available.

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. Energean was built through four value-accretive acquisitions. We continue to assess all available opportunities in the region. All M&A opportunities are also tested against our climate change plan to ensure they align with our ESG strategy.

**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.

# Task Force on Climate-related Disclosures

Energean is committed to addressing the environmental impact of our operations.

In compliance with the FCA's listing rule 9.8.6(8), Energean has continued to support the recommendations of the Task Force on Climate-related Financial Disclosures. We set out below our climate-related financial disclosures consistent with all of the TCFD recommendations and recommended disclosures. By this we reference the 2021 Annex "Implementing the Recommendations of the Task Force on Climate-related 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**

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, the ESSR Committee has taken over responsibility for climate change matters on behalf of the Board. The Board is also charged with reviewing investments for climate-related risks (among other risks).

The ESSR 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 ESSR Committee convenes three times a year 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. This Committee is responsible for ensuring that measures to mitigate and adapt to the risks identified are effective and implemented as necessary.

The Remuneration & Talent 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.

*For more information on how remuneration is linked to sustainability targets, please refer to pages 131-147 in the Corporate Governance section of this Annual Report.*

**b. Describe management's role in assessing and managing climate-related risks and opportunities**

The Board sets the Company's values and standards, including the Group's long-term objectives and commercial strategy, and ensures that its obligations to its shareholders and others are understood and met. Day to day responsibility and accountability for the Company's environmental and climate change policy, strategy and targets related to short, medium and long-term plans lies 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 impact on Energean's future financial performance.

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 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.

**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**

In setting and monitoring the delivery of Energean's strategy (pages 17-19), the Board and Management team consider climate relate risks and opportunities across the following three time horizons:

- Short-term (to 2025)
- Medium-term (to 2035)
- Long-term (to 2050)

Energean conducts detailed financial projections over a five year period. This currently fully covers the short and partly covers the medium-term horizons mentioned above. Looking beyond this, we consider the potential risks and opportunities and adjust our planning if appropriate. Climate-related issues, in particular physical risks, manifest over longer-term horizons, and so pose less of a risk to our operations.

**b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning**

***Inclusion of climate-related risks into decision making and business planning***

The Board is charged with reviewing investments for climate-related risks. The CEO and the Board regularly discuss climate change-related issues such as investment decisions where climate change considerations are a major driver and the carbon credit price's impacts on Energean's financial future. Energean's business plan is underpinned by assumptions made to, but not limited by: commodity prices, exchange rates, carbon prices, schedules of capital investment and risks and opportunities that may have an impact on revenue and free cash flow. The level of uncertainty increases over longer time horizons.

The findings of the scenario analysis exercise (see pages 27-28), 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, such as the evaluation of FID of Irena in Croatia and for any M&A decisions.

***Risks and opportunities***

Climate change related risk and opportunities have been identified, and future scenarios that aid in developing an integrated strategy approach have been analysed. Our strategy and business contribute to limiting global warming and has been structured, and is currently being implemented, in three different phases; short, medium and long-term, as per our Climate Change Policy published in 2021. The below table presents the risks associated with climate change, as per the Principal Risks in the Risk Management section of the report (pages 89-90), but with more detail.

*The process for identifying and assessing climate-related risks is set out under the climate-related Risk Management section below, on pages 74-77.*

| **Physical risks** | | |
|---|---|---|
| **Risk** | **Acute** | **Chronic** |
| **Description** | Increased severity of extreme weather events such as flooding, may impact Energean's normal course of operations. This may also result in damage to infrastructure and increase associated costs. | Atmospheric or sea temperature rises may cause faster degradation of the company's infrastructure and necessitate operational changes to the running of the plants. |
| **Financial impact** | Increased severity of extreme weather events may lead to reduced revenue from decreased production capacity, transport difficulties and supply chain interruptions. Early retirement of existing assets may possibly arise, e.g. damage to property in "high-risk" asset locations. It also may lead to uncreased insurance premiums for insuring assets at high-risk locations. | Increased operating costs may arise from potential inadequate water supply for energy producing plants due to changes in precipitation patterns. In addition, increased insurance premiums may occur for insuring assets at high-risk locations. |
| **Risk rating** | Medium | Medium |
| **Time-horizon** | Long-term | Long-term |
| **Energean's response (mitigation)** | Energean is monitoring the weather conditions near its assets and has built protective barriers to combat potential flooding. No extreme weather events have occurred to date, but the threat remains.<br><br>The risk has been recognised by the company and we have assessed asset sensitivity to natural disasters following the EU Directive 2014/52/EU and we are monitoring these conditions. Metocean data are fed to the risk assessment procedures. The Audit & Risk committee is incorporating the abovementioned data for the assessment of already existing or new projects. | Energean's is monitoring the conditions at all sites and has incorporated this data into assessments of both existing and new projects. The Audit & Risk committee is incorporating the abovementioned data for the assessment of already existing or new projects. |
| **Geographies impacted** | Our offshore sites are considered at the highest risk, while onshore sits are facing a moderate risks. | All assets in all countries |
| **Metrics used to assess risk** | Air temperature and sea-level measurements | Air temperature and sea-level measurements |

| Transition risks | | | | |
|---|---|---|---|---|
| **Risk** | **Policy/Legal** | **Technology** | **Market** | **Reputation** |
| **Description** | a) EU Emissions Trading System (ETS) prices are expected to increase, resulting in higher operational costs (in Greece) and possible additional taxes for exceeding GHG emissions.<br>b) Carbon emissions taxes may be applied in the future in Israel and Egypt, which would increase the operational costs. | The development of new technologies and alternative energy sources may result in reduced demand for the company's products. Increased energy demand may also accelerate the development of renewable energy production and storage. | Changing customer behaviour may reduce demand for our oil and gas products. An excess of supply over demand may also lead to lower global commodity prices. | Pollution incidents, both through liquid spills and GHG emissions, may lead to the loss of investor confidence and subsequent loss of revenue. |
| **Financial impact** | a) Increased pricing of GHG emissions may lead to increased operating costs (e.g. higher compliance costs and potential increased insurance premiums). Assets that emit extensively may be subject to early retirement due to policy changes. Regulatory changes in the EU ETS shall gradually lead the company to no longer receive free GHG allowances, leading to increased operational costs. The company currently receives allowances and has a portfolio of allowances that may be used in future years. The number of free allowances decreases y-o-y.<br>b) Carbon emissions taxes may be applied in the future in Israel, which would increase the operational costs. | Technological changes may lead to reduced demand for our hydrocarbon products, which could lead to the early retirement of existing assets. We also risk investing in research and development (e.g. on CCS and Eco-hydrogen) if they are unsuccessful – albeit the current expenditure is minor compared to the rest of the Group. | Market risks may lead to reduced demand for goods and services due to a shift in consumer preferences. This may also affect the cost of production. As the supply of products may change in the future, a re-pricing of assets may take place due to fossil fuel reserves, land valuations etc. | Poor reputation may adversely impact the company by decreasing the demand for its goods and services. It may also reduce the company's production capacity, due to delayed planning approvals and supply chain interruptions.<br>A negative reputation may also block access to finance as investors move away from E&P companies and cause litigation damage from climate action. |
| **Risk rating** | Medium | Medium | Medium | Low |
| **Time horizon** | Medium term | Long term | Long term | Short, medium and long term |

| Transition risks | | | | |
|---|---|---|---|---|
| **Risk** | **Policy/Legal** | **Technology** | **Market** | **Reputation** |
| **Energean's response (mitigation)** | a) Energean is targeting to reduce its emissions to mitigate the impact of carbon taxes. In Greece, for example, it is currently evaluating the development of a CCS site in the Prinos asset, which has been included in the Recovery & Resilience Fund (RRF) implementation proposal for Greece.<br>b) Energean has imposed shadow pricing to be used as a sensitivity tool in order to assess the viability of the project in Israel. The annual free cash flow was not significantly affected and the project was proven not to lose value in the face of carbon taxation.<br>For more details on the impact of sensitivities to carbon prices, please refer to page 190 in the Estimation uncertainty section of the Financial Statements in this Annual Report | All pre-FEED activity costs regarding the Prinos CCS project are currently being funded by existing EU facilities. Energean.<br>Energean fully incorporates climate and market-risks into investment decision making to ensure risks are adequately managed. | Energean fully incorporates climate change-related risks into investment decision-making. The findings of the recently conducted scenario analysis exercise (see pages 27-28, 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. | Energean is assessing the risks associated with pollution, including climate related risks, at the company and asset level and takes all necessary control and mitigation measures which are reviewed the Audit & Risk Committee on an annual basis and included in the business risk management. |
| **Geographies impacted** | Currently impacted: Greece and UK (assets participate in the EU and UK ETS). Risk of future impact: Israel (Energean's largest source of production in 2023) and Egypt | Greece and Italy are considered to be the most vulnerable assets regarding oil production. | Greece and Italy are considered to be the most vulnerable assets, as per the TCFD scenario analysis modelling (see pages 27-28). | Highest risk related to oil production assets in Greece and Italy. |
| **Metrics used to evaluate risks** | Carbon emissions and carbon prices. | Realised commodity price | Realised commodity prices & Cost of Production (see pages 67-68) | Hydrocarbon spills & revenue (see pages 66-67) |

| Opportunities | | | | | |
|---|---|---|---|---|---|
| **Opportunities** | **Resource efficiency** | **Energy source** | **Products/services** | **Markets** | **Resilience** |
| **Description** | a) The continuous development of technology provides new opportunities in the field of resource efficiency. Optimized operations are able now to consume less water and energy, increasing the value of fixed assets and the production capacity.<br>b) Reinjection of sour gas in the Prinos field instead of processing it and thus reducing energy consumption. | The energy transition creates the opportunity for Energean to reorient its portfolio towards gas, which is deemed to be a transition fuel, and correspondingly increase production capacity. | Development and/or expansion of low emission goods and services. Energean expects the development of appropriate carbon capture, and storage (CCS) technology in conjunction with blue-hydrogen to provide low carbon energy to the market. We also expect to provide the opportunity to third parties to sequester their emission in parallel. | Energean's gas focused strategy is aligned with the East Med's rising gas demand. | The Companyy's resilience to commodity price fluctuations comes hand in hand with the new market opportunities. Transition to gas production is considered the key to Company's enhanced resilience to climate change. |
| **Financial impact** | a) Potentially resulting in increased revenues, while transition to more efficient buildings or application of more efficient available technology may lead to reduced operating costs through efficiency gains and cost reductions.<br>b) Reduces cost of processing sour gas and enhancing production through sour gas reinjection to the field. | The re-oriented portfolio leads to reduced operational costs due to lower process needs of the final product, which is mainly natural gas. The reduced exposure to GHG emissions due to the change in the energy mix leads to less sensitivity to changes of carbon cost. Additionally, the energy shift favours the company as there is increased capital availability with more investors to be interested in lower emissions producers. Finally, reputational benefits may be resulting due to the increased demand of low carbon services. | The products and services that emerge from CCS and Blue-Hydrogen may increase the revenues through demand for products and services with lower or zero emissions. Providing products of this kind provides better competitive position to reflect shifting customer preferences, resulting in increased revenues. | Gas is considered to be the transition medium to a low-carbon future enhancing Company's position with increased revenues. | Energean's focus on gas, which is a lower carbon fuel than oil, combined with the long-term gas contracts with floor pricing in Israel and Egypt, protects the Company's revenue stream from commodity price fluctuations. |
| **Materiality level** | Medium | High | Medium | Medium | High |
| **Time horizon** | Short to medium | Short, medium and long term | Medium to long term | Short term | Short to medium term |

| Opportunities | | | | | |
|---|---|---|---|---|---|
| **Opportunities** | **Resource efficiency** | **Energy source** | **Products/services** | **Markets** | **Resilience** |
| **Energegan's response (strategy to realise opportunity)** | a) Energean assigned the management of climate change projects to a group company in Egypt named Egypt Energy Services (EES), engaged with energy efficiency projects from cradle to grave and projects also related to low carbon energy generation and carbon sequestration.<br>b) An engineering study of the re-injection process, modification of existing infrastructure, construction of new equipment and vessels and additional pipe-laying will need to be implemented. | By shifting its portfolio towards gas, Energean can reduce its carbon emissions intensity whilst also increasing production capacity. Gas will make up 80% of its portfolio and Energean is investing in new gas-orientated assets included in the Edison E&P portfolio. | Energean aims to capitalise on the opportunity presented by CCS by drawing on the company's existing expertise in managing reservoirs. Further to that, Energean is evaluating Blue-Hydrogen in conjunction with its CCS project at Prinos, Greece, and is exploring replicating this in other operated countries. Although the IEA notes that the supply chain may struggle with the number of planned projects, Energean believes this risk is low as the number of CCS sites currently under discussion for development in the East Mediterranean is low. | Shifting production from oil to gas has already commenced by investing in gas fields that will further expand following Company's policy. | Shifting production from oil to gas has already commenced by investing in gas fields that will further expand following Company's policy. |
| **Geographies impacted** | Existing assets in Greece, Italy and Egypt are initially targeted. | All assets in all countries | Initially Greece and subsequently Italy by utilising depleted fields. Further to that Energean also considers its opportunities to develop such projects in Israel as the Company's future highest production asset. | Israel and Egypt are the Company's main gas producers. | Israel and Egypt are the Company's main gas producers. |
| **Metrics used to evaluate opportunity** | Total water usage and total energy consumption intensity (page 66) | % of production which is gas and operational costs (pages 39 and 67-68) | CCS and hydrogen related revenue streams | Ability to attract investment | Revenue (page 67) |

**c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario**

Energean has taken decisive steps in the previous decade to adjust our business strategy to not only mitigate climate change-related risks but also to capture opportunities. Over the past five years, Energean shifted its portfolio from 100% oil to more than 75% 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 big role in lowering the country's absolute emissions by around 3 million tonnes.

**Portfolio resilience**

Since 2021, in line with the TCFD's recommendations, we have tested the resilience of our portfolio against the scenarios from the International Energy Agency's ("**IEA**") annual World Energy Outlook ("**WEO**") report to address the risks and opportunities presented by a potential transition to a lower-carbon economy. Resilience is defined as the ability to generate value in a low-price environment. Energean is developing models to carry out scenario analysis on physical risks, which is not included in the analysis below. Energean has historically assessed asset sensitivity to natural disasters following the EU Directive 2014/52/EU.

We have chosen to use the IEA scenarios as it enables standardisation in approach and comparison between companies. The IEA's scenarios change slightly each year – in the 2022 WEO report, the three scenarios are:

**IEA's 2022 WEO climate scenarios**

| | Stated Policies Scenario (STEPS) | Announced Pledges Scenario (APS) | Net-Zero Emissions by 2050 Scenario (NZE) |
|---|---|---|---|
| **Overview** | Does not take for granted that governments will reach all announced goals. Instead, it explores where the energy system might go without additional policy implementation | Takes account of all climate commitments made by governments around the world and assumes they will be met in full and on time | Sets out a pathway for the global energy sector to achieve net-zero CO2 emissions by 2050 |
| **Temperature rise** | 2.5°C by 2100 | 1.7°C by 2100 | 1.4°C in 2100 |
| **2030 oil price** | $82/bbl | $64/bbl | $35/bbl |
| **2030 EU gas price** | $8.5/Mbtu | $7.9/Mbtu | $4.6/Mbtu |
| **2030 carbon price** | $90/tonne | $135/tonne | $140/tonne |

**Methodology**

We have applied the IEA's price forecasts for each scenario to our portfolio and have compared the impact on the net present value ("**NPV**") for each country versus our base case budgetary assumptions. We have not included our exploration assets in this analysis.

The IEA provides 2030 and 2050 oil and gas prices for each scenario. It also provides 2030, 2040 and 2050 carbon prices for each scenario. We have assumed a straight-line increase between the price points and then assumed flat prices from 2050 onwards. Because the IEA provides general oil and European gas prices, we have taken the differential between their base case and their forecast and applied this to our 2021 base case for Brent and the various regional gas prices to generate comparable commodity price forecasts.

The impact to net present values described below 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.

## Results

***Net Present Value of portfolio*[6]**

| | STEPS | APS | NZE |
|---|---|---|---|
| **Israel** | 🟩 | 🟩 | 🟦 |
| **Egypt** | 🟩 | 🟩 | 🟦 |
| **Italy** | 🟩 | 🟩 | ⬛ |
| **Greece** | 🟩 | 🟩 | 🟥 |
| **UK** | 🟩 | 🟩 | 🟩 |
| **Croatia** | 🟩 | 🟩 | 🟩 |

| Impact on NPV |
|---|
| 🟩 **>0%** |
| 🟦 **0 to -10%** |
| ⬛ **-11 to -55%** |
| 🟥 **>-56%** |

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.

Under the NZE, the NPV is reduced by 17% overall compared to the base case, but remains positive. This is because the portfolio is predominately gas weighted and thus is largely protected against falls in oil prices.

In Israel, gas revenues are protected against fluctuations in international commodity prices as there are fixed gas contracts with floor pricing. Only under the NZE is there a minor impact on the NPV (-8%) due to the price realised for the liquids stream. Likewise in Egypt, gas revenues are protected with cap and collar and floor pricing – the change to NPV seen under the NZE is due to Brent falling below $40/bbl and because of lower liquid prices received compared to our base case forecast.

Our assets in Italy and Greece are more exposed to the effects of lower commodity prices under the scenarios considered. We are already taking steps to mitigate this impact, and are looking at longer-term, climate friendly solutions, including 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.

Further information on the potential impact of commodity price assumptions and the risks associated with climate change can be found in the Group's impairment assessment within the Financial Statements of this Annual Report on pages 190-195.

### Carbon price forecast

Energean uses an internal price on carbon to stress-test new projects, acquisitions and investments. This allows us to measure the impact of any investment decision on the company's carbon footprint, and to determine whether any future investments would increase our carbon intensity. Furthermore, the internal price on carbon ensures that we include the possibility of additional carbon taxation schemes being introduced which would result in a reduction of our income and valuation on individual assets.

[6] Relative to Energean's budget planning Brent oil price of $60/bbl.

Our internal carbon prices for countries which do not currently have a regulated carbon tax market (e.g. outside of the EU and UK ETS regions) are:

| Year | ($/tCO2) |
|---|---|
| **2023** | 35 – 40 |
| **2025** | 34 – 50 |
| **2035** | 100 – 110 |
| **2050** | 150 – 160 |

This carbon price is based upon an average of the IEA's NZE scenario in their 2022 WEO Report and the current carbon removal cost on the voluntary market, inflated at the same rate as the IEA's NZE scenario.

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.

We use carbon prices in our asset impairment tests and in the annual Competent Person's Report ("**CPR**") (an independent appraisal of our oil and gas assets). The lack of net-zero-aligned global and national policies and frameworks increases the uncertainty around how carbon pricing and other regulatory mechanisms will be implemented in the future. This makes it harder to determine the appropriate assumptions to be taken into account in our financial planning and investment decision processes.

**Risk Management: Disclose how the organisation identifies, assesses, and manages climate-related risks**

As discussed above, Energean considers climate change and GHG emissions a material risk factor. Energean first recognised climate change as a rapidly emerging risk in 2019. Climate change related risks and opportunities are fully integrated with Energean's multi-disciplinary, Group-wide risk management process. The risk management framework ensures effective identification, assessment, control and monitoring of climate change-related risks against their potential financial, legal, physical, market and reputational impact, and further ensures that key strategic and commercial decisions are assessed by reference to their financial importance.

Energean monitors the risks associated with physical and transition-related risks to ensure these are being managed within our overall risk appetite over different time horizons.

Please refer to the Risk Management section between pages 74-91 of this Annual Report for further information.

**Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material**

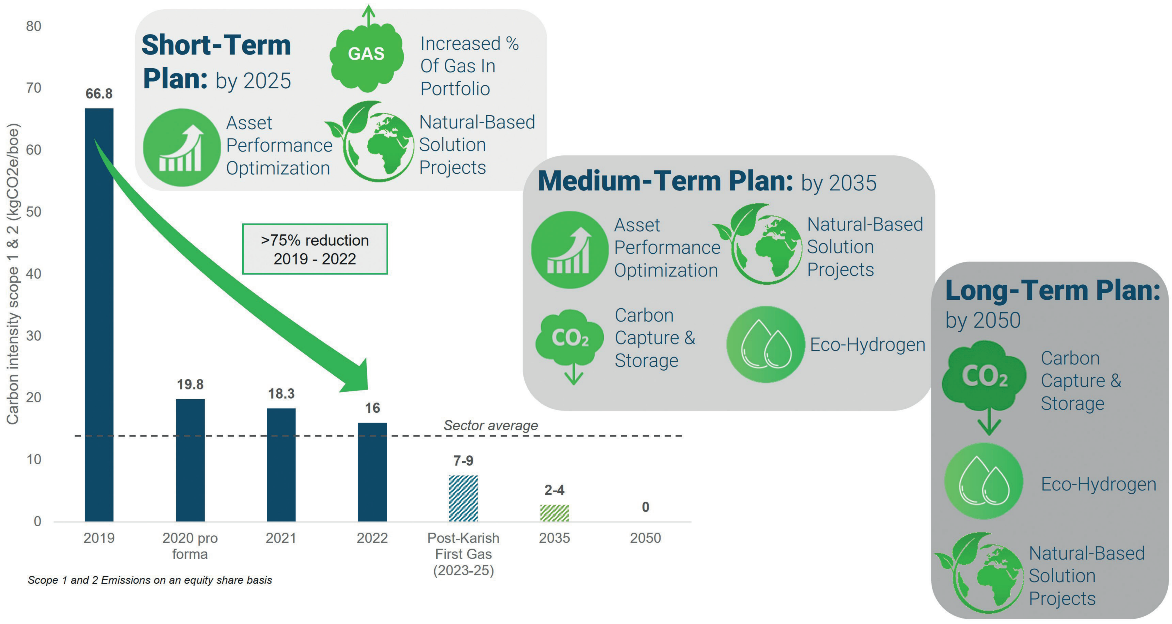
***a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process***

The key metric we used to track our progress against our energy transition strategy to be Net Zero by 2050 is the carbon intensity of our portfolio across scope 1 and 2 emissions, on an equity-share basis.

Executive remuneration is partly linked to sustainability metrics, which includes emission reductions, which is one of the Group's KPIs. Please refer to pages 127-147 in the Corporate Governance section for further detail.

***Energean's net-zero plan***

*Figure 4. Climate change plan*[7]




Energean intends to reach net-zero by 2050 (scope 1 and 2 emissions) via the following steps:

1. Increase percentage of gas in portfolio (short-term plan).
   a. This has already been achieved, with our production being 75% gas weighted in 2022 (versus 0% in our baseline year of 2019)
2. Asset performance optimisation
   a. Zero-routine flaring implemented at all operated sites
   b. Renewable-sourced electricity used at all operated sites
   c. Continued investment in methane emissions monitoring and reduction and encourage our JVs to engage in this target
   d. Investment in technical solutions such as energy efficiency management and fuel replacement to reduce absolute emissions
3. Natural-Based Solution ("**NBS**") Projects
   a. Invest in NBS projects to generate or purchase carbon removals for less than 50% of the total projected carbon emissions of our equity share production. Our carbon removals portfolio is expected to involve a mixture of NBS technologies, such as forestry, soil, blue carbon and biochar etc.
4. Carbon Capture & Storage and Eco-Hydrogen
   a. Investment in CCS projects to inject emissions from ourselves and others
      i. Our Prinos CCS project in Greece is the most advanced. We have also signed an MOU with Shell in Egypt and exploring other CCS projects across the portfolio
   b. Evaluate and invest in Eco-Hydrogen projects

[7] 2019 is pre-Edison acquisition inclusion. 2020 pro forma emissions intensity are presented as if Edison E&P results were consolidated for the entire year, as the locked box date of the transaction was 1 January 2019.

***Short-term plan***

Our short-term plan, which extends to 2025, to reduce the Group's absolute scope 1 and 2 emissions, includes: increased efficiency of production installations by optimising performance and replacing fuel sources, using low or zero carbon electricity and re-focusing our production mix from oil to gas. We are also evaluating opportunities to invest in natural based solution ("**NBS**") projects, which are defined as actions to protect, sustainably manage, and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits by the International Union for Conservation of Nature. Examples of projects include reforestation.

***2022 progress on reaching our emission reduction targets***

- In 2022, we reduced our equity share carbon emissions intensity to 16.0 kgCO2e/boe, a 13% reduction y-o-y.
- In 2022, 75% of our working interest production was gas, up from 72% in 2021 and up from 0% in 2019 (Energean standalone)
- All operated sites (which require electricity) purchase electricity generated by renewables. As a result, our absolute scope 2 emissions from our operated sites reduced by 79% in 2022 versus 2021.
- In 2022, we performed three methane emissions detection campaigns at major sites in Italy. The results found minimal amounts of fugitive emissions, requiring minimal corrective actions for one asset, and no further action in the other two

***Medium to long-term plan***

Following these initial actions, we will maintain and intensify our efforts towards reducing carbon emissions. Remaining emissions will be balanced with an equivalent amount sequestered or offset, or through buying enough carbon credits to make up the difference. Energean is currently working on various projects, including Carbon Capture and Storage ("**CCS**") opportunities across its portfolio.

***CCS Progress***

At Energean, we believe there is considerable opportunity to employ efficient CCS technologies in the regions we operate. Besides capacity from our own assets, we believe that there will also be external interest, e.g. from power plants, in providing their produced CO2 to be stored in our company's depleted reservoirs. Energean is a highly experienced offshore operator and developer, and thus is well placed to realise such projects.

In 2022, we completed pre-FEED activities at our Prinos CCS project in Greece, the results of which are currently being analysed. The Greek Government also awarded Energean a CO2 Storage Exploration Licence in 2022 which enables Energean to proceed with FEED activities.

In February 2023, Energean Egypt signed a memorandum of understanding ("**MoU**") with Shell Egypt to explore a mutually beneficial decarbonisation solution. The proposed partnership is addressing a major CCS feasibility challenge, which is the ability to connect sizeable carbon emitters to an adequate geological structure. The study will focus on the decarbonisation of the LNG terminal in Idku operated by Shell through capturing and storing the carbon dioxide in a depleted reservoir in the Abu Qir offshore concession operated by Energean. Future development stages will permit such facility to take emissions from other industrial emitters (e.g. fertilisers).

**Recognitions of our climate change strategy**

Energean continued its participation in the Climate Disclosure Project in 2022, in which we promoted disclosure transparency and further developed our climate change initiatives.

The climate change rating assesses the level of detail and comprehensiveness of the content, as well as the company's awareness of climate change issues, management methods and progress towards action taken on climate change.

The supplier engagement rating assesses performance on governance, targets, scope 3 emissions, and value chain engagement.

We were awarded an improved score of A- in 2022 on climate change (up from B in 2021 and B- in 2020) based on our strategy and set targets.

***b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks***

| Emissions Intensity (Equity Share)* | 2022 | 2021 | Pro forma 2020[8] | 2020 | Target 2035 | Target 2050 |
|---|---|---|---|---|---|---|
| **Scope 1 (kgCO2e/ boe)** | **15.9** | 18.3 | 19.5 | 37.7 | Reduce scope 1 & 2 by 2035 to 2-4 kgCO2e/boe | 0 |
| **Scope 2 (kgCO2e/ boe)** | **0.1** | 0.1 | 0.3 | 0.2 | | 0 |
| **Scope 1 and 2 (kgCO2e/boe)** | **16.0** | 18.4 | 19.8 | 37.9 | | 0 |
| **Scope 3 (Operated share, kgCO2e)** | ** | 1,889,018 | 1,488,772 | 1,488,772 | No target | No target |

** Methodologies used to calculate scope 1 emissions include the standards and protocols of EU ETS, IPCC, Concawe and EPA. Scope 2 emissions were calculated using the GHG protocol standards.*

** To be disclosed in the 2023 CDP climate change questionnaire

**For further detail on our GHG emissions, please refer to the table in the 'Our environment, our highest commitment' section between pages 65-66 in this Annual Report.**

***c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets***

Energean is committed to be Net Zero by 2050 across its absolute scope 1 and scope 2 emissions on an equity share basis. In 2019, we pledged to reduce the carbon intensity of our business by 85% by 2023 (from the 2019 base year). We are on track to meet this, as we expect our 2023 emissions intensity to be between 7-9 kgCO2e/boe in 2023, primarily driven by the start-up Karish which has a low carbon intensity of between 4-5 kgCO2e/boe. We also have a 2035 target to reduce our emissions intensity to 2-4 kgCO2e/ boe. These targets are continuously monitored by our HSE Director as well as the CEO and the Board.

[8] Reserves are pro forma Energean + Edison plus the acquisition of Kerogen's 30% holding in Energean Israel Limited ("**EISL**"). The transaction closed on 25 February 2021.

# Market Overview

**Brent oil price**

In the first half of 2022, oil prices rose significantly due to Russia's invasion of Ukraine. This increased supply concerns, which were already elevated because of low global crude oil inventories following withdrawals to meet rising demand after pandemic-related restrictions eased. In the second half of 2022, oil prices generally decreased amidst rising concerns about a possible recession.

Brent averaged $99.0/bbl in 2022, a 40% increase from 2021 levels. Brent varied significantly from a daily low of $76.1/bbl in September 2022 to a high of $128.0/bbl in March 2022.

Our liquids production in Israel, Italy, Egypt and the UK is Brent-linked.

**Focus on gas**

Over 75% of our production is from gas fields. Gas prices from production in Italy, the UK and Croatia are linked to the European gas market. Our contracts in Israel have fixed long-term floor prices. In Egypt, gas prices are linked to Brent but include cap and collar pricing, with fixed prices between $40 and $75/bbl.

**European gas prices**

European gas prices were highly volatile in 2022, with the Italian PSV reaching daily highs of €309.0/MWh in August 2022 and lows of €23.5/MWh in November 2022. The average PSV price in 2022 was €125.0/MWh. Cuts in Russian gas supply to Europe, combined with falling domestic supply, hot summer temperatures and poor renewable-energy generation, caused gas prices to jump in the first 9-months of the year. Gas prices subsequently fell due to unseasonably warm weather and high gas storage levels.

**Israel**

*Gas*

In 2022, Israel's third gas field, Karish, commenced production in October 2022, following Leviathan (first gas in December 2019) and Tamar (2013). Tamar produced 10.1 Bcm in 2022 and Leviathan produced approximately 11Bcm (based upon 8.5 bcm reported between Q1-Q3 2022). Of this, Tamar exported 8.7 Bcm to Egypt. Leviathan, between Q1-Q3 2022, exported 5.6 Bcm (3.6 Bcm to Egypt and 2.0 Bcm to Jordan).[9]

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 2022, demand for gas in Israel was approximately 12.7 Bcm. Israel's long-term gas demand outlook remains robust, with demand forecast to grow to 17.0 Bcm by 2025 and approximately 21.5 Bcm by 2035.[10] Natural gas demand increase is driven by the enduring growth in electricity demand, as well as by a transition of fuel mix, from coal and oil to natural gas and renewables.

*Liquids*

Karish, Karish North and Tanin contain total 2P liquids reserves of 95.6 MMboe (as of year-end 2022 CPR). The Energean Power FPSO has onboard storage facilities that can store up to 800,000 barrels of liquid. The hydrocarbon liquids are exported via tankers to international markets.

In October 2022, Energean signed a sale and purchase agreement with Vitol for the marketing of a number of cargoes of Karish blend hydrocarbon liquids. The first shipment of crude was offloaded in February 2023.

Energean expects, based on analysis of individual well test samples, that the Karish blend trades at a similar price point to Asgard blend, given the similarity in their characteristics. The realised price is market price less certain freight, logistics and marketing costs.

9 Tamar data from Isramco Negev 2 LP's 2022 report, Leviathan data from NewMed Energy's Q3 2022 presentation
10 BDO March 2023 report

### Egypt

Egypt's gas market has seen substantial change over the past two decades, owing to several large domestic discoveries, headlined by Eni's super-giant Zohr field in 2015. Zohr reached first gas in 2017, enabling the country to move from being a net importer to net exporter of gas. Egypt also started importing gas from Israel in January 2020, realising its ambitions to become a regional gas hub.

However, a lack of a major discovery between 2016-2021, combined with rising gas demand (63.1 Bcm in 2020 rising to 71.5 Bcm in 2025 and 78.8 Bcm in 2030)[11] will result in Egypt becoming a net importer of gas early this decade. In January 2023, Chevron and Eni announced that they had discovered 3.5 tcf (c. 100 bcm) with their Nargis-1 exploration well, located offshore Egypt. Even if this discovery is developed, Egypt still requires more discoveries to be made to meet both its domestic demand growth and its pledge to become a regional energy hub[12].

Energean has a MOU with EGAS for the sale and purchase of up to 3 Bcm/yr of natural gas on average for a period of 10 years, commencing with initial volumes of up to 1 Bcm/yr. There are existing export pipelines from Israel to Egypt that Energean could utilise.

[11] BDO March 2023 report
[12] Welligence – Chevron hits major gas discovery offshore Egypt – what happens next? January 2023

# 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, 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 2020 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 and resources with a 20% y-o-y increase vs 2021, while production performance was 41.2 kboepd (75% gas) in 2022.

***1. Working Interest Production***

| Working Interest Production | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **kboepd** | **41.2** | 41.0 | 48.3 | 3.6 |

**Objective:** Energean is focused on maximising production from its existing asset base and delivering net production of at least 200 kboepd from its gas-weighted portfolio in H2 2024.

*2022 progress:*

- Average working interest production of approximately 41.2 kboepd in 2022
- First gas achieved at Karish on 26 October 2022
- NEA/NI brought onstream in March 2023; three further development projects (Karish North, Cassiopea and Epsilon) progressed and expected onstream end-2023, 2024 and 2024

***2. 2P Reserves and 2C Resources***

| 2P Reserves | 2022 | 2021 | *Pro forma 2020*[13] | 2020 |
|---|---|---|---|---|
| **MMboe** | **1,161** | 965 | 982 | 762 |

| 2C Reserves | 2022 | 2021 | *Pro forma 2020*[13] | 2020 |
|---|---|---|---|---|
| **MMboe** | **217** | 188 | 158 | 158 |

**Objective:** Energean aims to replace the reserves it has produced and grow its reserve and resource base through a combination of successful exploration and appraisal and selective value accretive acquisitions.

*2022 progress:*

- 19% year-on-year increase in 2P + 2C reserves and resources to approximately 1,378 MMboe, 77% gas, driven primarily by the Athena, Zeus, Hermes and Hercules discoveries as part of the 2022 Israel growth drilling campaign
- In 2022, 15 MMboe was produced and 210 MMboe was added to 2P reserves, which equates to a reserve replacement ratio of +1400%

[13] Reserves are *pro forma* Energean + Edison plus the acquisition of Kerogen's 30% holding in Energean Israel Limited ("**EISL**"). The transaction closed on 25 February 2021.

## Financial

Energean is focused on increasing production from its large-scale, gas-focused portfolio to deliver material free cash and maximise total shareholder return.

### 1. *Revenues*

| Sales Revenues | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **$ million** | **737.1** | 497.0 | 335.9 | 28.0 |

**Objective:** Energean's near-term target is to generate revenues in excess of $2.5 billion per annum. With approximately 1,161 million boe of 2P reserves to be monetised and a revenue growth profile underpinned by gas sold under largely fixed price contracts, we at Energean believe this target is both achievable and sustainable.

*2022 progress:*

- 2022 revenues of $737.1 million
  - 2022 revenue was higher than 2021 primarily because of higher realised commodity prices
  - Abu Qir Production Sharing Contract ("**PSC**") amendment increased the gas sales price from November 2022, resulting in higher revenues

### 2. *Cost of Production*[14]

| Cost of Production | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **$/boe** | **18.9** | 17.5 | 11.3 | 21.4 |

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

*2022 progress:*

- The increase in cash unit production cost was primarily driven by increased royalties paid in Italy and increased energy costs across the group

### 3. *Adjusted EBITDAX*[15]

| Adjusted EBITDAX | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **$ million** | **421.6** | 212.1 | 107.7 | (8.3) |

**Objective**: Energean aims to maximise EBITDAX to maintain the profitability of the business. The Group expects to grow EBITDAX to $1.75 billion per annum in the short-term through the successful delivery of sanctioned key growth projects.

*2022 progress:*

- 2022 adjusted EBITDAX was higher than 2021 because of higher revenue partially offset by higher operating costs from the enlarged group

### 4. *Cash Flow from Operating Activities*

| Cash Flow from Operating Activities | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **$ million** | **272.2** | 132.5 | 137.0 | 1.5 |

- The increase was primarily driven by higher realised commodity prices versus 2021

[14] 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'.

[15] 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'.

### 5. *(Loss)/Profit After Tax*

| Profit After Tax | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **$ million** | **17.3** | (96.2) | (416.4) | (92.9) |

- The increase was primarily driven by higher realised commodity prices versus 2021, partially offset through the windfall taxes in Italy

## 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 by 2050.

### 1. *Carbon Intensity Reduction*

| Carbon Intensity on equity share* | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **KgCO2e/boe (Scope 1 and 2)** | **16.0** | 18.3 | 19.8 | 37.9 |

*Methodologies used to calculate scope 1 emissions include the standards and protocols of EU ETS, IPCC, Concawe and EPA. Scope 2 emissions were calculated using the GHG protocol standards.

**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 by the carbon intensity of our business, by 85% by 2023, versus our 2019 base year[16].

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 under the EU ETS have been verified by TUV Austria Hellas.

*2022 progress:*

- We delivered a 13% year-on-year reduction in the carbon intensity of our operations to 16.0 kgCO2e/boe on equity share basis

## HSE

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

### 1. *Lost Time Injury Frequency Rate*

| LTI Frequency Rate | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **No. per million hours worked[17]** | **0.47** | 0.33 | 0.63 | 0.65 |

**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. Our target is to keep the LTIF Rate below 0.50.

*2022 progress:*

- Safe and reliable operations, zero serious injuries
- Zero environmental damage and zero oil spills
- Zero health damage and occupational illnesses

[16] Scope 1 and 2 emissions.
[17] Refers to employees and contractors.

**Total shareholder return**

In September 2022, Energean declared its maiden quarterly dividend, aligned with its commitment to return an initial $50 million to shareholders per quarter no later than the end of 2022.

In total, Energean returned US$0.60/share to shareholders (approximately $106 million) in 2022, representing two-quarters of dividend payments.

In 2023, Energean intends to continue to pay quarterly dividends to its shareholders in line with its previously communicated dividend policy, which includes:

- Targeting to pay cumulative dividends of at least $1 billion by the end of 2025
    - This is underpinned by predictable cashflows, largely insulated from commodity price fluctuation, thanks to long-term gas contracts with floor-price protection and high take-or-pay provisions
- Paying a dividend of at least $50 million per quarter. The amount will ramp-up in line with Energean's near-term production and revenue targets to at least $100 million per quarter, as the Company's developments come onstream during the next 18 months
- The Board and Management will regularly review its capital allocation to ensure that sufficient liquidity remains within the Group, to continue Energean's organic growth strategy and consider the potential for opportunistic M&A and/or supplementary capital returns to shareholders.
- Energean is targeting to reduce net debt/EBITDAX on a Group consolidated basis to levels below 1.5x and sees this being met no later than 2024
- Post 2025, Energean targets maintenance of a progressive dividend policy, in line with its focus on maximising total shareholder returns

# Review of Operations

**Production**

Group working interest production averaged 41.2 kboepd in 2022 (2021: 41.0 kboepd). 2022 production was higher than 2021 because of the start-up of production from Karish on 26 October 2022.

**Working interest hydrocarbon production (kboepd)**

| | 2022 | 2021 |
|---|---|---|
| **Israel** | **5.4 (92% gas)** | N/A |
| **Egypt** | **25.1 (87% gas)** | 29.1 (87% gas) |
| **Rest of portfolio** | **10.7 (40% gas)** | 11.9 (36% gas) |
| **Total** | **41.2 (75% gas)** | 41.0 (72% gas) |

## Israel

**Karish**

Production commenced at Karish on 26 October 2022, marking a pivotal milestone for Energean. All three wells (Karish Main-01, 02 and 03) had been opened before year end. Data collected from the wells has demonstrated the reservoir's ability to produce in line with expectations.

Sales gas between 26 October 2022 and 31 December 2022 totalled 0.28 bcm. Notwithstanding the excellent reservoir deliverability, this was lower than projected as a result of the project being in the commissioning phase, during which variability in production is higher than in the post-commissioning phase.

Further to the progress of commissioning activities on the Karish Field and the Energean Power FPSO, Energean is, at the time of writing, now sequentially notifying gas buyers that the commissioning period under the GSPAs has ended and the start date for commercial obligations has commenced. Energean expects to have completed this process for all gas buyers by the end of March 2023.

*The history of Karish*

In 2016, Energean acquired the Karish and Tanin licences from NewMed Energy (formerly Delek Drilling) and in March 2018, Energean took FID on Karish. An EPCIC contract was then signed with Technip to build the Energean Power FPSO. First steel was cut in China in November 2018 and in April 2020 the hull arrived in Singapore for the integration of the topsides. The Covid pandemic lead to shut-downs in the yard, which impacted the timely completion and sail-away of the FPSO, which occurred in April 2022. The FPSO then arrived in Israeli waters in June 2022, following which the hook-up of the wells and commissioning process occurred prior to first gas.

**Karish North**

In January 2021, Energean reached FID at the 1.2 Tcf (34 Bcm) Karish North field, 21-months after the announcement of the discovery. The field is being commercialised via a low-cost tie-back to the Energean Power FPSO, which is situated approximately 5 kilometres away.

The Karish North development well was successfully drilled as part of the 2022 growth drilling campaign. Key upcoming activities ahead of Karish North first gas include installation of the Karish North manifold, umbilical and spool, ahead of opening of the well before year-end 2023.

The production capacity from the first well is expected to be up to 300 MMscf/d (approximately 3 Bcm/yr). A second well is expected to be drilled in 2026 and, combined with later life workovers to both wells, is expected to be sufficient to fully develop the 256 MMboe of 2P reserves.

**Second Oil Train and Gas Sales Riser**

In May 2021, Energean took FID on two high-return growth projects. The first, a second oil train on the FPSO that will increase the liquids capacity from 18 kboepd to 32 kboepd, at minimal incremental operating costs. The second, a second gas sales riser, will enable gas production and delivery at the full 8 Bcm/yr capacity of the FPSO.

Both projects made good progress in 2022, with first steel cut at the yard in Dubai in H2 2022 for the second oil train. The second export riser and the Karish North flowline were transported from the UK to Israel in March 2023. The riser will be installed shortly and will connect the production facilities on the FPSO to the pipeline-to-shore. The second oil train will be installed and commissioned in-situ, and is expected to be ready to process hydrocarbon liquids by year-end 2023.

**Gas and Liquids Contracts**

*GSPAs*

Energean has signed gas sales agreements ("**Agreements**") for the supply of approximately 7.4 Bcm/yr of gas on plateau. The weighted average tenor of the GSPAs is 15 years. All Agreements include provisions for floor pricing and take-or-pay and / or exclusivity, providing a high level of certainty over revenues from the Karish, Karish North and Tanin projects over the next 20 years.

*2022 activities*

In March 2022, Energean signed a supply agreement with the Israel Electric Company ("**IEC**"), the largest natural gas consumer in Israel for Karish Gas. The gas price is determined a month ahead, with volumes determined on a daily basis. The agreement started upon the commencement of first gas production from Karish, and is valid for an initial one-year period with an option to extend subject to ratification by both parties.

In May 2022, Energean signed a new GSPA, representing up to 0.8 bcm/yr, to supply gas to the East Hagit Power Plant Limited Partnership ("**EH Partnership**"), a partnership between the Edeltech Group and Shikun & Binui Energy. The GSPA is for a term of approximately 15 years, for a total contract quantity of up to 12 bcm. The contract contains provisions regarding floor pricing, offtake exclusivity and a price indexation mechanism (not Brent price linked).

In July 2022, Energean Israel signed a new GSPA, representing 0.08 bcm/yr, to supply gas to Shapir-G.E.S Concessionaire IPP Ltd for the Ashdod Desalination Plant. The GSPA is for a term of 20 years starting from January 2024 and includes take-or-pay provisions and floor pricing.

*Liquids*

In October 2022, Energean signed a sale and purchase agreement with Vitol for the marketing of a number of cargoes of Karish blend hydrocarbon liquids.

The first sale of Karish hydrocarbon liquids was completed in February 2023, and Energean expects Israel to contribute 15 – 18 kboepd of hydrocarbon liquids production in 2023, at an estimated one sale per month.

Energean expects, based on analysis of individual well test samples, that Karish blend will trade at a similar price point to Asgard blend, given the similarity in their characteristics. The realised price will be market price less certain freight, logistics and marketing costs.

**Exploration**

In 2022, Energean drilled four exploration wells, offshore Israel. Energean's growth drilling programme discovered and de-risked approximately 73 bcm (approximately 480 MMboe).

- Athena and Zeus (part of Olympus Area)
    - The Athena (May 2022) and Zeus (November 2022) wells, block 12, discovered 25 bcm (approximately 167 MMboe) of natural gas resources. D&M's analysis determined that the proximate Hera prospect, was also sufficiently de-risked to be classified as 2P reserves. Together, these total 31 bcm of 2P reserves. This, in turn, substantially de-risked a further 37 bcm (approximately 243 MMboe) of prospective resources across the Olympus Area in nearby prospects that have equivalent geological properties and seismic attributes.
- Hermes (part of Arcadia Area)
    - Following post-well studies, recoverable resources in the Hermes discovery (October 2022), block 31, are now estimated to be approximately 5 bcm (32 MMboe). The results from this well have provided important additional information about Orpheus and Poseidon, nearby prospects, that may be future targets of appraisal activity to firm up resource volumes within this area, which Energean has named the "Arcadia Area"

- Energean is preparing notices of commerciality for both the Olympus Area and Arcadia Area, required for the conversion of those exploration licences into development leases
- Hercules
    - In December 2022, the Hercules well, block 23, made a discovery in the Miocene. The C and D sands are estimated to contain mean Gas Initially In Place ("**GIIP**") of approximately 3 bcm. This excludes discovered volumes in the A and B sands (which were the subject of the upgrade to discovered Athena resource volumes in November 2022), which are currently being evaluated, and volumes will be communicated once available, along with Energean's assessment of commerciality of the discovery. The large, deeper, liquids target in the Hercules prospect was not considered drill-ready and remains a potential target of future exploration.

## Egypt

**Production**

The Abu Qir gas-condensate field offshore Egypt was the largest producing asset in the Group's portfolio in 2022. The field delivered 25.1 kboepd of working interest production in the 12 months to 31 December 2022, approximately 87% of which was gas. The NAQ-PII6 well was brought onstream in September 2022 at a rate of 26 MMscfd, which increased Q4 production versus the previous quarters.

Production is expected to grow in 2023, as the remaining three NEA/NI wells are brought online.

**Development**

*NEA/NI subsea tieback*

In January 2021, Energean sanctioned the NEA/NI project, which is in 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 NAQ PIII platform and associated infrastructure was awarded to TechnipFMC in February 2021.

The NEA/NI project achieved first gas in March 2023, following the completion of the NEA6 well in January 2023. The remaining three wells are expected online throughout 2023. The project contains an estimated 39 MMboe of 2P reserves according to D&M. Peak working interest production is anticipated to be around 15 kboepd.

*Abu Qir infill drilling programme*

Energean expects to drill an additional four wells on the Abu Qir licence in 2024.

**Exploration**

*North East Hap'y Offshore*

Energean expects to participate in an exploration well targeting the Orion prospect (W.I. 30%) along with its partner IEOC (ENI; 70%; operator) on the North East Hap'y block, offshore Egypt, in 2023. Energean expects to farm down 12% of its interest to 18% in the North East Hap'y block ahead of spudding the well.

*East Bir El-Nus concession (Block-8)*

On 3 January 2022, an international consortium led by Energean Egypt (50% operator and Croatia's INA, d.d. 50%) was awarded an exploration licence for the East Bir El-Nus concession (Block-8), in the Western Desert of Egypt. The award is in line with Energean's strategy to increase and diversify its presence in Egypt and reinforces its commitment to the country.

The work programme for the licence includes a 180 linear km 2D seismic survey, a 200km2 3D seismic survey plus two exploration wells, which are expected to target estimated resources (in place) of approximately 100 MMboe.

## Europe

### Production

Working interest production from the Group's European portfolio averaged 10.7 kboepd (40% gas) in 2022.

*Italy – Cassiopea development*

The Cassiopea project (180 Bcf 2P reserves), in which Energean has a 40% non-operated equity stake, remains on track for 2024. The field will deliver plateau working interest production rates of approximately 10 kboepd (100% gas) from the middle of the decade, providing more than 30% of the region's gas consumption. Onshore work is progressing well and offshore installation activities are expected to begin in Q2 2023. The operator expects to start drilling activities in the summer 2023, which includes two new wells and two recompletions. Upside exists within the surrounding area from potential satellite tie-back options, including the Gemini and Centauro prospects, which Energean expects to participate it, with its partner ENI, in 2024.

*Greece – Epsilon Development*

Energean's Epsilon project involves three wells (which were pre-drilled in 2019 and require completion) from the new-build Lamda platform, which will be tied-back to the existing Prinos complex.

First oil from the Epsilon development, which has 2P reserves of 23.6 MMboe in aggregate, is expected in 2024. The installation of the platform jacket at the field is expected to take place in Q2 2023.

*Croatia – Irena Development*

Energean is currently in FEED for the development of the Irena gas field. Energean expects to take FID for the project in 2023. If progressed, first gas is anticipated for Q4 2024. The field has 2P reserves of 13.3 Bcf (2.3 MMboe).

### Exploration

*Croatia*

Energean (30%) expects, alongside operator EdINA, to drill the Izabela-9 exploration well, offshore Croatia, in Q2/Q3 2023. This well is being drilled into the northern segment of the Izabela SE prospect, which has gross unrisked P50 GIIP of 0.49 Bcm.

*Greece*

Energean holds a 75% stake in Block 2, located offshore western Greece. Hellenic Petroleum holds the remaining 25%. A 3D seismic campaign was completed in November 2022. The results of this is currently being processed and analysed to determine next steps.

Energean also holds a 100% stake in the Ioannina licence, located onshore Greece. A drill or drop decision will be taken in 2023.

*UK*

In December 2022, the Isabella appraisal well encountered hydrocarbons in the targeted reservoir. The operator has completed the gathering of data and has plugged and abandoned the well. The operator intends to evaluate the drilling results to establish the commerciality of the reservoir.

*Carbon Capture and Storage Projects*

Energean is committed to meeting its net-zero emissions target by 2050 and leading the Mediterranean region's energy transition. The Prinos CCS (Greece) project proposal is to provide long-term storage for carbon dioxide emissions captured from both local and more remote emitters. Energean estimates that the Prinos subsurface volumes are sufficient to sequester up to 100 million tonnes of CO2, representing up to around 50% of total annual emissions from the Greek manufacturing sector for 20 years.

In September 2022, Energean was awarded a CCUS exploration licence from the Greek government. The results of the pre-FEED with Wood Group and the subsurface studies with Halliburton are currently being assessed.

**Reserves**

Energean's year-end 2022 working interest reserves[18] are 1,161 MMboe, a 19% increase versus 2021. The increase in reserves versus 2021 was primarily due to the Olympus Area discoveries, offshore Israel.

| | | | At 1 January 2021[19] | Revisions | Discoveries | Acquisitions/ (Disposals) | Transfers from / (to) contingent | Production | At 31 December 2022 |
|---|---|---|---|---|---|---|---|---|---|
| **Israel** | Oil | MMbbls | 101 | 0 | 5 | – | (6) | (0) | **101** |
| | Gas | Bcf | 3,537 | 47 | 1,105 | – | (56) | (10) | **4,624** |
| | Total | MMboe | 744 | 8 | 206 | – | (16) | (2) | **940** |
| **Greece** | Oil | MMbbls | 36 | (12) | – | – | 14 | – | **38** |
| | Gas | Bcf | 6 | (5) | – | – | 4 | – | **5** |
| | Total | MMboe | 37 | (13) | – | – | 15 | – | **39** |
| **Egypt** | Oil | MMbbls | 13 | 0 | – | – | 0 | (1) | **13** |
| | Gas | Bcf | 508 | 12 | – | – | 15 | (45) | **490** |
| | Total | MMboe | 103 | 2 | – | – | 3 | (9) | **99** |
| **Italy** | Oil | MMbbls | 35 | 3 | – | – | – | (2) | **36** |
| | Gas | Bcf | 248 | 2 | – | – | – | (8) | **242** |
| | Total | MMboe | 78 | 3 | – | – | – | (3) | **78** |
| **United Kingdom** | Oil | MMbbls | 1 | 0 | – | – | 0 | (0) | **2** |
| | Gas | Bcf | 1 | (2) | – | – | 3 | (0) | **2** |
| | Total | MMboe | 1 | 0 | – | – | 1 | (0) | **2** |
| **Croatia** | Oil | MMbbls | – | – | – | – | – | – | **–** |
| | Gas | Bcf | 14 | (0) | – | – | – | (0) | **14** |
| | Total | MMboe | 2 | (0) | – | – | – | (0) | **2** |

[18] YE22 D&M and NSAI CPR.
[19] *Pro forma* Energean (includes Edison) plus the acquisition of Kerogen's 30% holding in EISL.

| | | | At 1 January 2021[19] | Revisions | Discoveries | Acquisitions/ (Disposals) | Transfers from / (to) contingent | Production | At 31 December 2022 |
|---|---|---|---|---|---|---|---|---|---|
| | Oil | MMbbls | 187 | (8) | 5 | – | 9 | (4) | **189** |
| | Gas | Bcf | 4,315 | 55 | 1,105 | – | (34) | (64) | **5,376** |
| **Total[20]** | Total | MMboe | 965 | 1 | 206 | – | 3 | (15) | **1,161** |
| **Present Value of 2P Reserves[21] ($ million)** | | | | | **7,357** | | | | |
| **Adjusted TopCo[22] Group Net Debt YE22 ($ million)** | | | | | **107.3** | | | | |

20 Numbers may not sum due to rounding
21 YE22 NSAI and D&M CPR's High Case (based on forward curve), NPV10
22 The Group excluding Israel and Greece.

# Corporate Social Responsibility

**Our approach**

At Energean, we are strongly committed to creating shared value for our stakeholders and local communities. Guided by our Ethos and international best practices, we implement a variety of corporate social responsibility (CSR) activities aiming to protect the environment and improve the quality of life of those around us.

In what follows, we provide some important insights on the measures we are taking:

- We have committed to achieve Net Zero emissions by 2050 (we were the first E&P to set this target) and are further planning to set science-based targets (SBTi)
- We publish an annual Sustainability Report that is in accordance with the Global Reporting Initiative (GRI) Standards and the guidelines of the Sustainability Accounting Standards Board (SASB) for oil and gas E&P companies
- We implement initiatives that contribute to achieving the entire spectrum of the United Nations' Sustainable Development Goals (UN SDGs)
- We participate in the Carbon Disclosure Project (CDP) in the categories of Climate Change and Supplier Engagement, achieving exceptional ratings that exceed the industry average
- We align our disclosures with the reporting recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and present our approach within our Annual and Sustainability Reports
- We are an active signatory to the United Nations Global Compact (UNGC), committed to adhering to its principles on human rights, labour, environmental and anti-corruption issues
- We engage with prominent ESG ratings such as the Sustainalytics and the Maala Index as well as voluntary initiatives such as the Terra Carta – the Sustainable Markets Initiative of King Charles III, the former Prince of Wales

Our people are at the forefront of Energean's success. Operating in numerous countries, we acknowledge that it is essential to bring our people together and unite diverse cultures. To this end, we design initiatives to create an inclusive and attractive workplace for our employees, with prominent examples being the "Did you know" and the "Evolve and get involved" series. At the same time, we are aware of the unsafe working conditions that may arise and therefore take a proactive approach to ensure that the health, safety and security of our employees remains a priority.

As a corporate citizen, we understand that our stakeholders have certain expectations of us. We welcome these expectations and constantly strive to incorporate CSR considerations into our business planning processes. Energean's CSR programme is designed to address the needs of our stakeholders, facilitate the formation of long-lasting relationships and provide tangible benefits to the communities in which we operate.

**Our CSR policy**

Energean's CSR policy is based on our principles and values, which are the cornerstone of our daily actions. Our stakeholders' expectations and priorities are embedded in the policy, enabling us to prioritise the most important sustainability aspects of our business: our people, health and safety, the environment and community relations.

Our CEO, Board of Directors and Senior Management are responsible for setting, shaping and monitoring our CSR and sustainability goals and objectives. As such, they are fully aligned with our goal to lead the energy transition in the Mediterranean through a strategic focus on gas.

In an effort to continuously enhance our sustainability profile, we work together with governments, the private sector and wider society to exchange views and further improve our approach.

### Corporate Governance is a top priority

Energean adheres to the highest ethical standards, consistent with internationally recognised frameworks and industry best practices. We maintain a strong corporate governance system that enables us to accomplish our CSR objectives and fulfil our responsibilities towards our stakeholders and secure their trust. Meanwhile, we strive to increase our productivity and maintain a flexible operating model to effectively adapt to any changes in the macroeconomic environment. We build on best practices and continuously strengthen our governance and internal control functions to maintain and improve our efficiency and transparency.

### Equality and transparency

Energean adopts business practices characterised by professionalism, fairness and transparency. Guided by our Code of Ethics, we demonstrate to all our employees and stakeholders how important compliance with laws and regulations is to us.

The Code explicitly states our zero-tolerance approach towards any form of bribery, corruption and other forms of financial crime and this position is strongly reinforced by Energean's Management and Board. Furthermore, the Code of Ethics underpins our stance on human rights, lobbying and advocacy, the prevention of the facilitation of tax evasion, anti-slavery and the General Data Protection Regulation.

We ensure that all our business partners and those acting on our behalf, are in line with our Code of Ethics and comply with the applicable ethics and compliance clauses in their contracts. In addition, before entering into any partnership, we follow a risk-based third-party due diligence approach to manage risks related to ownership structure, anti-bribery and corruption, sanctions, trade restrictions, human rights and labour conditions.

### Bribery and corruption

It is crucial for us to act and operate ethically and honestly. Energean complies with all laws and regulations relating to bribery and corruption that apply in all countries in which we operate, including the U.K. Bribery Act 2010.

We show zero tolerance towards any incidents of bribery and corruption as covered by our Anti-Corruption and Bribery Policy, and frequently engage with our employees and business partners to maintain our integrity. We also implement an anti-bribery and anti-corruption compliance programme, overseen by the Board of Directors, to identify and mitigate related risks that could lead to ethical misconduct.

### 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 actions and initiatives to these goals. The following table displays Energean's main CSR activities in 2022 and the respective SDGs they serve.

| SDGs | Our commitments and actions |
|---|---|
|   | • "Back to School" with Energean<br>• Greece – we donated school supplies and stationery equipment to three social institutions, two community centres and one kindergarten, supporting over 400 students and their families in need – Kavala, Island of Thassos, Zitsa (Ioannina)<br>• Italy – in collaboration with "Caritas" (a Catholic organisation for charity) and with the support of our colleagues, we donated school supplies, backpacks, and stationery equipment, helping schools, an Aid Center, and families in need & their children – Sambuceto, Vasto, Siracusa, Pozzallo, Milan<br>• Egypt – we supported the "FLDO Foundation" (an NGO that empowers female employment), by ordering 300 school bags manufactured with recycled materials. The bags were donated to underprivileged students of two villages. Also, along with the company's employees, we donated the tuition fees to all primary school students in need of those same two villages – Villages of Zirzarah and Maadeyah |

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<ul>
<li>Israel – in collaboration with "Yeladim – Fair Chance for Children" (an NGO which takes care of children that were transferred from broken homes by welfare authorities and now live in boarding schools), we opened the new school year by donating school bags and stationery equipment to 300 children living in four welfare boarding schools – Haifa, Carmel</li>
<li>Supported the "14th International Diplomatic Charity Christmas Bazaar", in collaboration with the Embassy of Greece, raising funds for a Neonatology Clinic and two Primary Schools – Podgorica / Montenegro.</li>
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<tr>
<td>2 ZERO HUNGER</td>
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<li>Donated to the Holy Metropolis of Philippi, Neapolis and Thasos, for the support of the Central Welfare Fund and the "Meal of Love" (the daily soup kitchen performed by the 95 parish churches of the Holy Metropolis) – Kavala / Greece.</li>
<li>Energean teamed up with the Greek Embassy of Montenegro and donated valuable food packages to the donation campaign of the NGO "Women of Bar" – City of Bar / Montenegro.</li>
<li>Donated 152 Christmas supermarket vouchers to families in need, supporting the Social Market in the Municipality of Zitsa – Ioannina, Greece.</li>
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<td>3 GOOD HEALTH AND WELL-BEING</td>
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<li>Continued our excellent HSE performance with almost 1 million man-hours with no Lost Time Injuries regarding all Energean employees.</li>
<li>Maintained the ISO 45001 Health and Safety Management System certificates in all our operated sites and established it in Prinos in order to be certified in 2022.</li>
<li>Participated in a Relay Marathon in support of cancer research. The event was in support of LILT, the National Association for the Research Against Cancer – Milan / Italy.</li>
<li>Donated a Chest Compression System (a cardiopulmonary resuscitation machine) to the Health Center of Prinos, in honour of the "World Heart Day 2022" (29 September) – Island of Thassos / Greece.</li>
<li>During Breast Cancer Awareness Month (October), while supporting women's health
<ul>
<li>Italy:
<ul>
<li>Donated to the National Association for the Research Against Cancer (LILT).</li>
<li>Organised a webinar on cancer prevention through nutrition and a healthy lifestyle.</li>
<li>Arranged a free check-up for the female employees & delivered a LILT leaflet and ribbon to all colleagues.</li>
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</li>
<li>Greece:
<ul>
<li>Organised a presentation on the "Causes, Risk Factors and Prevention of Breast Cancer", for all female employees.</li>
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</li>
<li>Egypt:
<ul>
<li>Organised a breast cancer awareness campaign for the residents of Maadeyah village, followed by the transportation of women to the Baheya Foundation, Cairo, for routine check-ups.</li>
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</li>
<li>Israel:
<ul>
<li>Arranged for a breast surgeon to visit the offices in Haifa and Tel-Aviv and to perform checks-up to all female employees. The service was available also to the female family members of all staff (wives, sisters, and mothers).</li>
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4 QUALITY EDUCATION

- Offered paid internships to 24 university students around the Group
- Organized an educational session addressed to primary school students, in order to introduce them to the concepts of sustainability, climate change, and biodiversity preservation – Village of Maadeyah / Egypt.
- Set-up of a webinar on Ancient Greek Philosophy, titled “An anatomy of Ancient Greek Philosophy: How Philosophy leads us to success”. The webinar invited our colleagues to be enlightened and inspired physically, spiritually, and mentally, to expand our comfort zone and to improve our leadership, managerial and persuasion skills.
- On 5 June (World Environment Day), Energean aligned with the United Nations’ 2022 theme “Only One Earth”, focused on positive sustainability actions, and increased environmental awareness:
    - Greece:
        - Donated waste disposal bins to the village of New Peramos – Kavala.
        - Organised and performed a beach clean-up at Richo Beach, in collaboration with the Municipality of Paggaion, in the villages of Nea Peramos & Nea Iraklitsa – Kavala.
    - Egypt:
        - Performed a beach clean-up in the village of Al Maadeyah, in cooperation with AQP and “GoClean”.
        - Distributed LED lamps to underprivileged families, in cooperation with AQP.
        - Distributed recycling bins to schools and the Al Maadeyah beach club.
        - Hosted an environmental awareness session titled “Preserve the Environment by Recycling”, encouraging our employees to form sustainable habits and raise awareness for the next generation.
    - Montenegro:
        - Donated concrete waste disposal bins to the Maljevik and Sutmore sea-side promenades, in cooperation with the Municipality of Bar.
- Granted two Master’s degrees Clean Energy scholarships to students at the Technion (the Israel Institute of Technology), to reward excellence and promote academic research on clean energy – Haifa / Israel.
- Developed a partnership between the public and the private sector, fostering a mutual collaboration between a university and a business, by signing two three-year agreements: i) for a PhD scholarship with the University of Insubria, regarding CO2 Underground Storage within the CCUS (Carbon Capture, Utilization & Storage) Value Chain, and ii) with the University of Bologna who assigned a PhD Researcher & Assistant Professor to integrate CCUS within Circular Economy solutions – Varese, Bologna / Italy.
- Supported the USAID Scholars Activity Internship Program, implemented by the American University in Cairo. Committed to empowering young leaders through skills enhancement programs, Energean successfully provided five internships – Cairo / Egypt.
- Collaborated with the San Benedetto del Tronto’s Port Authorities, Coast Guard, and Harbour Master’s Office. Along with the Montani Technical Institute in Fermo, all parties worked together for safeguarding the sea while providing real life educational opportunities to the new generations. The Institute’s students had the opportunity to learn about safety aspects in the field, and to define and manage an emergency sea protection exercise plan.

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| 5 GENDER EQUALITY | • In 2022, we increased the overall percentage of women at Energean for a second year running (2022: 24%; 2021: 16%; 2020: 14%) and the number of women on the Board increased slightly from 30% to 33%. We also maintained a healthy mix of employees from different generations.<br>• Supported, in cooperation with Dar Al Orman Association, and personally delivered supplies to five small businesses owned by women that support themselves and their families – Village of Maadeyah / Egypt. |
| 6 CLEAN WATER AND SANITATION | • Energean recycled 95.2% of water withdrawals at its production sites in 2022.<br>• Installed clean water connections to the 10 homes most in need in the Beheira Governorate, by successfully partnering with Dar Al Orman Association on a project to install clean water to low-income villages – Egypt. |
| 7 AFFORDABLE AND CLEAN ENERGY | • Energean is focused on providing cleaner and affordable energy. In 2022, Energean began production from its flagship Karish field in Israel. Gas from this field is sold into the market at lower prices than the existing producers and is helping Israel shut all its coal-powered power plants by 2050, which will remove around 3 million tonnes of CO2. |
| 8 DECENT WORK AND ECONOMIC GROWTH | • The number of employees aged 15-24 increased by 1000% y-o-y<br>• The number of nationalities increased y-o-y: 33 as of 31 December 2022 (versus 24 as at 31 December 2021) |
| 10 REDUCED INEQUALITIES | • Supported (donation and sponsorship) the “Athletic Club of Kavala (AOK) – Department of Wheelchair Basketball”, by covering the fixed needs and expenses of the Department for the entire Wheelchair Basketball Season 2021-22 – Kavala / Greece.<br>• Supported and ran alongside the Muscular Dystrophy Association of Greece (MDA Hellas) and patients in wheelchairs, by participating in the 5km Road Race running event of the “Athens Half-Marathon 2022” in the centre of Athens. MDA Hellas is a non-profit organisation that supports people that suffer with neuromuscular diseases – Athens / Greece.<br>• Supported the Prefectural Association of People with Disabilities of Kavala, by financing the operation, service and maintenance of a special vehicle/van that transports their members daily – Kavala / Greece.<br>• Continued the support to “Etgarim” for the fourth year, an NGO dedicated to the empowerment and social integration of people with disabilities through outdoor sports. For a second year in a row, Energean colleagues ran 5 and 8 kilometres in Etgarim’s “Spring Run” delivering a message of inclusivity – Israel.<br>• Donated to “IdeaVita”, an organisation with the aim of designing and implementing independent life paths to people with disabilities, affirming and guaranteeing their right to a full and independent life over time. Along with the donation, we organized an internal workshop for our employees on the power to go beyond one’s limits – Milan / Italy.<br>• Supported and ran alongside the Muscular Dystrophy Association of Greece (MDA Hellas) and patients in wheelchairs, by participating in the 39th Athens Classic Marathon events for 2022 (5K & 10K Races), with our CEO, Mathios Rigas, leading our company’s running team in the center of Athens (November 2022). This year, Energean had 12 employees-runners participating in “The Authentic” 42K Classic Marathon Race and supporting MDA Hellas, coming from Greece and 3 more countries. MDA Hellas is a non-profit organisation that supports people that suffer with neuromuscular diseases – Athens and Marathon / Greece. |

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| | • Donated to MDA Hellas for the operation of the Neuromuscular Diseases Unit of the "AHEPA" University General Hospital ("**AHEPA**" Hospital) of Thessaloniki, which will serve about 350 people in the coming year, children and adults – the Unit covers the geographical area of all Northern Greece.<br>• Signed a new partnership with 'Special Olympics Italia', an organisation that promotes sport as a means of inclusion for children and adults with intellectual disabilities. Specifically, we support Francesca, a basketball athlete who will participate in the Berlin "Special Olympics World Games 2023" – Italy.<br>• Sponsored an experiential event where the 400 elementary school students who participated were introduced to the way people with different disabilities live their lives and the everyday challenges they face. Organized by the Municipality of Kavala, the local Directorate of Secondary Education and NGOs for people with disabilities – Kavala / Greece.<br>• Supported "Così come sei", an association committed to responding to the need for inclusion of families with disabled children – Ragusa / Italy. |
| 11 SUSTAINABLE CITIES AND COMMUNITIES | • Provided financial aid to Rahaf Sailing and Surfing Club, supporting young sailors from low-income communities. Our donation helped the sailing club with their preparations for the 2024 Paris Olympics, supporting over 120 sailors and surfers from Rehaf to participate in multiple competitions – Rehaf / Israel.<br>• Became the main sponsor of OKAK (Kavala's Track and Field Athletic Club), for the 2022-2023 season. OKAK is one of the biggest clubs in Track and Field in the East Macedonia & Thrace Region of Greece, that promotes good sportsmanship and ethos to more than 200 young athletes in the city of Kavala, making OKAK a role model for the sporting community of the country – Kavala / Greece.<br>• Became a sponsor of the "Aretusa" Handball Team in Siracusa, for the 2022-23 Season. "Aretusa" participates in both men's and women's A2 championships, and works directly with local youth and schools, especially in the most deprived areas of the city – Siracusa / Italy.<br>• Partnered with the broader Egyptian Petroleum Sector to provide support and new houses to the victims of the terrible flood at Khor Awada village – Aswan / Egypt.<br>• Grand Sponsor of the 6th Dodoni Festival – a summer open-air Cultural Festival in the area of Ancient Dodoni – Ioannina / Western Greece.<br>• Grand sponsor of the 22nd "Trofeo Del Mare" ("**The Trophy of the Sea**"), the International Maritime Awards 2022, that took place in Marina di Ragusa. The awards highlight the excellent work of men, women and institutions who are committed to and passionate about the Mediterranean Sea – Sicily / Italy.<br>• Continued the support to "Etgarim" – a Haifa Sailing Club that empowers people with disabilities and youth with special needs through outdoor sports – Israel. |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | • Recycled 90.5% of the waste generated during 2021 in production sites.<br>• Maintained the ISO 14001 Environmental Management System certificates in all our operated sites.<br>• Energean's Egyptian Abu Qir Petroleum (AQP) joint venture (JV) partners received their first certificate for waste segregation and paper recycling in Egypt. AQP becomes the first Oil & Gas JV in Egypt to entirely (100%) recycle its paper, cartons and plastic waste from all its offices and operational sites (onshore and offshore). Energean's Cairo branch has followed the same approach of waste segregation and recycling, by cooperating with "Go Clean", a recycling solutions company – Egypt.<br>• Hosted a local stakeholder engagement initiative, by welcoming a delegation of 30 local journalists on board our offshore infrastructure located in the Adriatic Sea, part of the "full immersion" sessions organized by the Order of Journalists of Molise and Energean Italy. It explained how the Rospo Mare field works in full compliance with all the relevant and most recent HSE regulations – Vasto / Italy. |

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| 13 CLIMATE ACTION | • Energean continuously pursues its pledge to become a net-zero emitter by 2050.<br>• Energean's strategy to Net-Zero emissions by 2050:<br>    • > Short-term plan – by 2025.<br>    • > Medium-term plan – by 2035.<br>    • > Long-term plan – by 2050.<br>• Improved our Carbon Disclosure Project (CDP) score to A from B in 2022-, for Climate Change<br>• Continued to align our annual reporting to the TCFD recommendations.<br>• Successful roll out of "green electricity" at all our operated sites<br>• Continued as a member and participant of the Terra Carta and Sustainable Markets Initiative |
| 14 LIFE BELOW WATER | • During 2022, we maintained our zero oil spills record, a record that we hold since the beginning of our operations in 2008.<br>• Grand sponsor of the 22nd "Trofeo Del Mare" ("**The Trophy of the Sea**"), the International Maritime Awards 2022, that took place in Marina di Ragusa. The awards highlight the excellent work of men, women and institutions who are committed to and passionate about the Mediterranean Sea – Sicily / Italy. |
| 15 LIFE ON LAND | • Maintenance of Telemetric Stations in surface waters of Nestos River Delta, Lakes Vistonida-Ismarida and Thassos Island Management Body – Northeastern Greece.<br>• Organised and performed a beach clean-up at Richo Beach, in collaboration with the Municipality of Paggaion, in the villages of Nea Peramos & Nea Iraklitsa – Kavala / Greece.<br>• Performed a beach clean-up in the village of Al Maadeyah, in cooperation with AQP and "GoClean" – Egypt.<br>• Performed an invasive species survey and treatment at the onshore valve station area, in accordance with the National Nature and Parks Authority guidelines of Israel. |
| 17 PARTNERSHIPS FOR THE GOALS | Energean collaborated with:<br>• UN Global Compact.<br>• UN Global Working Group participation.<br>• Maala, a non-profit, CSR standards-setting organization in Israel, which has set a dedicated CSR index on 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 Platinum Level at the 2022 Maala ESG Index – Israel.<br>• Management body of the Nestos River Delta, Lakes Vistonida-Ismarida and Thassos Island – Northeastern Greece.<br>• The Greek Embassy – Podgorica, Montenegro.<br>• "Caritas Diocesana", a Catholic organisation for charity – Vasto, Siracusa and Pozzallo, Italy.<br>• "Go Clean", a recycling solutions company – Egypt.<br>• The Regional Unit of Kavala – Greece.<br>• The Municipality of Bar – City of Bar, Montenegro.<br>• "IdeaVita", an organisation with the aim of designing and implementing independent life paths to people with disabilities, affirming and guaranteeing their right to a full and independent life over time – Milan, Italy.<br>• The American University of Cairo – Egypt.<br>• "Etgarim", an NGO dedicated to the empowerment and social integration of people with disabilities through outdoor sports – Haifa, Israel.<br>• "Athletic Club of Kavala – Department of Wheelchair Basketball" – Kavala, Greece.<br>• Energean's Joint Venture, Abu Qir Petroleum (AQP) – Egypt.<br>• "Aretusa" Handball Team – Siracusa, Italy.<br>• The Nature and Parks Authority – Israel. |

| | |
|---|---|
| | • The Holy Diocese of Philippi, Neapolis and Thassos – Northeastern Greece.<br>• Democritus University of Thrace (DUTH), Department of Environmental Engineering – Xanthi, Greece.<br>• Order of Journalists of Molise – Vasto, Italy.<br>• Dar Al Orman Association, an NGO that performs charity work – Egypt.<br>• The Technion (the Israel Institute of Technology) – Israel.<br>• MDA Hellas (the Muscular Dystrophy Association of Greece), a non-profit organisation that supports people that suffer with neuromuscular diseases – Greece.<br>• University of Studies Insubria – Varese, Italy.<br>• "Yeladim – Fair Chance for Children", an NGO which takes care of children that were removed from their homes and live in boarding schools – Israel.<br>• LILT, the National Association for the Research Against Cancer – Italy.<br>• "Special Olympics Italia", an organisation that promotes sport as a means of inclusion for children and adults with intellectual disabilities – Italy.<br>• Rahaf Sailing and Surfing Club, a Club that supports young sailors from low-income communities – Rehaf, Israel.<br>• OKAK (Kavala's Track and Field Athletic Club) – Kavala, Greece.<br>• Alma Mater Studiorum, University of Studies Bologna – Italy.<br>• Egyptian Petroleum Sector – Egypt.<br>• The Prefectural Association of People with Disabilities of Kavala – Greece.<br>• The Health Center of Prinos – Island of Thassos, Greece.<br>• Assorisorse – Natural Resources and Sustainable Energy, a Confindustria Association made up of about 100 companies committed to enhancing natural resources and intellectual skills through technological innovation and the circular economy, with the aim of decarbonising industrial processes and achieving environmental, economic and social sustainability – Italy.<br>• San Benedetto del Tronto's Port Authorities, Coast Guard, and Harbour Master's Office – Italy.<br>• Montani Technical Institute – Fermo, Italy.<br>• The Municipality of Zitsa – Ioannina, Greece.<br>• "Così come sei", an association committed to respond to the needs for inclusion of families with disabled children – Ragusa, Italy. |

## Excellence through our people

Energean's successes in 2022 were due to tireless effort from our people. Our commitment is to continue motivating, engaging with, and further developing our diverse workforce to enable the delivery of our goals and strategy.

We are focused on offering an attractive workplace and being an employer of choice, thus learning and development and reward and compensation plans have been at the forefront of our activities in 2022. The emphasis on compensation was essential during 2022 due to the rising cost of living in most parts of the world, mostly as a result of the ongoing conflict in Ukraine. We foster an inclusive culture that enables diversity of thought, and for the first ever time this year we conducted a culture survey and benchmarked our Diversity, Equity and Inclusion standards and processes against global best practices.

**Learning and development**

We invest in the potential of our people, who are the real facilitators of our growth, to facilitate the advancement of their career within our company. In 2022, there was a 195% y-o-y increase in the overall training hours completed to over 19 hours of learning in the year. In addition, at the end of 2022 we started the process of incorporating the Udemy business e-learning library to our learning management system to further support the continuous development of hard and soft skills.

At Energean we are committed in having the "right people for the right position" – our staff's career development is key to Energean's success. This year, 22 of our colleagues were offered an internal move opportunity, either via promotions or through lateral transfers in roles that better met their career aspirations and the company needs.

**Compensation and benefits**

We are committed to offer competitive compensation and benefits packages, particularly in 2022 when the cost of living saw a significant increase in the majority of the countries that we operate. We monitor the market aiming to ensure that our workforce feels fulfilled with their careers at Energean and are motivated to perform at the best of their abilities.

We conducted our first group-wide compensation and benefits benchmark allowing an objective and data-driven evaluation of both. This benchmark has allowed us to better structure our reward plans in order to attract future and retain existing employees.

At a local level we adjusted our compensation and benefit plan in order to align these packages across the Group. These packages also factored in differences in inflation across of countries' of operations. As a result, we have reviewed both the salaries and benefits in each country that we operate in to support all our colleagues with the aim to minimize the impact of rising inflation.

In addition, as our culture is driven by performance and great results aiming to reward and recognise those striving for excellence, we continue to offer variable pay in the form of cash bonus, LTIP and deferred bonuses to our employees as well as salary adjustments following yearly performance appraisals.

During 2022 we commenced the implementation of the compensation module for our SAP SuccessFactors, and we expect this module to go live on the first quarter of 2023. This module, combined with the performance management system also on SuccessFactors, will allow the management team to make more informed decisions on compensation and benefits across the group, incorporating the group grading structure, the compensation and benefits benchmark, the individual performance and consolidate all the compensation and benefits information for all Energean employees.

**Employee engagement**

We engage with our people through regular team and townhall meetings, messages from the CEO and our intranet. We aim to have an open culture where people can actively contribute towards our success.

This year we conducted our first ever culture survey to understand how people perceive our culture and to redefine the way we behave, work, and interact with each other. The results of this survey have been received and analysed and in 2023 we will define the Energean culture of tomorrow and meet the needs of our multicultural group.

We respect the rights of all our employees to join a legitimate trade union and bargain collectively – we have collective bargaining agreements in place.

**Diversity, Equity and Inclusion (DEI)**

We consider diversity, equity, and inclusion business critical, not a compliance necessity and we continue our participation in the UN Compact Global DEI working group. Our aim is for our workforce to be truly representative of all sections of society, and for each employee to feel respected and able to give their best.

In addition to the equal opportunities policy, we introduced this year the diversity, equity and inclusion policy while setting simultaneously ambitious 3-year plan targeting holistically our DEI practices. This includes the attraction and retention of people, performance management, communications, learning and development as well as responsible sourcing, community, governmental relationships, and philanthropy. Our target is to enable a systematic implementation of the DEI practices beyond of what is required or expected, benchmarked by international standards.

Focusing on gender equality, for another consecutive year we increased our overall percentage of women at Energean from 18% to 23% by increasing the representation in senior and middle management and the rest of the staff. The percentage of women at the executive committee level decreased because of the restructuring of the committee to reduce the overall number of people on the committee (2022: 22%; 2021: 38%). Finally, our gender pay gap for 2022 was -15% at median hourly wage rates.

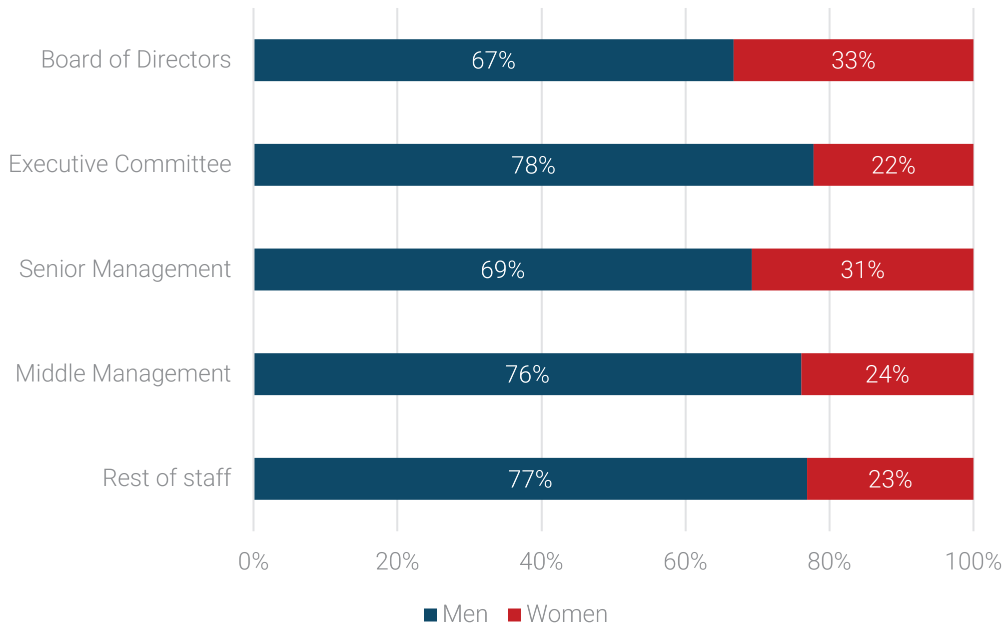
We are proud to have doubled the under 30s population ensuring that we provide exciting career opportunities to the younger generation, tackling in parallel the ageing workforce and talent gap in the oil and gas industry by preparing the next generation of Energean leaders.

In 2022, our underlying employee retention rate was 87.33%, reduced to 62.67% after taking into account exceptional circumstances at our operations in Greece. Our turnover rate that measures employee resignations, remained fairly stable at 5.93% compared to 4.53% in 2021.

**Headcount by seniority and gender**

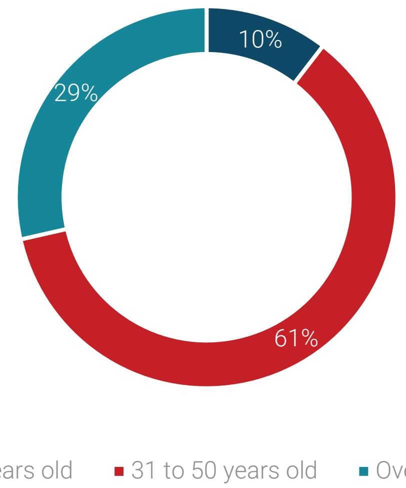
| Gender balance by seniority | Men | Women | Total |
|---|---|---|---|
| **Board** | 6 | 3 | **9** |
| **Executive Committee** | 7 | 2 | **9** |
| **Senior Management** | 18 | 8 | **26** |
| **Middle Management** | 35 | 11 | **46** |
| **Rest of staff** | 343 | 103 | **446** |

**Gender balance by seniority**

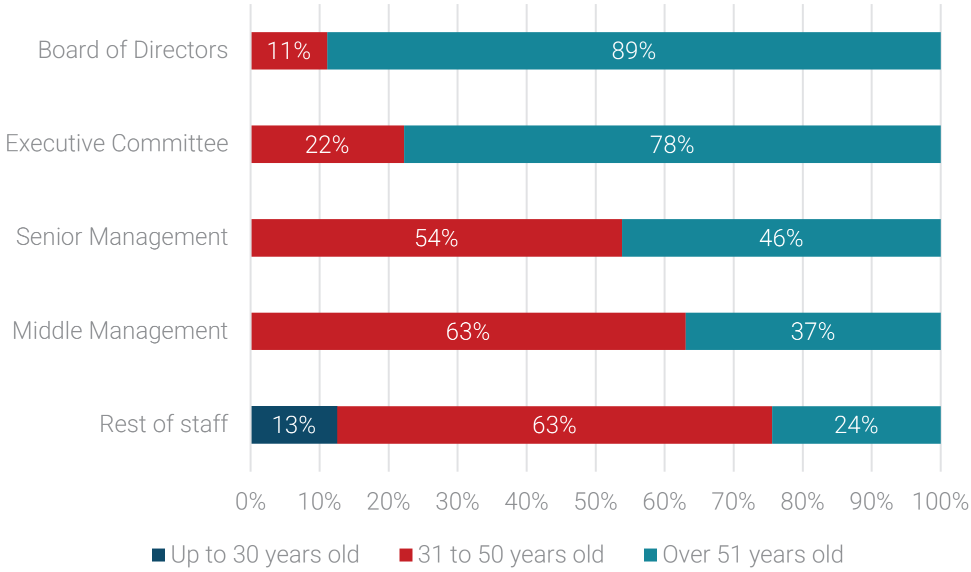



**Headcount by age**

| Category | Number | | % vs. total no. of employees | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Up to 30 years old** | 56 | 33 | 10% | 5% |
| **31 to 50 years old** | 327 | 393 | 61% | 65% |
| **Over 51 years old** | 153 | 178 | 29% | 29% |




**Headcount by seniority and age range**



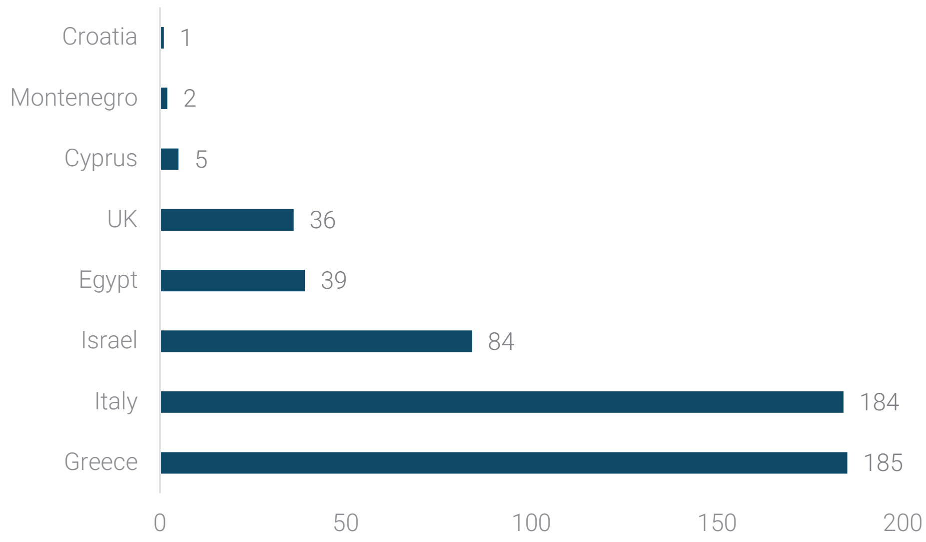

**Headcount by country**

At the end of 2022, our workforce decreased from 604 employees to 536, representing 33 different nationalities.

| Country | No of employees[23] | |
|---|---|---|
| | **2022** | 2021 |
| **Greece** | **185** | 295 |
| **UK** | **36** | 35[24] |
| **Montenegro** | **2** | 2 |
| **Cyprus** | **5** | 5 |
| **Israel** | **84** | 41 |
| **Egypt** | **39** | 42 |
| **Italy** | **184** | 183 |
| **Croatia** | **1** | 1 |
| **Total** | **536** | 604 |

[23] Excludes JV partners.
[24] Includes Board Members

**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. In 2022, we improved our safety performance compared to 2021 by digitalising our safety management systems. In doing so, we have shifted the focus from systems to people, placing them at the centre of our performance. This has enabled us to have quicker response times and corrective actions, which in turns facilitates a faster return to normal operations.

In the first year of this digitalisation project, our total Lost Time Injury Frequency ("**LTIF**") for employees and contractors was 0.47, which was below our targeted maximum performance of 0.50. Our Total Recordable Injury Rate ("**TRIR**") was 1.18, slightly higher than the previous year, but still lower than our target of 1.20, despite a lower total man-hours worked than the previous year.

**Key HSE metrics**

| LTIF[25] | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **Employees** | **0.00** | 0.98 | 0.00 | 0.00 |
| **Contractors** | **0.52** | 0.25 | 0.72 | 0.73 |
| **Personnel total** | **0.47** | 0.33 | 0.63 | 0.65 |

| TRIR[26] | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **Employees** | **1.29** | 1.97 | 0 | 0 |
| **Contractors** | **1.17** | 0.62 | 1.20 | 1.46 |
| **Personnel total** | **1.18** | 0.77 | 1.05 | 1.31 |

| FAR[27] | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **Employees** | **0** | 0 | 0 | 0 |
| **Contractors** | **0** | 0 | 0 | 0 |
| **Personnel total** | **0** | 0 | 0 | 0 |

[25] LTI Frequency: The number of Lost Time Injuries (fatalities +LTIs) per million hours worked.
[26] TRIR: The number of Total Recordable Injuries (fatalities + LTIs+ restricted work cases + medical treatment cases).
[27] FAR: The number of fatalities per 100 million hours worked.

**Humanising our HSE management system**

Digitalization has revolutionized the way we approach safety management and it has opened up new possibilities for humanizing the safety management system. By leveraging technology, we can now incorporate a more human-centric approach to safety, with a focus on the people who are using the systems. Digitalization enables us to collect and analyse vast amounts of data, providing insights into how our safety systems are working and where improvements are needed. This data can be used to drive human-centred safety solutions that are tailored to the specific needs of our employees, contractors, and stakeholders.

For example, digitalization enables us to provide more personalized safety training programs that can be accessed online, making it easier for employees and contractors to learn at their own pace. We can also use digital tools to facilitate communication and collaboration between employees and contractors, providing a platform for open and honest discussion about safety issues. This not only improves safety, but it also fosters a culture of trust and collaboration.

In addition, digitalization has made it possible to collect and analyse real-time safety data, enabling us to quickly identify potential safety hazards and take corrective action before they cause harm. This has significantly reduced the risk of accidents and injuries, and has helped to build a culture of safety where everyone is responsible for ensuring that safety is a top priority. By humanizing our safety management system through digitalization, we are creating a safer, more productive workplace for everyone.

Energean has implemented an HSE management system based on the classic 'Plan-Do-Assess-Adjust' cycle, which covers activities in all operated areas.

**Managing risks and ensuring safe working conditions**

At Energean, the effective management of risks and incidents is crucial in ensuring the safety of our employees, customers, and the environment. Incident reporting and investigation processes enable us to identify the root cause of incidents, develop corrective actions, and prevent future occurrences. Safety observations, inspections, and audits help to identify and control hazards, and also monitor compliance with established standards and regulations. Effective environmental management is also essential in ensuring the sustainable use of resources and minimising negative impacts on the environment. By implementing a comprehensive safety and environmental management system, we can promote a culture of safety and environmental responsibility, reduce risk, and enhance our overall performance.

The main components of our digitalized system covers the following key areas in Health and Safety:


In 2022, over 18,000 safety observations were documented at Energean-operated sites and the FPSO project in Israel. All of these observations were successfully managed, and all work underwent risk assessments to prevent potential escalation to major accidents, harm to individuals, or damage to the environment.

**Corporate Major Accident Prevention Policy (CMAPP)**

Energean has a strong HSE framework, including our Corporate Major Accident Prevention Policy and Health Safety Environmental and Social Responsibility Policy, to effectively manage major and on-the-job risks.

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.

Energean's Board approved Corporate Major Accident Prevention policy (CMAPP) recognises:

- The possibility of significant accidents in the Exploration and Production (E&P) industry and the significance of quick decisions and actions to avert them.
- Company's accountability to manage the hazards of major accidents and enhance the effectiveness of these controls continuously.
- The essentiality of digitalization, cutting-edge technology and the application of best practices in the oilfield.
- Company's responsibility to attain the utmost standards of Health, Safety, and Environment (HSE) performance.
- The significance of a proficient, human-centred HSE Management System.

During 2022, no major accidents were recorded.

### Leadership and accountability

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. The CEO also promotes direct, open, and honest communication between all levels of management and the workforce to foster a culture of safety and environmental responsibility.

During 2022, more than 250 leadership visits and managerial walk-arounds were performed in Energean's operated sites and the FPSO project in Israel.

### Crisis Management Plan (CMP)

Energean's Crisis Management Plan (CMP) covers all assets and operations, and is formally tested to ensure it 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 2022, more than 650 drills and exercises were performed at Energean operated sites and for the Energean Power FPSO construction and commissioning project.

### Legal and regulatory 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. This commitment to compliance reflects Energean's dedication to responsible business practices and the protection of the health and safety of its employees and the surrounding communities. By operating within the parameters of the law and following established industry standards, Energean is able to build a foundation of trust with stakeholders and uphold its reputation as a reliable and ethical business.

During 2022, more than more than 640 HSE audits were performed in Energean operated sites and the Energean Power FPSO construction and commissioning 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 2022, more than 7,250 hours of certified training and more than 900 hours of internal training were provided to Energean personnel.

### 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.

Our Contractors' HSE management policy ensures that contractors are working in a safe and healthy environment and that they are following proper procedures to minimize risks and prevent accidents.

During 2022, more than 60 contractors were evaluated against this HSE criteria, both before and after the completion of their work, and were deemed to have performed their operations in an appropriate manner.

**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 2022, all employees in operated sites participated in the annual health program and 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.

For the third consecutive year, Sembcorp Marine's Admiralty Yard was awarded a Safety and Health Award Recognition for Projects for Safety Excellence for Energean's Karish Project.

**Our Health and Safety performance in numbers**

| Occupational safety | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **Employees man hours worked** | **772,865** | 1,015,866 | 1,130,183 | 650,405 |
| **Contractors man hours worked** | **7,724,105** | 8,118,433 | 8,362,784 | 5,466,939 |
| **Total man hours worked** | **8,496,970** | 9,134,309 | 9,492,967 | 6,117,344 |
| **Number of Employees Fatalities** | **0** | 0 | 0 | 0 |
| **Number of Contractors Fatalities** | **0** | 0 | 0 | 0 |
| **Employees Fatal Accident Rate (FAR)**[28] | **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** | 1 | 0 | 0 |
| **Contractors Lost Time Injuries (LTIs)** | **4** | 2 | 6 | 4 |
| **Total Lost Time Injuries (LTIs)** | **4** | 3 | 6 | 4 |
| **Employees LTI Frequency (LTIF)**[29] | **0** | 0.98 | 0 | 0 |
| **Contractors LTI Frequency (LTIF)** | **0.52** | 0.25 | 0.72 | 0.73 |
| **Total LTI Frequency (LTIF)** | **0.47** | 0.33 | 0.63 | 0.65 |
| **Employees Total Recordable Injuries (TRIs)** | **1** | 2 | 0 | 0 |
| **Contractors Total Recordable Injuries (TRIs)** | **9** | 5 | 10 | 8 |
| **Employees and Contr. Total Recordable Injuries (TRIs)** | **10** | 7 | 10 | 8 |
| **Employees TRI Rate (TRIR)**[30] | **1.29** | 1.97 | 0 | 0 |
| **Contractors TRI Rate (TRIR)** | **1.17** | 0.62 | 1.20 | 1.46 |
| **Employees and Contractors TRI Rate (TRIR)** | **1.18** | 0.77 | 1.05 | 1.31 |

| Process safety | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **Process safety incidents** | **1** | 0 | 0 | 0 |
| **Loss of containment incidents** | **10**[31] | 0 | 0 | 0 |

28 Per 100 million hours worked.
29 Per 1 million hours worked.
30 Per 1 million hours worked.
31 Loss of containment incidents increased in 2022 due to the FPSO commissioning phase in Israel with zero effect on people and the environment

| Safety training | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **Internal training (hours)** | **457** | 950 | 3,366 | 2,743 |
| **Certified training (hours)** | **7,295** | 1,401 | 561 | 183 |
| **Total training (hours)** | **7,752** | 2,351 | 3,927 | 2,926 |

## 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.

Based on UN Development Plan, many countries have recognized the socio-economic challenges that accompany the shift from fossil fuels and are taking measures to protect the most exposed, referencing just transition in their Nationally Determined Contributions (NDCs) and Long Term Strategies (LTS). The challenges, and opportunities, however, lie not just in the race to cut GHG emissions. There are also profound social implications in how we do it – implications for social justice, human rights, gender equality, health, education, jobs, and livelihoods.

Energean's vision is to provide safe and clean energy to the world, promoting the energy transition in a fair and inclusive manner. We aim to act as a positive driving force, aiding a just change, by lowering emissions coming from energy production, protecting the environment and supporting financial and social development at countries we conduct works.

We maintain our commitment to the natural environment and ecosystems by operating with the utmost care and diligence. Our focus on ecosystem conservation is evident through our impeccable track record of zero oil spills and zero environmental damage. We adhere to both national and international regulations, and continuously strive to achieve best practices in order to minimize our environmental impact. At Energean, we hold a deep respect for the environment and remain fully committed to safeguarding it for future generations.

In 2022, Energean established an integrated environmental metrics reporting system, called Synergi Life, that collect information from local HSE departments and presents it to decision makers. Accurate measurements using the best-available techniques and elimination of manual data processing provides better-informed decisions on reduction initiatives.

Our environmental policy meets national and international standards. All our assets' environmental management systems are certified to the international standard ISO 14001, including processes for:

- Monitoring, recording and evaluating air emissions' levels
- Defining suitable control and mitigations barriers against oil spills and chemical leaks
- Prudent management of water resources
- Sustainable management of wastes
- Monitoring and conserving ecosystems and biodiversity

**Key metrics monitored**

*Equity share versus operational accounting approach*

We report emissions based on an equity share accounting approach and also on the operational accounting approach. All other environmental data is recorded based on the operational accounting approach.

The definition of equity share is Energean's working interest across both operated and non-operated sites. For example, this accounting measure would include 10.47% of the total gross emissions from Scott, UK, which we hold a 10.47% non-operated working interest in.

In comparison, the operational approach does not take into account Energean's working interest – it includes the gross (i.e. 100%) project emissions only for assets that Energean operates. For example, this approach does not include any emissions from the UK, as we hold no operated positions, and includes 100% of emissions from Accettura, Italy, even though our working interest in the field is 50.33%.

| Environmental KPIs | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **Environmental expenditure $ million[32]** | **3.3** | 1.1 | 4.6 | 0.4 |
| **Energy consumption intensity (MJ/ boe)[33],[34] – operated share** | **174.9** | 370.3 | 421.3 | 986.5 |
| **Scope 1&2 carbon emissions intensity (kgCO2e/boe)[35] – net equity share** | **16.0** | 18.3 | 19.8 | 37.9 |
| **Water use intensity (m3/boe)[36] – operated share** | **0.01** | 0.2 | 0.1 | 0.4 |
| **Water volume recycled (%)[37] – operated share** | **99** | 95 | 92 | 92 |
| **Non- hazardous waste intensity (kg/boe)[38] – operated share** | **0.8** | 0.2 | 0.5 | 0.6 |
| **Hazardous waste intensity (kg/boe)39 – operated share** | **0.1** | 0.1 | 0.6 | 1.2 |
| **Waste recycled (%)[40] – operated share** | **95.2** | 90.5 | 52.1 | 90.4 |
| **Waste energy recovery (%)[41] – operated share** | **0.0** | 0.0 | 2.0 | 3.9 |

**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 2022, the total amount of nitrous emissions (NOx) generated across the Group increased by 56% versus 2021 because of the commissioning of the FPSO in Israel. The amount of sulfurous emissions decreased due to lower production from Prinos, Greece.

During 2022, we increased the number of assets that undergo Leak Detection and Repair (LDAR) surveys to monitor and reduce fugitive emissions (particular methane) across our operated sites. We carried out campaigns at our Vega, Garaguso and Larino fields in Italy. The results found minimal amounts of fugitive emissions, requiring minimal corrective actions for one asset, and no further action in the other two. In 2023, the LDAR program will include other assets that had not been checked in the past, in order to keep our fugitive emissions as low as possible.

**Biodiversity**

Preserving marine, terrestrial and avian species diversity is of significant importance for Energean. Our team is dedicated to monitoring the effects of our activities and taking steps to mitigate them.

In 2022, we conducted several biodiversity surveys and undertook initiatives to identify and protect vulnerable habitats and evaluate the influence of our operations, including:

*Israel*

- An invasive species survey and treatment at the onshore valve station area, Israel. Invasive species were found in the carob trees restored area. Treatment to remove invasive species commenced and is still in progress

32 Capital expenditures related to environmental protection activities.
33 Ratio of energy (thermal & electrical) consumption over gross hydrocarbons production.
34 2020-2021 figures are re-reported due to updated alignment with GRI standards which state that, to avoid double counting, self-produced electricity should not be counted, as thermal energy already includes fuel consumption sourced from production
35 Ratio of direct and indirect (consumed electricity) carbon emissions over gross hydrocarbons production.
36 Ratio of total fresh and seawater used for processes over gross hydrocarbons production.
37 Proportion of water used in the process that is returned to the same catchment area or the sea, from where is was initially drawn.
38 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.
39 Ratio of municipal and industrial waste, that according to regulation pose a severe threat to human health or the environment over gross hydrocarbons production.
40 Proportion of waste that are reprocessed into other products, materials or substances whether for the original use or for other purposes.
41 Proportion of non-recyclable waste materials that are converted into usable heat, electricity or fuel through a variety of processes.

- Vertical Seismic Profile surveys during the 2022 drilling campaign in Israel were supported by Marine Mammal Observers and Passive Acoustic Monitoring operators, in line with local guidelines that are based on the Joint Nature Conservation Committee guidance for the minimization of risk of injury of marine mammals from geophysical surveys
- Compliance with "IMO Resolution MEPC.207(62): guidelines for the control and management of ships' biofouling to minimize the transfer of invasive aquatic species" for all 23 vessels used for the development operations of Karish during 2022
- A post-drilling survey is planned for 2023 to map and quantify the actual impact of the drilling activity on the ecology of the marine environment

*Italy*

- Continued monitoring of the "Tecnoreef" structure, that was installed to promote the development of biodiversity in the Marine Protected Area "Isola dei Ciclopi" in Italy. Results have shown a high amount of biodiversity in the area
- Initiated the "Acquisition and data analysis using marine bioreceptors" project in collaboration with the Zooprophylactic Institute of Teramo in Rospo Mare, Italy to investigate biodiversity in beneath platforms. The ultimate goal is to establish a biological pre-alarm system in a crucial area of the central southern Adriatic basin. By utilizing this system on different platforms in the Adriatic, it may be possible to create databanks that could be helpful in managing coastal areas more effectively.
- Energean has established a new partnership with 3BEE, an agri-tech start up with the aim of protecting the bees, in the province of Vasto, just opposite our Rospo Mare offshore platform in Italy.

*Greece:*

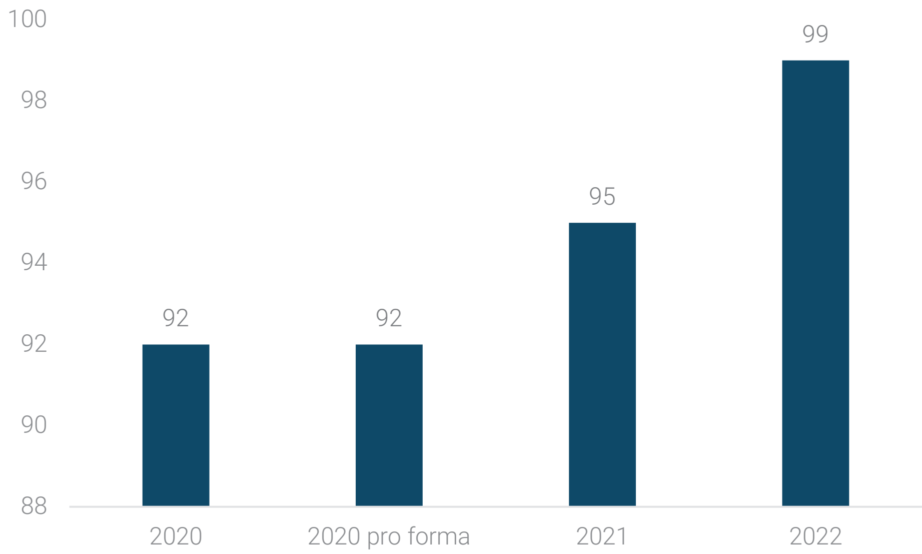
- Providing ongoing assistance to the management team responsible for the Nestos River Delta, Lakes Vistonida-Ismarida, and Thassos in maintaining the telemetric stations used for monitoring biodiversity in the northeastern region of Greece.

**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.

In 2022, 99% of water withdrawals were recycled. 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

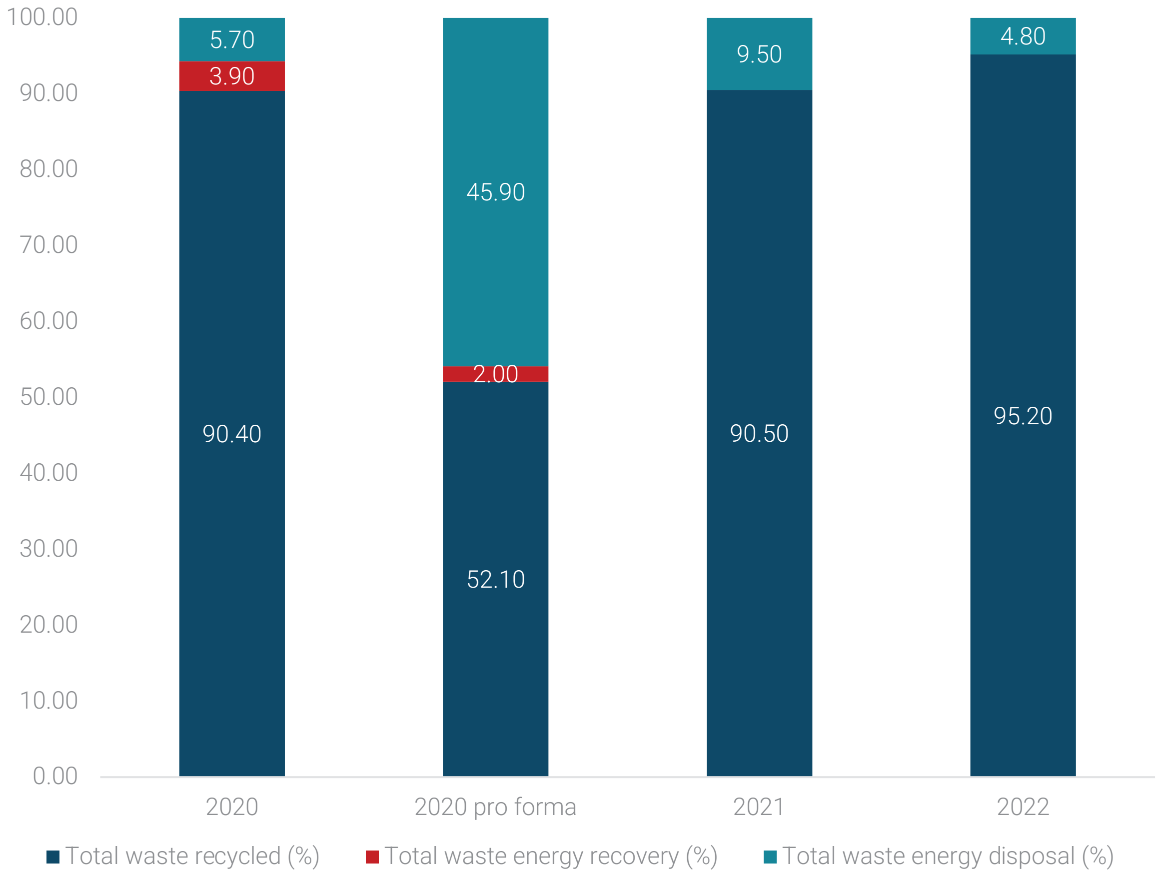
Energean has established a robust and well-tested oil spill prevention management system. We have control measures to mitigate the risk of spills, leaks and uncontrolled discharges that include statutory discharge limits depending on the location of operation and online sensors interrupting such events, secondary containments for hydrocarbons carrying vessels, barrels, drums etc and comprehensive plans for inspection and maintenance of equipment with significant oil spill risks.

As a result, in 2022 we achieved another consecutive year with zero oil spills. Oil spill emergency response drills and training 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. As part of the Environmental Social Impact Assessment of each asset we design an action plan to facilitate waste management.

In 2022, 95% of total waste was recycled (2021: 91%) and 5% (2021: 9%) was disposed at local landfill facilities.



### Our environmental performance in numbers

For information on the definition of operated versus equity-share, please refer to page 61.

*Methodologies used to calculate scope 1 emissions include the standards and protocols of EU ETS, IPCC, Concawe and EPA. Scope 2 emissions were calculated using the GHG protocol standards.*

| Environmental records | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **Production – equity share** | | | | |
| **Oil (Kboe)** | **3,720** | 4,141 | 4,512 | 798.4 |
| **Raw Gas (Kboe)** | **11,954** | 11,489 | 14,308 | 595.1 |
| **Total oil and raw gas (Kboe)** | **15,674** | 15,629 | 18,820 | 1,395 |
| **Ratio oil/total (%)** | **23.7** | 26.5 | 24.0 | 57.3 |
| **Ratio gas/total (%)** | **76.3** | 73.5 | 76.0 | 42.7 |
| **Production – operated sites** | | | | |
| **Oil (Kboe)** | **2,131** | 2,506 | 2,189 | 722.0 |
| **Raw Gas (Kboe)** | **2,222** | 449.0 | 336.1 | 51.8 |
| **Total oil and raw gas (Kboe)** | **4,353** | 2,955 | 2,525 | 773.8 |
| **Ratio oil/total (%)** | **48.9** | 84.8 | 86.7 | 93.3 |
| **Ratio gas/total (%)** | **51.1** | 15.2 | 13.3 | 6.7 |
| **GHG emissions – equity share** | | | | |
| **Total GHG emissions (tCO2e)** | **254,704** | 306,930 | 403,872 | 84,480 |
| **Scope 1 emissions (tCO2e)** | **249,622** | 285,362 | 367,293 | 52,586 |
| **Scope 2 emissions (tCO2e)** | **5,082** | 21,568 | 36,579 | 31,894 |
| **Scope 3 emissions (tCO2e)** | **N/A** | N/A | N/A | N/A |
| **Scope 1 emissions intensity (kgCO2e/boe)** | **15.9** | 18.3 | 19.5 | 37.7 |
| **Scope 2 emissions intensity (kgCO2e/boe)** | **0.1** | 0.1 | 0.3 | 0.2 |
| **Total emissions intensity (kgCO2e/boe)** | **16.0** | 18.3 | 19.8 | 37.9 |
| **GHG emissions – operated sites** | | | | |
| **Total GHG emissions (tCO2e)** | **75,354** | 73,042 | 95,435 | 73,479 |
| **Scope 1 emissions (tCO2e)** | **71,011** | 52,259 | 58,975 | 41,660 |
| **Scope 2 emissions (tCO2e)** | **4,343** | 20,783 | 36,460 | 31,819 |
| **Scope 3 emissions (tCO2e)[42]** | ******* | 1,889,018 | 1,488,772 | 1,488,772 |
| **Guarantees of Origin (tCO2e)** | **(4,168)** | (20,725) | (31,542) | (31,542) |
| **I-REC (tCO2e)** | **(175.0)** | (58.0) | (73.0) | (73.0) |
| **Scope 1 emissions intensity (kgCO2e/boe)** | **16.3** | 17.7 | 37.8 | 53.8 |
| **Scope 2 emissions intensity (kgCO2e/boe)** | **0.0** | 0.0 | 1.9 | 0.3 |
| **Total emissions intensity (kgCO2e/boe)** | **16.3** | 17.7 | 39.7 | 54.1 |
| **UK Only – equity share** | | | | |
| **Total GHG emissions (tCO2e)** | **16,507** | 23,707 | 66,905 | 1,725 |
| **Scope 1 emissions (tCO2e)** | **16,507** | 23,707 | 66,905 | 1,725 |
| **Scope 2 emissions (tCO2e)[43]** | **–** | – | – | – |
| **Total emissions intensity (kgCO2e/boe)** | **38.5** | 83.4 | 83.4 | 83.4 |

42 2022 Scope 3 emissions to be disclosed in the 2023 CDP climate change questionnaire.
43 Electricity is purchased by the building owner and thus taken into scope 3 emissions consideration.

| Environmental records | 2022 | 2021 | *Pro forma 2020* | 2020 |
|---|---|---|---|---|
| **Energy consumption used to calculate above emissions (kWh)** | **59,000** | 77,000 | 127,000 | 20,000 |
| **Other air emissions – operated sites** | | | | |
| **NOx (tonnes)** | **365.1** | 233.8 | 156.1 | 35.4 |
| **SO2 (tonnes)** | **111.4** | 711.8 | 900.2 | 875.1 |
| **VOC (tonnes)** | **14.0** | 9.0 | 11.8 | 11.8 |
| **Water usage – operated sites** | | | | |
| **Fresh water (m3)** | **47,649** | 103,784 | 88,556 | 88,501 |
| **Seawater (m3)** | **19,418,432** | 17,413,502 | 11,173,563 | 8,589,344 |
| **Total water usage (m3)** | **19,467,393** | 17,517,286 | 11,262,119 | 8,677,846 |
| **Recycled water (m3)** | **19,418,432** | 16,944,782 | 10,938,482 | 8,354,263 |
| **Recycled water (%)** | **99.0** | 95.2 | 91.6 | 92.4 |
| **Dispersed oil concentration in discharged water (mg/L)** | **0.4** | 0.4 | 3.4 | 3.4 |
| **Water quantities disposal – operated sites** | | | | |
| **Non-hazardous waste (tonnes)** | **3,420** | 675.9 | 1,209 | 490.7 |
| **Non-hazardous waste intensity (kg/boe)** | **0.8** | 0.2 | 0.5 | 0.6 |
| **Hazardous waste (tonnes)** | **651.3** | 341.7 | 1,457 | 907.9 |
| **Hazardous waste intensity (kg/boe)** | **0.1** | 0.1 | 0.6 | 1.2 |
| **Total waste recycled (%)** | **95.2** | 90.5 | 52.1 | 90.4 |
| **Total waste energy recovery (%)** | **0.0** | 0.0 | 2.0 | 3.9 |
| **Spills – operated sites** | | | | |
| **Hydrocarbon spills** | **0.0** | 0.0 | 0.0 | 0.0 |
| **Flaring – operated sites** | | | | |
| **Total hydrocarbons flared (tonnes)** | **13,775.0** | 412.8 | 726.9 | 536.6 |
| **Flaring intensity (kg/boe)** | **6.4** | 0.1 | 0.3 | 0.7 |
| **Energy consumption – operated sites** | | | | |
| **Total energy consumption (kWh)[33]** | **211,511,613** | 303,972,222 | 236,027,778 | 352,194,444 |
| **Electrical energy consumption (TJ)[33]** | **55.1** | 162.3 | 209.9 | 241.1 |
| **Electrical energy consumption intensity (MJ/boe)[33]** | **12.7** | 54.9 | 14.7 | 159.7 |
| **Thermal energy consumption (TJ)** | **706.3** | 932.0 | 1,027 | 639.8 |
| **Thermal energy consumption intensity (MJ/boe)** | **162.3** | 315.4 | 406.6 | 826.8 |
| **Total energy consumption intensity (MJ/boe)** | **174.9** | 383.2 | 516.2 | 1,100 |

# 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 2022.

During 2022 Energean delivered production from Karish; commenced payment of dividends to our shareholders; and we successfully discovered and de-risked new natural gas resources adjacent to our infrastructure, providing significant potential upside and export optionality.

In total, Energean returned US$0.60/share to shareholders ($106.5 million) in 2022, in line with its target to pay cumulative dividends of at least $1 billion by end-2025.

Energean achieved record revenues ($737.1 million), adjusted EBITDAX results ($421.6 million) and operating profit ($232.2 million) on the back of strong commodity prices.

Our focus for 2023 is on continued organic growth. We will continue to ramp up production from Karish and finalise the development concept for the strategically significant, 68 bcm Olympus Area. Production will also start from Karish North in Israel and NEA/NI in Egypt (first gas from NEA/NI was achieved in early March 2023).

**Financial results summary**

| | *2022* | *2021* | *Change from 2021* |
|---|---|---|---|
| **Average working interest production (kboepd)** | **41.2** | 41.0 | 0.5% |
| **Revenue ($m)** | **737.1** | 497.0 | 48.3% |
| **Cash cost of production ($m)** | **284.3** | 261.6 | 8.7% |
| **Cost of production ($/boe)** | **18.9** | 17.5 | 8.1% |
| **Administrative & selling expenses ($m)** | **45.9** | 43.0 | 6.7% |
| **Operating profit ($m)** | **232.2** | 32.1 | 623.4% |
| **Adjusted EBITDAX ($m)** | **421.6** | 212.1 | 98.8% |
| **Profit/ (Loss) after tax ($m)** | **17.3** | (96.2) | 118.0% |
| **Cash flow from operating activities ($m)** | **272.2** | 132.5 | 105.4% |
| **Capital expenditure ($m)** | **869.8** | 407.9 | 113.2% |
| **Cash capital expenditure ($m)** | **460.2** | 452.2 | 1.8% |
| **Net debt ($m)** | **2,518.2** | 2,016.6 | 24.9% |
| **Net debt/equity (%)** | **387.3** | 281.2 | 37.7% |

**Revenue, production, and commodity prices**

Revenue increased by $240.1 million (2021: $497.0 million) to $737.1 million primarily a result of higher realised commodity prices. The Group's realised weighted average pre-hedging oil and gas price for the year was $81.2/bbl (2021: $57.1/bbl) and $11.2/mcf (2021:5.2 $/mcf), respectively.

Working interest production averaged 41.2 kboepd in 2022 (2021: 41.0 kboepd), with the Abu Qir gas-condensate field, offshore Egypt, accounting for over 60% of total output.

Adjusted EBITDAX amounted to $421.6 million (2021: $212.1 million). The increase from 2021 was due to higher revenue partially offset by slightly higher operating costs from the enlarged group. Included within revenue is the realised loss on the PSV (Italian gas price) hedges of $55.2 million, excluding this lost revenue would result in an adjusted EBITDA of $476.8 million; which is an increase of $264.7 million (124.5%) compared to 2021.

**Cash cost of production**

Cash production costs for the period were $18.9 /boe (2021: $17.5/boe). The increase in cash unit production cost was primarily driven by increased royalties paid (2022: $45.8 million, 2021:$24.8 million) and increased energy costs across the group. The cash production costs excluding royalties are $238.5 million (2021: $236.8 million) and the related cost per boe is $15.9 (2021: $:15.8)

**Depreciation, impairments and write-offs**

Depreciation charges before impairment on production and development assets decreased by 14.6% to $83.3 million (2021: $97.5 million) with the related decrease in the depreciation unit expense to $5.5/boe (2021: $6.5/boe).

The Group recognised a pre-tax impairment charge of $27.6 million (2021: $0 million) in 2022, a result of revisions to decommissioning estimates on the Group's non-producing assets, in Italy and UK. The Group performed an impairment assessment at 31 December 2022 and did not identify any cash generating units ("**CGU**") for which a reasonably possible change in a key assumption would result in impairment or impairment reversal, except for the Vega oil field in Italy. An 8% decrease in Brent prices would eliminate the current headroom of the Vega CGU.

Management has considered how the Group's identified climate risks and climate related goals may impact the estimation of the recoverable amount of cash-generating units and as part of the impairment assessment has run sensitivity scenarios for the IEA's 2022 WEO climate scenarios (Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS) and Net-Zero Emissions by 2050 Scenario (NZE)). The Groups CGUs in Italy (Vega) and Greece are the most sensitive to the impact of the IEA scenarios, which applied, with no management mitigating actions taken, could result in impairment.

The anticipated extent and nature of the future impact of climate on the Group's operations and future investment, and therefore estimation of recoverable value, is not uniform across all cash-generating units. There is a range of inherent uncertainties in the extent that responses to climate change may impact the recoverable value of the Group's CGUs, with many of these being outside the Group's control. These include the impact of future changes in government policies, legislation and regulation, societal responses to climate change, the future availability of new technologies and changes in supply and demand dynamics.

**Exploration and evaluation expenditure and new ventures**

During the period the Group expensed $71.4 million (2021: $87.7 million) for exploration and new ventures evaluation activities. This includes impairment costs of $65.7 million ($82.1 million) for projects that will not progress to development, primarily Glengorm; Energean will exit the Glengorm licence within 2023.

In addition, new ventures evaluation expenditure amounted to $5.8 million (2021: $5.6 million), mainly related to pre-licence and time-writing costs.

**General and administrative (G&A) expenses**

Energean incurred G&A costs of approximately $45.9 million in 2022 (2021: $43.0 million). Cash SG&A was $36.0 million (2021: $34.8 million).

Cash G&A excludes certain non-cash accounting items from the Group's reported G&A. Cash G&A is calculated as follows: Administrative and Selling and distribution expenses, excluding depletion and amortisation of assets and share-based payment charge that are included in G&A.

| | 2022 ($m) | 2021 ($m) |
|---|---|---|
| **Administrative expenses** | **45.9** | 43.0 |
| **Less:** | | |
| **Depreciation** | **3.9** | 2.5 |
| **Share-based payment charge included in G&A** | **6.0** | 5.7 |
| **Cash G&A** | **36.0** | 34.8 |

**Net other expenses**

Net other expenses of $1.0 million in 2022 (2021: $10.9 million income) includes restructuring costs ($3.2 million), net reversal of expected credit loss provisions of $7.9 million and other non-recurring items. In 2021 the amount predominantly related to $6.8 million of income due to a decrease in estimates of decommissioning provisions for certain UK producing assets, representing the amount of the decrease that was in excess of their book value.

**Unrealised loss on derivatives**

The Group has recognised unrealised loss on derivative instruments of $5.2 million (2021: $21.5 million) related to the Cassiopea contingent consideration. A contingent consideration of up to $100.0 million is payable and determined on the basis of future Italian gas prices recorded at the time of first gas production at Cassiopea, which is expected in 2024.

As at 31 December 2022, the two- year Italian gas (PSV) futures curve indicated higher pricing than that at the date of acquisition, with a forward price in excess of €20/Mwh. As a result, the fair value of the Contingent Consideration as at 31 December 2022 was estimated to be $86.3 million based on a Monte Carlo simulation (31 December 2021: $78.5 million).

**Net financing costs**

Financing costs before capitalisation for the period were $236.7 million (2021: $278.4 million). Finance costs include: $167.4 million of interest expenses incurred on Senior Secured notes (2021: $107.0 million), $1.5million on debt facilities (2021: $96.7 million), $14.7 million of interest expenses relating to long-term payables (2021: $4.1 million), $37.4 million unwinding of discount on deferred consideration, contingent consideration, convertible loan notes and decommissioning provisions (2021: $27.8 million); $15.6 million commissions for guarantees and other bank charges of (2021: $17.8 million). The 2021 finance costs included $18.1million for unamortised debt issuance costs under Greek and Egypt RBL, written off due to repayments prior to their maturity dates.

Net finance costs include foreign exchange losses of $22.2 million (2021: $6.9 million) and finance income of $9.6 million (2021: $3.0 million), including Interest income from time deposits.

**Taxation**

Energean recorded tax charges of $89.7 million in 2022 (2021: $5.4 million), split between a current year tax expense of $200.1 million (2021: $44.6 million), and a deferred tax credit of $110.4 million (2021: credit $39.2 million) and representing an effective tax rate of 84% (2021: 6%).

The increase in current tax from 2021 is primarily a result of the windfall tax in Italy. During 2022, Italy introduced: 1) a windfall tax in the form of a law decree which imposed a 25% one-off tax on profit margins that rose by more than $5.26 million (€5.0 million) between October 2021 and April 2022 compared to the same period a year earlier. The amount of the windfall tax paid by Energean Italy was $29.3 million and 2) In November 2022, Italy introduced a new windfall tax that imposed a 50% one-off tax, calculated on 2022 taxable profits that are 10% higher than the average taxable profits between 2018-2021. This amount has a ceiling equal to 25% of the value of the net assets at end-2021. Based on this, Energean would be required to pay an additional one-off tax of $92.8 million (€87.0 million) in June 2023.

**Operating cash flow**

Cash from operations before tax and movements in working capital was $311.3 million (2021: $131.7 million). After adjusting for tax and working capital movements, cash from operations was $272.2 million (2021: $132.5 million).

**Capital Expenditure**

During the year, the Group incurred capital expenditure of $869.8 million (2021: $407.9 million). Capital expenditure mainly consisted of development expenditure in relation to the Karish Main and Karish North Fields in Israel ($534.5 million), NEA/NI project in Egypt ($107.9 million), Cassiopea field in Italy ($77.0 million), Scott field in UK ($9.2 million) and exploration expenditures in Athena, Zeus, Hermes and Hercules in Israel ($123.0 million).

### Net Debt

As at 31 December 2022, net debt of $2,518.2 million (2021: $2,016 million) consisted of $2,500 million Israeli senior secured notes, $450 million of corporate senior secured notes, $63.5 million draw down of the Greek loans and $50 million of convertible loan notes, less deferred amortised fees, equity component of convertible loan ($10.5 million) and cash balances of $502.7 million. Net debt excluding Israel is $143.8 million (2021: $102.6 million).

In accessing the debt capital markets, Energean is only exposed to floating interest rates for the Greek loan. Refer to note 26.3 in the financial statements for the interest risk sensitivity.

### Credit ratings

Energean maintains corporate credit ratings with Standard and Poor's (S&P) and Fitch Ratings (Fitch).

On 4 November 2021 Energean plc was assigned its first corporate credit ratings from S&P and Fitch, following the issuance of the $450 million senior secured notes which mature in 2027.

- In February 2023 S&P upgraded the ratings from B to B+ for both Energean plc corporate and the senior secured notes maturing in 2027, with Stable Outlook. This reflects first gas from the Karish field in Israel and associated track record of production.
- Fitch assigned a B+ corporate credit rating to Energean plc and B+ rating for the senior secured notes maturing in 2027. In November 2023 the Outlook was upgraded to Positive to reflect the improvement in financial performance since 2021, due to stronger price environment and timely delivery projects including the Karish gas field in Israel.

## Risk management

### Principal risks

There are no significant changes to the headline principal risks from those disclosed in the 2022 Interim results. A full description of Energean's principal risks is disclosed in the strategic review of the 2022 Annual Report & Accounts.

### Liquidity risk management and going concern

The Group carefully manages the risk of a shortage of funds by closely monitoring its funding position and its liquidity risk. The going concern assessment covers the period from the date of approval of the Group Financial Statements on 22 March 2023 to 30 June 2024 'the Assessment Period'. The Assessment Period has been extended such that it includes the $625 million bond repayment due in March 2024.

As of 31 December 2022 the Group's available liquidity was approximately $720 million. This available liquidity figure includes: (i) c. $43 million of undrawn facility under the €100 million loan backed by the Greek State signed in December 2021 for the development of the Prinos Area in Greece, including the Epsilon development; and (ii) c. $174 million available under the $275 million Revolving Credit Facility ('RCF') signed by the Group in September 2022 (with the remainder being utilized to issue Letters of Credit for the Group's operations). Subsequent to 31 December 2022, the Group signed a $350 million Term Loan Facility. The Group has a $625 million bond, at the Energean Israel level, maturing in March 2024. Management expects to refinance this bond during 2023; however, for the purposes of the Going Concern assessment it has been assumed that the bond is repaid in full and not refinanced.

The going concern assessment is founded on a cashflow forecast prepared by management, which is based on a number of assumptions, most notably the Group's latest life of field production forecasts, budgeted expenditure forecasts, estimated of future commodity prices (based on recent published forward curves) and available headroom under the Group's debt facilities. The going concern assessment contains a 'Base Case' and a 'Reasonable Worst Case' ("**RWC**") scenario.

The Base Case scenario assumes Brent at $80/bbl in 2023 and $75/bbl in 2024 and PSV (Italian gas price) at €50/MWH in 2023 and €45/MWH in 2024. A reasonable ramp-up of production from the Karish Field is assumed throughout the going concern assessment period, with prices for gas sold assumed at contractually agreed prices. Under the Base Case, sufficient liquidity is maintained throughout the going concern period.

The Group also routinely performs sensitivity tests of its liquidity position to evaluate adverse impacts that may result from changes to the macro-economic environment, such as a reduction in commodity prices. These downsides are considered in the RWC going concern assessment scenario. The Group is not materially exposed to floating interest rate risk since the majority of its borrowings are fixed-rate. The Group also looks at the impact of changes or deferral of key projects and downside scenarios to budgeted production forecasts in the RWC.

The two primary downside sensitivities considered in the RWC are: (i) reduced commodity prices; (ii) reduced production – these downsides are applied to assess the robustness of the Group's liquidity position over the Assessment Period. In a RWC downside case, there are appropriate and timely mitigation strategies, within the Group's control, to manage the risk of funding shortfalls and to ensure the Group's ability to continue as a going concern. Mitigation strategies, within management's control, modelled in the RWC include deferral of capital expenditure on operated assets, deferral or cancellation of exploration and/or discretionary spend and exercise of rights under contractual arrangements to improve liquidity. Under the RWC scenario, after considering mitigation strategies, liquidity is maintained throughout the going concern period.

Reverse stress testing was also performed to determine what commodity price or production shortfall would need to occur for liquidity headroom to be eliminated. The conditions necessary for liquidity headroom to be eliminated are judged to have a remote possibility of occurring, given the diversified nature of the Group's portfolio and the 'natural hedge' provided by virtue of the Group's fixed-price gas contracts in Israel and Egypt. In the event a remote downside scenario occurred, prudent mitigating strategies, consistent with those described above, could also be executed in the necessary timeframe to preserve liquidity. There is no material impact of climate change within the Assessment Period and therefore it does not form part of the reverse stress testing performed by management.

In forming its assessment of the Group's ability to continue as a going concern, including its review of the forecasted cashflow of the Group over the Forecast Period, the Board has made 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 within the Group's control, in the event these actions were required.

After careful consideration, the Directors are satisfied that the Group and Company has sufficient financial resources to continue in operation for the foreseeable future, for the Assessment Period from the date of approval of the Group Financial Statements on 22 March 2023 to 30 June 2024. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

**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.

### Cash cost of production

Cash 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. Cash cost of production is calculated as cost of sales, adjusted for depreciation and hydrocarbon inventory movements.

| ($m) | 2022 | 2021 |
|---|---|---|
| **Cost of sales** | **358.9** | 345.1 |
| **Less:** | | |
| **Depreciation** | **(79.4)** | (94.6) |
| **Change in inventory** | **4.7** | 11.1 |
| **Cost of production**[1] | **284.3** | 261.6 |
| **Total production for the period (kboe)** | **15,038.0** | 14,963.5 |
| **Cash cost of production per boe ($/boe)** | **18.9** | 17.5 |

[1] Numbers may not sum due to rounding

### 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.

| ($m) | 2022 | 2021 |
|---|---|---|
| **Adjusted EBITDAX** | **421.6** | 212.1 |
| **Reconciliation to profit/(loss):** | | |
| **Depreciation and amortisation** | **(83.4)** | (97.5) |
| **Share-based payment** | **(6.0)** | (5.7) |
| **Exploration and evaluation expense** | **(71.4)** | (87.7) |
| **Impairment loss on property, plant and equipment** | **(27.6)** | – |
| **Other expense** | **(15.2)** | (7.0) |
| **Other income** | **14.1** | 17.9 |
| **Finance expenses** | **(107.3)** | (97.4) |
| **Finance income** | **9.6** | 3.0 |
| **Unrealised loss on derivatives** | **(5.2)** | (21.5) |
| **Net foreign exchange** | **(22.2)** | (6.9) |
| **Taxation income/(expense)** | **(89.7)** | (5.4) |
| **Profit/ (Loss) for the year** | **17.3** | (96.2) |

*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:

| ($m) | 2022 | 2021 |
|---|---|---|
| **Additions to property, plant and equipment** | **877.7** | 521.4 |
| **Additions to intangible exploration and evaluation assets** | **141.0** | 54.8 |
| **Less:** | | |
| **Capitalised borrowing cost** | **109.2** | 181.0 |
| **Impairment of property, plant and equipment** | **27.9** | |
| **Leased assets additions and modifications** | **2.0** | 8.7 |
| **Lease payments related to capital activities** | **(12.7)** | (10.9) |
| **Capitalised share-based payment charge** | **0.2** | 0.2 |
| **Capitalised depreciation** | **0.6** | 0.2 |
| **Change in decommissioning provision** | **21.7** | (11.0) |
| **Total capital expenditure** | **870.0** | 408.0 |
| **Movement in working capital** | **(409.8)** | 44.3 |
| **Cash capital expenditure per the cash flow statement** | **460.2** | 452.3 |

*Cash Capital Expenditure*

| ($m) | 2022 | 2021 |
|---|---|---|
| **Payment for purchase of property, plant and equipment** | **395.8** | 403.5 |
| **Payment for exploration and evaluation, and other intangible assets** | **64.4** | 48.7 |
| **Total Cash Capital Expenditure** | **460.2** | 452.2 |

*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 total equity.

| ($m) | 2022 | 2021 |
|---|---|---|
| **Current borrowings** | **45.6** | – |
| **Non-current borrowings** | **2,975.3** | 2,947.1 |
| **Total borrowings** | **3,020.9** | 2,947.1 |
| **Less: Cash and cash equivalents and bank deposits** | **(427.9)** | (730.8) |
| **Restricted cash** | **(74.8)** | (199.7) |
| **Net Debt** | **2,518.2** | 2,016.6 |
| **Total equity** | **650.2** | 717.1 |
| **Gearing Ratio** | **387.3%** | 281.2% |

# Risk Management

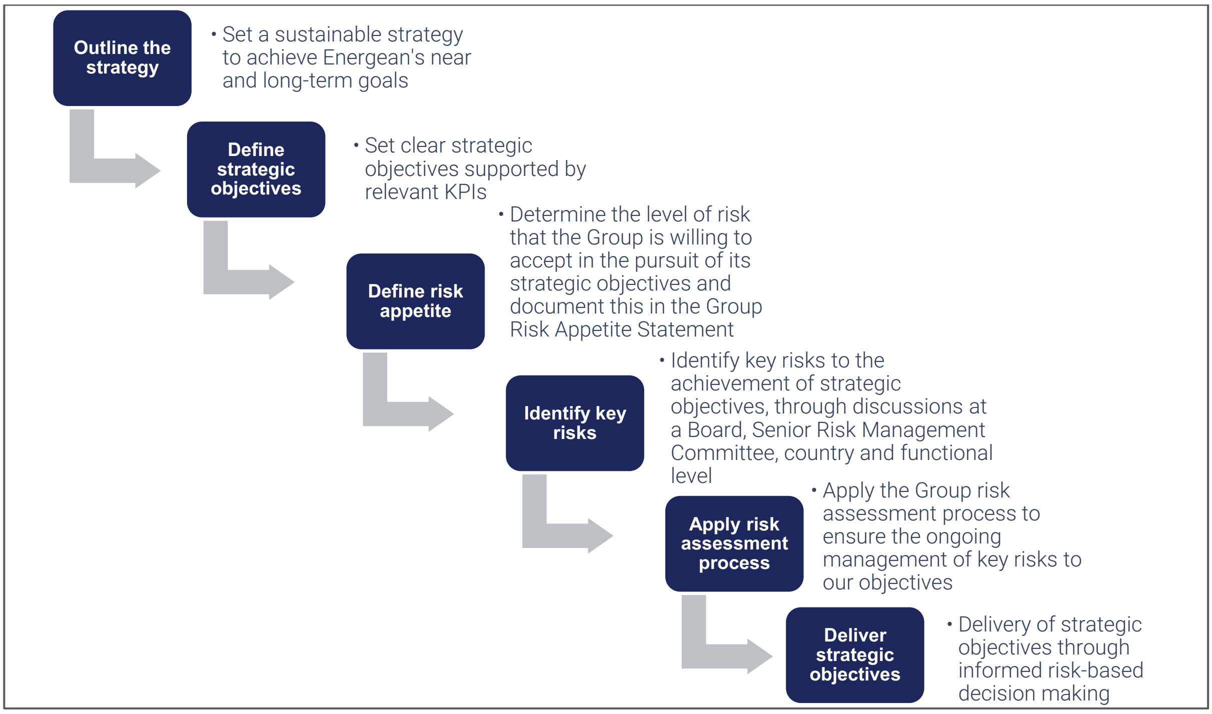
Successful and sustainable implementation of our strategy requires strong corporate governance and effective risk management. We deliver this through a comprehensive framework of business policies, systems and procedures that enable us to assess and manage risk effectively.

Managing risks and opportunities is essential to Energean's long-term success and growth. All investment opportunities May expose Energean to increased risks, particularly in the current risk environment, including climate change related risks and opportunities. 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 subsidiaries (together the "Group") 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 Energean's internal control and risk management process and includes the following:

**Group risk management framework**




Risk management is a continuous process. Due to the constantly changing external and internal requirements and environment, our risk management and internal control system is being continuously developed.

*2022 activities*

In May 2022, the Group engaged Marsh UK to assist on the drafting and implementation of a new enterprise risk management framework, the deliverables of which include an enterprise risk management ("**ERM**") Policy and associated processes.

During 2022, Marsh delivered to the Board a benchmarking report, providing details on the current state of the Company's risk management approach as well as a gap analysis against best practice. By the end of 2022, the risk identification and assessment phase was completed and the following key activities were performed:

- Identification of key risks impacting Energean's business objectives, strategy and operations.
- Qualitative assessment of the risks by likelihood and the impacts during a full day interactive workshop held in Milan with the participation of 23 managers across functions, regions and countries of operations, where an update of all existing controls in place was also performed.

The completeness and validity of the risk information and all outputs produced so far, was included within our risk management approach and as part of this, are reflected in the strategic organisational risk map and associated risk register for the year end reporting, containing likelihood and impact assessment scores and high-level control information.

In 2023 the new ERM framework is expected to be implemented and risk management and internal control systems are expected to be linked closely, through the implementation of a roadmap providing guidance on the integration of risk management activities into the controls and compliance framework, strategic planning and business processes.

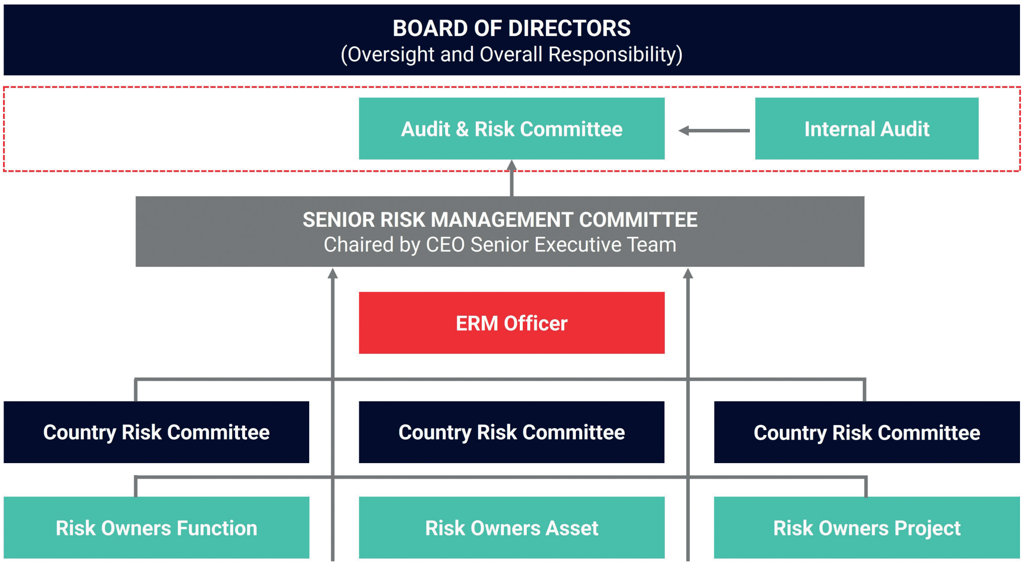
**Risk oversight and governance**

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 in-depth analysis on identified risks are undertaken by the Audit & 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 the various business units and functions to Board committees and to the Board itself. For example, the Environment, Safety & Social Responsibility ("**ESSR**") Committee monitors the management of health and safety related risks, as well as risks related to any matter relating to corporate social responsibility, each in connection with the Group's operations.

A senior risk management committee, comprised of the executive management team, with the participation of the ERM officer the Senior Risk Management Committee is responsible and accountable for overseeing and monitoring risks that fall under their identified remit, while the Audit & Risk committee is additionally responsible for continuously evaluating the effectiveness of the Group's system of internal control and risk management framework.

**Group risk governance structure**



### 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/or liquidity.

The overall tone for risk management is driven by the Board, which works closely with the Senior Risk Management Committee and the Audit & Risk committee ("**ARC**") to regularly review Energean's risk portfolio, monitor any emerging risk and better understand how risks are being managed across the Company. In this context the Board:

- Receives high level risk reports and a summary of principal Group risks on a quarterly basis following ARC meetings;
- Discusses and provides challenge to end of year reporting on principal risks and decides the Group's appetite for the next financial year;

### Audit & Risk committee

The Board delegates to the Audit & Risk committee the responsibility for reviewing the effectiveness of the Group's systems of internal control and risk management framework. As part of this review, the Audit & Risk committee on behalf of the Board, ensures that a robust assessment of the principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity) and provides advice on the management and mitigation of those risks. The Audit & Risk committee commissions internal and external deep dive investigations into relevant risks as appropriate.

### Financial Control

An integral part of the Energean internal control system is the internal control system for financial reporting, which is responsible for the financial reports preparation process in compliance with generally accepted international accounting standards. Energean's CFO and the Head of Financial Control, in her capacity as officer in charge of preparing financial reports, are responsible for planning, establishing and maintaining the internal control system for financial reporting.

### Internal Audit Function

The Internal Audit Function has a central role in the Group's risk management and internal control system, through objectively and independently evaluating controls, governance and risk management processes. The Internal Audit is performed by PricewaterhouseCoopers Business Solutions S.A. ("**PwC**"), and the Group's Internal Audit Lead, who is responsible for coordinating the relevant assurance and consulting engagements, aligning the internal audit risk assessment process with the Group risk register outcomes and proposing a risk based annual audit plan to Audit & Risk Committee.

### Senior Risk Management Committee

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

It considers risks linked to:

- Strategic objectives
- Business model.

### Consolidation of business risks

To facilitate the assessment of the main risks facing the business, Energean undertakes a bottom-up review of the key risks faced by the business on a country level through the execution of two subprocesses (Inherent Risk Assessment and Residual Risk Assessment) to identify the country key risks, meaning the risks that have the potential to impact a specific operating area, including mitigating actions and any controls in place.

The country key risks are then verified by the respective Country Risk Committee comprised by the Country Manager, Asset/Project Execution Manager, Head of Finance, Head of Legal and Head of HSE, who acting collectively with the ERM Officer, sign off on the country risk register.

From this, the Senior Risk Management Committee reviews all Country Risk Registers and discuss and present common themes, interconnected risks and key trends. The risks which have been identified and rearticulated as principal risks are then consolidated upwards into the Group's risk register and are assessed according to their likelihood of occurring, as well as the potential consequences to Energean in terms of health or safety, reputational, financial, operational or environmental impact.

On a quarterly basis the enterprise principal risks are discussed by the Board on a 'Risk Heat Map' to provide 'top down' challenge and support. The outcome of this review and the corresponding key messages, are communicated back down to the business units and functions to facilitate risk awareness and effective decision making throughout the Group.

**Responding to the Changing Risk Environment in 2022**

As part of our goal to continuously improve our risk management processes, the following tasks were completed in 2022:

- the Group Code of Ethics was reviewed and updated. Italian, Arabic and Hebrew versions were developed to achieve effective communication between all our people across the countries we operate. A fully customized training was assigned to all employees across the Group while the annual attestation was signed by 450 key staff members and contractors confirming compliance with the Group's Code of Ethics values, principles and standards.
- A contingent liabilities, litigation and ongoing disputes dashboard was maintained to assess any incidents, disputes or emerging risks that might trigger a potential financial liability impacting the Group. The dashboard was presented at each Audit & Risk Committee meeting and semi-annually to the Group financial controller and external auditors.
- To ensure awareness, understanding of and compliance with important governance, regulatory and security topics, mandatory e-learning was also implemented across the Group translated, as appropriate, in local languages, which included comprehensive modules on bribery and corruption, preventing the facilitation of tax evasion, modern slavery, cyber fraud and cyber security.

**Climate change related risks and opportunities**

Ever since 2019, when Energean recognised climate change as a rapidly emerging risk, climate change related risks and opportunities are fully integrated with Energean's multi-disciplinary, Group-wide risk management process, as per the recommendations of the TCFD.

Climate change related risks and opportunities have been identified, and future scenarios that facilitated in developing an integrated strategy approach have been analysed[44]. 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, as per our Climate Change Policy published in 2021.

The risk management framework ensures effective identification, assessment, control and monitoring of climate change-related risks against their potential financial, legal, physical, market and reputational impact, and further ensures that key strategic and commercial decisions are assessed by reference to their financial importance.

**Risk appetite**

The Board sets Energean's risk appetite and acceptable risk tolerance levels for each of the six 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.

[44] Please refer to "Our Strategy- Tackling Climate Change-Our Climate Change Strategy"

**Principal risks and uncertainties**

*Symbols used in the following pages*

| Trend versus prior year indicates our perception of pre-mitigation (inherent) risk | Link to Business Model | Link to Strategy/Strategic Pillars |
|---|---|---|
| ▲ The risk increased in 2022 | A – Find and appraise | ① – Eastern Mediterranean |
| ▼ The risk decreased in 2022 | B – Develop | ② – Gas |
| **—** The risk remained static in 2022 | C – Produce | ③ – Tackling climate change |
| **N** New Risk | D – Acquire | ④ – Organic growth |
| **Z** No longer a risk | E – Implementing low carbon solutions | ⑤ – Value-driven and return driven |

Internally, the Group monitors and mitigates a more substantive list of principal risks, but those listed in the following pages are the risks considered to be the most important at the time of publishing our 2022 Annual Report that could threaten, or, are linked to, our business strategy and business model.

The following table contains a summary overview of the principal risks to the Group while the following pages provide for each principal risk an analysis of the potential impacts, the corresponding mitigation measures, the risk appetite and the strategic objectives or KPIs each of these risks may impact in 2023.

| **1. Operational – Delayed delivery of future development projects (NEA/NI, Karish North (including the second oil train and gas riser), Cassiopea and Epsilon)**<br>**Owner**: Technical Director<br>**Link to strategy**: ① ② ④ ⑤<br>**Link to business model**: B C<br>**Link to 2022 KPIs**: Production | |
|---|---|
| **Risk appetite** | **Low** –All these 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. |
| **2022 movement** | **—** This risk remained static in 2022.<br>• NEA/NI first gas, although delayed from its initial first gas date of H2 2022 because of rig availability, was brought onstream in March 2023.<br>• The Karish North development well was successfully drilled as part of the growth drilling campaign in August 2022. The second export riser and the Karish North flowline were transported from the UK to Israel in March 2023. The riser will be installed shortly and will connect the production facilities on the FPSO to the pipeline-to-shore. Key upcoming activities ahead of Karish North first gas include installation of the Karish North manifold, umbilical and spool, ahead of opening of the well before year-end 2023.<br>• Construction of the second oil train is progressing in line with expectations in Dubai. The oil train will be installed and commissioned in-situ, and is expected to be ready to process hydrocarbon liquids by year end 2023.<br>• Cassiopea remains on track for first gas in 2024; JV misalignment risks increase the exposure to potential cost and schedule overruns.<br>• First oil from the Epsilon development is expected in 2024. |
| **Impact** | A delay to these projects could result in a delay to, or reduction of, future cash Flows, which would impact the ability of the company to step-up its quarterly dividend payments to $100 million. |
| **Mitigation** | Key development projects are on track.<br>Energean is actively engaged with its partners, contractors and all other relevant stakeholders on all development projects to ensure effective working relationships.<br>For further information, please refer to "*Performance in 2022*" on pages 8-9.<br>Ongoing monitoring of KPIs by Executive Management. |
| **2023 Objectives** | Continue to monitor project progress ensuring developments progress in line with expectations. |

| 2. Strategic – Lack of new commercial discoveries and reserves replacement<br>**Principal risk**:<br>**Owner**: Technical Director<br>**Link to strategy**: ② ④ ⑤<br>**Link to business model**: A B C D<br>**Link to 2022 KPIs**: 2P Reserves and 2C Resources | |
|---|---|
| **Risk appetite** | **Medium** – Energean aims to replace the reserves it has produced and grow its reserve and resource base through a combination of successful exploration and appraisal and selective value accretive acquisitions.<br><br>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. |
| **2022 movement** | ▼ The risk decreased in 2022.<br><br>In 2022, 15 MMboe was produced and 210 MMboe was added to 2P reserves, which equates to a reserve replacement ratio of +1400%<br><br>The 2022 growth drilling programme in Israel successfully discovered and de-risked approximately 73 bcm (480 MMboe) of new gas resources. This includes 68 bcm (approximately 449 MMboe) of gas resources in the Olympus Area (Block 12 and Tanin lease), for which the development concept is being finalised. |
| **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. Our exploration portfolio is spread across the Mediterranean and represents a balanced mix of new frontier areas and lower risk mature basins.<br><br>The development concept for the Olympus Area is targeted to be announced in the coming months, which would further de-risk the remaining 2C resources.<br><br>Energean's 2023 exploration campaign includes the North East Hap'y exploration well in Egypt and the Izabela-9 exploration well in Croatia<br><br>Ongoing monitoring of KPIs by Executive Management Team. |
| **2023 Objectives** | Execute exploration campaigns offshore Egypt and Croatia.<br><br>By actively pursuing new exploration opportunities in core areas and maximising output from producing fields, we aim to ensure at least 100% reserves replacement on an annual basis. |

| 3. Operational – Production uptime reliability and operating efficiency (including asset integrity)<br>**Owner**: Technical Director<br>**Link to strategy**: ④ ⑤<br>**Link to business model**: C<br>**Link to 2022 KPIs**: Production | |
|---|---|
| **Risk appetite** | **Low** – The success of Energean's business depends on best-in-class operations. |
| **2022 movement** | **N New Risk due to Karish starting production.** |
| **Impact** | Production uptime and reliability Uptime is a prime driver of upstream "value-add," as the value of production lost to downtime far exceeds that of operating expenses.<br>Production downtime and unreliability, asset concentration risks and the resultant failure to meet contracted quantities, would reduce Energean's future net revenues and cash flows. |
| **Mitigation** | • Karish is onstream and the reservoir deliverability has been confirmed<br>• Key development projects, to debottleneck the FPSO capacity from 6.5 bcm/yr to 8 bcm/yr, are on track for completion by end-2023<br>• Internal procedures and best standards<br>• Asset integrity management system<br>• Maintenance strategy<br>• Staff training<br>• Contingency planning and recovery strategies in place as part of the BCP risk management. |
| **2023 Objectives** | Deliver strong production uptime and reliability to maintain stable production performance and cash flows. |

| **4. Financial Risk: Maintaining liquidity and solvency**<br>**Owner**: Chief Financial Officer<br>**Link to strategy**: ④ ⑤<br>**Link to business model**: A B C D E<br>**Link to 2022 KPIs**: Production, Revenues, Adjusted EBITDAX, Cash Flow From Operating Activities, Loss/Profit after tax | |
|---|---|
| **Risk appetite** | **Low** – Through a disciplined approach to capital allocation, effective execution and oversight, we accept a very small amount of potential downside financial risk for targeted upside return. |
| **2022 movement** | **—** The risk remained static in 2022. |
| **Impact** | Funding and liquidity risks could impact the Group's viability. Erosion of balance sheet through impairments of financial assets may further impact the Group's financial position[45]. |
| **Mitigation** | In 2022, Energean signed a three-year $275 million Revolving Credit Facility ("**RCF**"). The Group ended the year with $720.0 million of liquidity, including undrawn amounts of $168 million under the RCF. Post-year end, Energean also signed a $350 million term loan, which offers additional financial flexibility.<br>With the start-up of Karish, Energean is on track to meet its near-term targets to generate revenues of $2.5 billion, EBITDAX of $1.75 billion, and reduce net debt / EBITDAX < 1.5x. Over 75% of Energean's near-term production target contains long-term contracts with floor pricing and take-or-pay provisions.<br>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.<br>Ongoing monitoring of financial KPIs by Executive Management. |
| **2023 Objectives** | • Refinance of the 2024 EISL bond maturity to maintain efficient capital structure.<br>• Evolve the capital allocation strategy from capital investment to sustainable cash-flow generation. |

[45] For further information, please refer to Going Concern disclosure on pages 172-173 and Viability Statement disclosure on pages 92-93

| 5. Macro-economic risk (including inflation, interest rates and commodity price fluctuations)<br>**Owner**: Chief Financial Officer<br>**Link to strategy**: ④ ⑤<br>**Link to business model**: A B C D E<br>**Link to 2022 KPIs**: Revenues, Adjusted EBITDAX, Cost of Production, Cash Flow From Operating Activities, Loss/Profit after tax | |
|---|---|
| **Risk appetite** | **Low** – Through a disciplined approach to capital allocation, effective execution and oversight, we accept a very small amount of potential downside financial risk for targeted upside return. |
| **2022 movement** | **N New Risk** In 2022, global commodity prices were highly volatile, largely as a result of the conflict in Ukraine. This, combined with rising global demand for products and materials following the recovery from the global pandemic, has led to rising inflation around the world. To combat rising inflation, government's around the world have increased interest rates. |
| **Impact** | Macro-economic headwinds including inflation, interest rates, commodity price fluctuations, like any other external/political risk, represent an uncertainty factor in view of achieving the Company's financial targets. |
| **Mitigation** | Protected against commodity price fluctuations:<br>• Over 75% of Energean's near-term production target of 200 kboepd is protected under long-term gas contracts with floor prices.<br>• Energean routinely evaluates hedging contracts for other areas of its portfolio Interest rates fixed as part of 2021 refinancing:<br>• Energean undertook a series of refinancings in 2021, which fixed substantially all of the Company's exposure to floating rates; its weighted average cost of debt in 2022 was 5.25% and substantially unimpacted by the global rise in interest rates. The only facility within Energean's capital structure that is impacted by global interest rate rises is the c. €90.5 million Greek facility; therefore the impact of the rate rises on overall cost of debt has been minimal. Inflation:<br>• The majority of Energean's costs are fixed. The development projects in Israel and Egypt are wrapped under EPCIC and EPIC contracts. There have been some impacts of inflation on salary costs, but this contributes a small component of the overall Cost of Operations base.<br>Ongoing monitoring of financial KPIs is undertaken by Executive Management Team. |
| **2023 Objectives** | Maintaining focus to deliver near-term targets of \$2.5 billion revenues and \$1.75 billion EBITDAX |

| **6. Organisational & HR risk. Failure to attract, retain and develop staff**<br>**Owner**: HR Director<br>**Link to strategy**: ⑤<br>**Link to business model**: A B C D E<br>**Link to 2022 KPIs**: Relevant for all KPIs | |
|---|---|
| **Risk appetite** | **Medium** – Our strategy relies on attracting, motivating and retaining key talented people and their knowledge and expertise. Our performance and ability to grow depends on it. |
| **2022 movement** | **N New Risk**<br>Talent shortages due to an aging workforce, limited new/ young talent entering the industry and growing competition for talent with the technology industry creates a risk of attracting and retaining staff.<br>The pandemic has also changed how people think about work. Priorities have shifted and workforce expectations have, and continue to change, in terms of flexible and remote working combined with the challenge of current and future wage inflation. |
| **Impact** | The failure to attract, retain and develop staff would have an impact on the business to operate efficiently and appropriately. |
| **Mitigation** | • Active employee's incentives plans (LTIP, DBP and MBO awards) as well as an internal career development process.<br>• Effective benchmarking to ensure pay is in line with competitors.<br>• Employee incentives and welfare discretionary plans<br>• Succession planning paths for key positions of personnel.<br>• Clearly defined recruitment drive to increase the headcount for Group level roles<br>• Performance management process, alongside the competency framework, introduced in February 2022.<br>Ongoing monitoring of KPIs by Executive Management. |
| **2023 Objectives** | Launch of the compensation module in our SAP SuccessFactors and the implementation of our updated Diversity, Equity and Inclusion Policy.<br>Energean will continue to foster a culture of inclusion and diversity, as well as streamlining the learning and knowledge sharing processes. |

<table>
<tr><td colspan="2">7. Deterioration or misalignment of JV relationships<br><br>Owner: Country Managers<br>Link to strategy: ⑤<br>Link to business model: A B C D E<br>Link to 2022 KPIs: Working Interest Production, 2P reserves and 2C resources, Cost of Production, Adjusted EBITDAX, Cash Flow from Operating Activities, Loss/Profit After Tax</td></tr>
<tr><td>Risk appetite</td><td>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.</td></tr>
<tr><td>2022 movement</td><td>▲ – The risk increased in 2022<br><br>Non-operated positions are held in the entire UK portfolio and a large component of the Italian portfolio. JV misalignment risks associated with the Cassiopea project in Italy increase the exposure to potential cost and schedule overruns.</td></tr>
<tr><td>Impact</td><td>• Cost/schedule overruns.<br>• Poor operational performance of assets.<br>• Delay in first production from new projects.<br>• Negative impact on asset value.<br><br>In addition, in case the Company is unable to develop and deliver major projects as planned, particularly if the Company fails to accomplish budgeted costs and time schedules, it could incur significant impairment charges associated with reduced future cash flows of those projects on capitalized costs.</td></tr>
<tr><td>Mitigation</td><td>Actively engage with all JV partners early to establish good working relationships.<br><br>Actively participate in operational and technical meetings to challenge, apply influence and/or support partners to establish a cohesive JV view.<br><br>Active engagement with supply chain providers to monitor performance and delivery.<br><br>Application of the Group risk management processes and non-operated ventures procedure.<br><br>Ongoing monitoring of KPIs by Executive Management.</td></tr>
<tr><td>2023 Objectives</td><td>Continue to proactively engage with JV partners and monitor JOA procedures.</td></tr>
</table>

| 8. Recoverability of production cost and receivables in Egypt<br>**Owner**: Country Manager Egypt<br>**Link to strategy**: ① ② ⑤<br>**Link to business model**: B C<br>**Link to 2022 KPIs**: Cash Flow From Operating Activities, Profit/Loss After Tax | |
|---|---|
| **Risk appetite** | **Low** – The Group utilises its strong regional ties and the experience of its commercial teams to mitigate this risk. |
| **2022 movement** | **—** The risk remained static in 2022. At end-December 2022, net receivables (after provision for bad and doubtful debts) in Egypt were $116 million, of which $41 million were classified as overdue. |
| **Impact** | Loss of value.<br><br>Work programme restricted by reduced financial capability. |
| **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.<br><br>Continued engagement with the Egyptian government and Ministry of Petroleum. Proposals for structuring and planning of overdue repayment, on a regular basis. |
| **2023 Objectives** | Improve receivables position as the currency stabilises. Put agreements in place to accelerate recovery of overdue receivables.<br><br>Maintain an active investment programme. |

| **9. Significant cyber risk, including a security breach of internal systems or a cyber attack**<br>**Owner**: Group Information Technology Manager<br>**Link to strategy**: ⑤<br>**Link to business model**: A B C D E<br>**Link to 2022 KPIs**: Loss/Profit After Tax, Total Shareholder Return | |
|---|---|
| **Risk appetite** | **Low** – Energean is committed to maintaining the security and integrity of its data and IT systems. |
| **2022 movement** | ▲ The risk increased in 2022. As Energean grows into a 200 kboepd producer, the risk of a significant cyber-attack increases and therefore requires constant monitoring and management. |
| **Impact** | • Potential operational disruption or shut down.<br>• Potential exposure to high ransomware demands.<br>• Reputational damage / adverse impact on external relationships (customers, suppliers, government agencies).<br>• Loss of shareholder confidence (shareholders, lenders, etc.).<br>• High involvement of regulators.<br>• Loss of data and theft of confidential information.<br>• Regulatory implications and financial penalties. |
| **Mitigation** | • System authorisation and systems training to enable good practise.<br>• Security monitoring systems.<br>• Security plan and cyber policies and procedures.<br>• Insurance to cover potential losses.<br>• Firewalls to prevent unauthorised access.<br>• Intrusion detection to prevent further breaches or loss of data.<br>• Physical access authentication, whitening and net-segregation.<br>• Vulnerability Assessment and Penetration Testing as part of the audit activities. |
| **2023 Objectives** | Technological and procedural measures are continuously evolving to manage changing cyber security threats. |

| 10. Ethics and Business Conduct. Fraud, Bribery and corruption risk<br>**Principal risk**: Owner: Chief Executive Officer<br>**Link to strategy**: ⑤<br>**Link to business model**: A B C D E<br>**Link to 2022 KPIs**: Cash flow from Operating Activities, Loss/Profit After Tax | |
|---|---|
| **Risk appetite** | **Low** – Energean is committed in maintaining 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 or integrity. |
| **2022 movement** | ▲ The risk increased in 2022. Increased global connectivity, digitalization and the complexity of fraud schemes increase the likelihood of a potential fraud incident, although no reportable instances of bribery or corruption have been recorded. |
| **Impact** | Reputational damage.<br>Financial penalties or civil claim.<br>Criminal prosecution. |
| **Mitigation** | Strong governance and anti-corruption policies and procedures. Audit reviews, use of data analytics and continuous monitoring of bribery and corruption controls across the Group to assess compliance. Robust financial procedures in place to mitigate fraud.<br>Annual training programme in place for all employees, available also in local languages.<br>Enhanced due diligence of business partners and customers and compliance auditing on major contractors. |
| **2023 Objectives** | Continue to provide regular training, awareness and communication. Alignment of the Company's controls with its JV partners, involving JV governance and transparency in high-risk areas (Egypt) or activities. |

| **11. Health Safety and Environment (HSE)**<br>**Owner**: HSE Director<br>**Link to strategy**: ⑤<br>**Link to business model**: A B C D E<br>**Link to 2022 KPIs**: LTIF rate | |
|---|---|
| **Risk appetite** | **Low** – 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. The health and safety of employees is of paramount importance to Energean. |
| **2022 movement** | **–** This risk remained static in 2022. The Group's *pro forma* LTIF[46] for operated activity in 2022 was 0.47 per million hours worked (up from 0.33 in 2021). Our TRIR[47] for 2022 was 1.18 per million hours worked (up from 0.77 in 2021). There were no spills to the environment. |
| **Impact** | Serious injury or death.<br>Negative environmental impacts.<br>Reputational damage.<br>Regulatory penalties and clean-up costs.<br>Loss or damage to Company's assets and potential business interruption.<br>Loss or damage to third parties and potential claims. |
| **Mitigation** | Effectively managing health, safety, security and environmental risk exposure is a top priority for the Board, Senior Leadership Team and Management Team. Ongoing monitoring of KPIs by Executive Management is also undertaken. Development and implementation of the Health Safety Environmental (HSE) & Social Responsibility (SR) policy that sets out corporate values, standards and expectations with respect to all HSE & SR matters in relation to company's employees, partners, stakeholders, general public, environment and sustainable development.<br>Implementation and maintenance assurance of an HSE Management System and an effective H&S framework, covering all Energean's expectations and as per international standards.<br>Implementation and maintenance assurance of suitable and effective Crisis Management and Emergency Response and Management Plans as per Energean's expectations and standards.<br>Implementation and maintenance assurance of the Corporate Major Accident Prevention policy (CMAPP), covering Energean's expectations and standards. |
| **2023 Objectives** | Zero serious incidents and LTIF target of less than 0.50 and a TRIR target of less than 1.10.<br>Further expand HSE digitialisation in regards to emergency response management and safety environmental critical elements management.<br>Continue Group driven HSE audits across all countries and sites to ensure all systems used are in line with the Group's guidance. |

[46] Lost Time Injury Frequency.
[47] Total Recordable Incident Rate.

| 12. Failure to manage the risk of climate change and to adapt to the energy transition<br>**Owner**: Chief Executive Officer and – HSE Director<br>**Link to strategy**: ② ③ ④ ⑤<br>Link to business model: A B C D E<br>**Link to 2022 KPIs**: Revenues, Cost of Production, Adjusted EBITDAX, Cash Flow From Operating Activities, Loss/Profit after tax, Carbon Intensity reduction, LTIF rate, total shareholder return | |
|---|---|
| **Risk appetite** | **Medium** – The Group is committed to achieving its net-zero emissions[48] target by 2050 and reducing the near-term carbon intensity of its operations 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. |
| **2022 movement** | — This risk remained static in 2022. |
| **Impact** | Reputational damage and loss of investors and providers of capital.<br>Reduced demand for Company's products due to technology developments towards alternative energy sources.<br>Climate-related policy changes with associated increased costs.<br>Ability to effect change towards lowering carbon footprint. |
| **Mitigation** | On track to reduce near-term carbon emissions intensity to 7-9 kgCO2e/boe and net-zero by 2050<br>Prinos CCS – results of pre-FEED study being analysed<br>In February 2023, a memorandum of understanding ("**MoU**") with Shell Egypt to explore a mutually beneficial decarbonisation solution.<br>Aligned with the TCFD recommendations across all TCFD pillars in our year-end reporting.<br>Climate change strategy development for the reduction, sequestration and offsetting of greenhouse gas emissions. This includes performance optimisation and carbon capture and offsetting projects.<br>Carbon shadow prices are taken into consideration in the evaluation of projects and investments viability.<br>Active commitment to CSR goals and targets.<br>Strengthen our low carbon portfolio and reduce our GHG emissions intensity by shifting production from oil to gas. Best in class ESG ratings:<br>• CDP rating increased to A- from B<br>• Constituent of FTSE4Good Index Series<br>• Maala Index rating increased to platinum from gold.<br>• Rated AA by MSCI for second year running |
| **2023 Objectives** | Progress FEED activities at the Prinos CCS project in Greece.<br>Further progress Energean's path to net-zero.<br>Further reduce emissions intensity and encourage JV partners to engage in methane monitoring campaigns. |

48 Scope 1 & 2 emissions.

| 13. Climate Change – Physical risks<br>**Owner**: HSE Director<br>**Link to strategy**: ③<br>**Link to business model**: A B C D E<br>**Link to 2022 KPIs**: Relevant for all KPIs | |
|---|---|
| **Risk appetite** | **Medium** – Management recognises that climate change is expected to lead to rising temperatures and changes to rainfall patterns in all the countries where it operates. Extreme flooding combined with rising sea level may cause issues to the steady state of Energean's assets. Energean is evaluating measures to reduce the exposure and vulnerability of both its assets and its people to weather and climate events. |
| **2022 movement** | — This risk remained static in 2022. |
| **Impact** | Unexpected asset costs arising from operational incidents or inadequate water supply due to changes in precipitation patterns.<br>Reduced revenue due to extreme weather events and reduced production.<br>Transportation difficulties and supply chain interruptions.<br>Increased insurance premiums for insuring assets in high-risk locations.<br>Negative market reaction.<br>Loss of investor confidence.<br>Serious injury or death.<br>Environmental impacts due to spills.<br>Reputational damage.<br>Loss or damage to assets or early retirement and business interruption. |
| **Mitigation** | Monitoring the weather conditions near its assets and has built protective barriers to combat potential flooding.<br>Energean has also installed an underwater analyser on one of its platforms in Greece to monitor seawater conditions (wave speed and direction). No extreme weather events have occurred to date, but the threat remains<br>Comprehensive insurance policies in place for key assets and infrastructure. |
| **2023 Objectives** | Continue monitoring of environmental conditions and reporting at both an asset and corporate level. |

| **14. Strategic – Regional / Geopolitical conflicts in areas of operation affecting production and distribution (including fiscal uncertainties)**<br>**Owner**: Chief Executive Officer<br>**Link to strategy**: ① ⑤<br>**Link to business model**: A<br>**Link to 2022 KPIs**: Relevant for all KPIs | |
|---|---|
| **Risk appetite** | **Medium** – The sectors in which Energean operates continue to be subject to a high degree of geopolitical, regulatory and fiscal risk. However, true to Energean's entrepreneurial spirit, we accept risks in order to achieve higher business rewards where they are consistent with our core purpose, strategy and values, and can be effectively managed. |
| **2022 movement** | **–** This risk remained static in 2022.<br>The Israel-Lebanon maritime border dispute was resolved in 2022. The border treaty is an international treaty, and has been signed by the highest level of political executive of both sovereign states. For Energean, it specifically and explicitly recognises that Karish and Karish North are in the sovereign territory of the State of Israel. |
| **Impact** | Loss of value; increasing costs (including taxes); uncertain financial outcomes; |
| **Mitigation** | • Cooperation and relationships with governments to ensure the safety of Energean's interests.<br>• Security measures to ensure the safety of Energean's assets and interests.<br>• Scenario planning strategy<br>• Knowledge of regional and local issues and proactive engagement with Government and NGOs – Strong CSR strategy<br>• Sustained and positive relationships with governments and key stakeholders through robust investment plans and engagement in local projects. |
| **2023 Objectives** | Continued monitoring of geopolitical events and regulatory/fiscal changes.<br>Undertake risk assessment activities in relation to new projects.<br>Energean strives to become a leader in CCS in the Eastern Mediterranean and is confident that we will be part of the solution. |

### Emerging risks

The main emerging risk areas are on unexpected legislation, including those related to climate change, and government actions that could impact the Company. Management will closely monitor any relevant trends around potential new windfall and carbon taxes implementation in countries where this has yet to occur, but also on regulations governing price determinations in order to properly adjust planning and budgeting activities.

The Group has identified all these emerging risks and is actively assessing and monitoring them.

# Viability Statement

The Directors have assessed the viability of the Group over a 3 year period until 31 December 2025. The assessment started from the 31 December 2022 actual financial position and considered the potential impact of the principal risks documented in the report on its forecasted financial projections. The basis for the forecasts is the Group Working Capital Model.

The board conducted the review over a 3-year period for the following reasons:

i. Energean considers its medium-term forecast and guidance on a rolling 3-year basis

ii. The Group's key strategic projects, Karish, Karish North, NEA/NI, Cassiopea and Epsilon are expected to be onstream and fully ramped-up facilitating Energean to reach its medium-term plan targets of $1.75 billion EBITDAX and over 200 kboepd by 2025.

iii. This period covers the remaining capital investment phase until respective first production and ramp-up from each of this phase of strategic projects e.g. Karish North, NEA/NI, Cassiopea and Epsilon.

iv. Energean raised $2.5 billion of project bonds in 2021 for its Israel Project, the first tranche of bonds are due for repayment in 2024 therefore the viability assessment period captures both the coupon payments and the first principal repayment.

v. Energean announced its Dividend Policy in March 2022, stating it would aim to pay at least $1 billion of dividends by the end of 2025 therefore the viability assessment period captures this forecast.

Based on these factors, the board considers that an assessment period up to 31 December 2025 appropriately reflects the underlying potential and viability of the Group and is the period over which principal risks are reviewed.

In order to make an assessment of the Group's viability, the Board has carried out a detailed assessment of the Group's principal risks, and the potential implications these risks could 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 commodity price downside, downside production scenarios, delay to certain strategic projects where we are non-operator and the risk of rising interest rates.

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 |
|---|---|---|
| 1. Operational Risk: (i) Delay to key projects (NEA/NI in Egypt, Karish North including second oil train and riser, Cassiopea in Italy and Epsilon in Greece) including operational readiness failures (ii) Production uptime and operational efficiency<br>2. Deterioration or misalignment of JV relationships<br>3. Recoverability of receivables in Egypt | First Gas from NEA/NI occurred in March 2023, Cassiopeia assumed 3 month delay vs. Budget. Epsilon in Q1 2024 (per budget) and Karish North online by end of 2023 (per budget).<br>Production profiles assumed as per Budget which are conservatively lower than CPR 2P forecasts | 10% reduction in production across all key projects to reflect the year of start-up/no operational history.<br>5% reduction in production across all mature assets vs base case<br>Additional delay of 3 months to first gas in Cassiopeia given non-operated project.<br>Reduction in EGPC receivables by 10% |

| Principal Risks | Base Case Assumptions | Sensitivity Scenarios |
|---|---|---|
| 4. Macro-Economic Risk including inflation, interest rates and commodity price fluctuations<br><br>5. Financial Risk: inability to maintain balanced cashflow resulting in increased liquidity and credit risk | Oil price based on recent forward curve, at $80/bbl in 2023, $75/bbl in 2024 and $70/bbl in 2025.<br><br>PSV gas price based on recent forward curve, €50/MWH in 2023, €45/MWH in 2024 and €30/MWH in 2025<br><br>FX rate for costs in € of €1: $1<br><br>FX rate for costs in £ of £1: $1.1 in 2023 and $1.2 in 2024 and 2025<br><br>FX rate for Shekel of $1: ILS3.5<br><br>The USD2.5bn and $450m bonds have a fixed coupon i.e. no exposure to interest rate risk only the €100m Greek State backed loan is exposed to movements in EURIBOR and any loan utilization under the RCF will be exposed to movements in SOFR. The RCF is undrawn at 31 December 2022 apart from Letters of Credit which are not linked to interest rates. A EURIBOR/SOFR rate of 4.5% is assumed in base case.<br><br>Refinance of the first tranche of bonds due in March 2024, no refinance of the bonds due in March 2026 | Reduction of 10% in Brent price and 10% in PSV price across the whole Viability Assessment period.<br><br>Increase in rates to 5%<br><br>Partial drawdown of the RCF (and rapid repayment thereafter) to maintain smooth cashflow balance |
| 6. Failure to manage the risk of climate change and to adapt to the energy transition | Carbon charges (European carbon emissions tax) included across the portfolio where applicable, e.g. in Greece.<br><br>Budget expenditure for green projects and or investments included in the base case such as (i) on-site projects for absolute emissions reduction, (ii) investment in carbon removal projects (iii) studies for CCS projects across the Group. | Free allowances are used up until 2025 therefore charges are projected to be incurred outside of the Viability Period. The risk of further measure being introduced and enacted by governments in our areas of operations is low. Therefore, there is no sensitivity included in the downside scenario. |

Under such individual and combined sensitivity scenarios the Group maintains sufficient cash throughout the viability period. Nevertheless the Board has considered the availability and likelihood of mitigating factors such as the ability to hedge, headroom under existing debt facilities, additional funding options including refinancing and further rationalisation of our cost and asset base, including cuts to discretionary capital expenditure such as exploration or shifting of expenditures 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 Chair

Ms. Simon was appointed as an Independent Non-Executive Director in September 2017 and became Non-Executive Chair in November 2019. Ms. Simon was formally with J.P. Morgan for over 35 years and retired in December 2019 as Vice Chair in the Investment Bank. During her banking career, Ms. Simon held a number of executive positions in corporate finance including Global Co-Head of Financial Sponsor Coverage working with the firm's private equity clients advising on leveraged buy-outs, M&A and IPO's; CO-Head of European Middle East and Africa (EMEA) Debt Capital Markets; and Head of EMEA Oil & Gas Coverage. Ms. Simon spent 20 years of her career in London where she was a member of J.P. Morgan's EMEA Management, Debt Underwriting, and the Reputational Risk Committees. She is a US/UK dual citizen. Ms. Simon currently sits on the boards of Aker ASA listed on the Oslo stock exchange and Crescent Energy listed on the New York stock exchange as well as on the Board of Trustees for the Institute of Shipboard Education, a non-profit which runs the Semester at Sea study abroad program for university students. Ms. Simon graduated from the University of Colorado with a degree in Economics and has a Masters of Business Administration degree from Southern Methodist University and a Masters of International Management degree from the Thunderbird School of Global Management where she also Co-Chairs the Thunderbird Global Alumni Council.

*Independent:*
- Upon appointment as Chair

*Committee membership:*
- Nomination & Governance – Chair
- Remuneration & Talent – Member

*Current external appointments:*
- Aker ASA – Independent Non-Executive Director
- Crescent Energy – Independent Non-Executive Director, Member of the Audit Committee

**Matthaios (Mathios) Rigas**
Chief Executive Officer

Mr. Rigas (Mathios) is the founding shareholder and has served as the CEO of the Energean Group since its inception in 2007. He is a Petroleum Engineer with senior investment banking experience. Under his leadership, Energean has developed into the leading Independent gas focused E&P in the East Mediterranean. Mathios led the international expansion of Energean, through the acquisitions of Prinos, Karish and Edison's E&P business, as well as the Initial Public Offering in London and secondary listing inTel Aviv. Today, Energean is active in 8 countries, with reserves of over 1.1 bn boe and production targeting 200,000 boe/d.

Under Mathios' leadership, Energean's ESG strategy has been recognised by numerous awards across Europe. Mathios was the first E&P CEO to commit to a net-zero strategy in 2019. He was voted CEO of the year in 2018 in London when Energean was also voted Independent of the Year and the Company's IPO received the award for Deal of the Year by World Energy Council.

Prior to setting up Energean Mathios had over 20 years of investment banking and private equity experience. He worked in London for JP Morgan Chase and subsequently set up Capital Connect, a Greek private equity fund investing in recycling, IT, healthcare and energy. Mathios 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.

*Independent:*
- N/A

*Committee membership:*
- N/A

*Current external appointments:*
- None

**Panagiotis (Panos) Benos**
Chief Financial Officer

Mr. Benos has 21 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. 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:*
- N/A

*Current external appointments:*
- N/A

**Andrew Bartlett**
Independent Non-Executive Director

Mr. Bartlett was appointed as an Independent Non-Executive Director in August 2017. Mr. Bartlett has over 30 years' experience in the upstream oil and gas industry and currently serves as a Non-Executive Director for Africa Oil Corporation and Prime Oil & Gas B.V. and as Energy Adviser to Helios Investment Partners LLP (a private equity partnership focused on Africa). Before his current directorships, Mr. Bartlett served as the chair 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 Shell plc between 1981 and 2001, as a petroleum engineer and development manager, where he gained extensive experience in the upstream operations of oil and gas fields and latterly as a founding VP of Shell Capital. He holds an MSc in Petroleum Engineering from Imperial College London.

*Independent:*
- Yes

*Committee membership:*
- Audit & Risk– Chair
- Nomination & Governance – Member

*Current external appointments:*
- Africa Oil Corporation – Non-Executive Director, Head of Audit Committee
- Prime Oil and Gas B.V. – Non-Executive Director, Head of Audit Committee
- Adviser to Helios Investment Partners LLP

**Efstathios (Stathis) Topouzoglou**
Non-Executive Director

Mr. Topouzoglou was appointed as a Non-Executive Director in May 2017. 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 39 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 Corporation

**Amy Lashinsky**
Independent Non-Executive Director

Ms. Lashinsky was appointed as an Independent Non-Executive Director in November 2019. Ms. Lashinsky is the Co-Founder and Chief Executive of Alaco, an international risk management and business intelligence consultancy. Most active in the emerging and frontier markets, she has over three decades' experience advising multinationals, financial institutions and investors on matters such as reputational risk and ESG criteria, delivering intelligence reports to support transactions around the world. She also works with global law firms and their clients on various contentious matters, from strategic litigation support to asset tracing and judgement enforcement brought about through arbitration or litigation. 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 co-founding Alaco in 2002. Ms Lashinsky graduated from the University of Michigan with a B.A. in Political Science. In addition to her duties at Energean, she is a Trustee of the Rathbones Folio Prize for Literature.

*Independent:*
- Yes

*Committee membership:*
- Audit & Risk– Member
- Remuneration & Talent – Member

*Current external appointments:*
- Alaco Limited – Chief Executive Officer

**Kimberley Wood**
Independent Non-Executive Director

Ms. Wood was appointed as an Independent Non-Executive Director of Energean plc in July 2020. She 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 in the boardroom. Throughout her career, she has advised a wide range of companies in the sector, from small independents through to super-majors. Ms. Wood is included in the Who's Who Legal: Energy for 2022 and Women in Business Law for 2022. She holds an LLB from the University of Edinburgh and an LLM in Public International Law from University College London; and she is admitted as a solicitor in England & Wales.

Ms. Wood is a Director of Gulf Keystone Petroleum Ltd, a company listed on the main market of the London Stock Exchange, where she chairs the Remuneration & Talent Committee. She is also a Director of Africa Oil Corp, a company listed on the Toronto Stock Exchange and the NASDAQ Nordic Exchange, chairing the Corporate Governance and Nomination Committee and finally is a Director of Valeura Energy Inc., a company listed on the Toronto Stock Exchange, chairing its Governance and Compensation Committee.

*Independent:*
- Yes

*Committee membership:*
- Remuneration & Talent – Chair
- Audit & Risk – Member
- Nomination & Governance – Member

*Current external appointments:*
- Gulf Keystone Petroleum Ltd – Independent Non-Executive Director
- Africa Oil Corp – Independent Non-Executive Director
- Valeura Energy Inc – Independent Non-Executive Director

**Andreas Persianis**
Independent Non-Executive Director

Mr. Persianis was appointed as an Independent Non-Executive Director in July 2020. 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 is currently serving as an Independent Non-Executive Director on the board of Hellenic Bank. He has also worked as a Senior Manager at Bain & Company (London), one of the world's largest strategy consulting firm. 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 – Member
- Environment, Safety & Social Responsibility – Member

*Current external appointments:*
- Hellenic Bank PLC– Independent Non-Executive Director

**Roy Franklin**
Senior Independent Non-Executive Director

Mr. Roy Franklin was appointed Non-Executive Director in October 2021. Mr. Franklin has over 45 years of experience as a senior executive in the oil and gas industry. He began his career at BP where he spent 18 years, and served as head of M&A at BP Exploration as his latest position. After leaving BP, Mr. Franklin acted as managing director of Clyde Petroleum, and then as CEO of Paladin Resources until its acquisition by Talisman Energy in 2005. Mr. Franklin has extensive experience as a Non-Executive Director. He sat on the boards of Amec Foster Wheeler plc (2016-2017), Keller Group plc (2007-2016), Equinor A/S (2015-2019), Premier Oil PLC (2017-2021) and Santos Limited (2006-2017). Mr. Franklin also acted as a member of the Advisory Board of Kerogen Capital LLC until September 30, 2021. Mr. Franklin currently acts as Chair of the international energy services group, John Wood Group PLC, as well as a Non-Executive Director of Kosmos Energy. Mr. Franklin holds a Bachelor of Science in Geology from the University of Southampton, and in 2004 was awarded an OBE in recognition of his services to the Oil & Gas industry.

*Independent:*
- Yes

*Committee membership:*
- Environment, Safety & Social Responsibility – Chair
- Nomination & Governance – Member

*Current external appointments:*
- John Wood Group PLC – Non-Executive Chair
- Kosmos Energy – Non-Executive Director

# Corporate Governance Statement

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

- Board Leadership and Company Purpose is set out on pages 101-102
- Division of responsibilities is set out on pages 102-103
- Composition, Succession and Evaluation is set out on page 103
- Audit, Risk & Internal Control is set out on pages 103-104
- Remuneration is set out on page104

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

Company Purpose, Vision and Values

The Company's purpose, vision and values are communicated to employees through regular engagement such as team and townhall meetings, messages from the CEO, and through our intranet where group policies and resources can be accessed. Further details on how the Company engages with both its workforce and with the communities in which it operates are set out on in the s172 Statement on page 106-109.

***Purpose***

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

### Board and Committee Attendance

Type and number of meetings held during the year:

| Director | Board (8) | Audit & Risk (5) | Remuneration & Talent (6) | Nomination & Governance (4) | Environment, Safety & Social Responsibility (3) |
|---|---|---|---|---|---|
| Karen Simon[49] | 8 | – | 6 | 4 | 2 |
| Mathios Rigas | 8 | – | – | – | – |
| Panos Benos | 8 | – | – | – | – |
| Andrew Bartlett[50] | 8 | 5 | 4 | 2 | – |
| Robert Peck[51] | 2 | – | 0 | 1 | 1 |
| Efstathios Topouzoglou | 8 | – | – | 3 | 3 |
| Amy Lashinsky[52] | 7 | 5 | 2 | – | 1 |
| Kimberley Wood | 8 | 5 | 6 | 4 | – |
| Andreas Persianis | 8 | 5 | – | – | 3 |
| Roy Franklin[53] | 8 | – | 1 | 4 | 3 |

The Board has a formal schedule of matters that can only be decided by the Board, and this schedule was reviewed and updated by the Board during 2022.

The key matters considered by the Board in 2022 were:

| | |
|---|---|
| HSE performance | Approving the Group 2023 budget |
| Payment of the Company's inaugural interim dividends | Group strategy in light of the increased focus on ESG matters |
| Strategic decisions on capital expenditure | Karish project having been brought onstream and first gas achieved |
| The composition of committees | Board composition |
| Deep dive into the decommissioning process from a technical and financial perspective | Review of risk register and a deep dive into risk management including the introduction of a new Enterprise Risk Management ("**ERM**") system |
| Deep dive into operational insurance covers | Appointment of new Senior Independent Non-Executive Director |
| Material contracts | Reviewing and approving the financial statements for the 2021 year-end and 2022 half year |
| Financial reporting and controls | Compliance with statutory and regulatory obligations |
| Material litigation | Significant transactions |
| Internal controls and risk management | Delegations of authority |
| Executive remuneration | Growth drilling programme in Israel |

49 Karen Simon joined the ESSR Committee with effect from 20 July 2022. The number of possible ESSR Committee meetings Karen Simon could have attended was 2.

50 Andrew Bartlett left the Remuneration & Talent Committee and joined the Nomination & Governance Committee with effect from 20 July 2022. The number of possible Remuneration & Talent Committee meetings Andrew Bartlett could have attended was 4 and the number of possible Nomination & Governance Committee meetings was 2.

51 Robert Peck retired from the Board at the conclusion of the 2022 AGM held on 26 May 2022. The number of possible Board meetings Robert Peck could have attended was 2, the number of Remuneration & Talent Committee meetings was 3, the number of Nomination & Governance Committee meetings was 1 and the number of ESSR Committee meetings was 1.

52 Amy Lashinsky left the ESSR Committee and joined the Remuneration & Talent Committee with effect from 20 July 2022. The number of possible ESSR Committee meetings Amy Lashinsky could have attended was 1 and the number of possible Remuneration & Talent Committee meetings was 2.

53 Roy Franklin joined the Remuneration & Talent Committee with effect from 20 July 2022. The number of possible Remuneration & Talent Committee meetings Roy Franklin could have attended was 2.

| | |
|---|---|
| Share premium reduction | Reviewing of Greek and Italian assets and capital allocation |
| Receiving updates on the Group's activities in carbon capture | Monitoring of progress against environmental commitments |
| Board approved a Diversity, Equity and Inclusion policy for the Group. | Benchmarking of Diversity, Equity and Inclusivity performance. |

**Board leadership and Company's 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 as well as contributing to wider society. This is carried out through detailed reviews by the Board of the Company's investment plans, funding plans, and corporate social responsibility strategy. Details of the Company's Corporate Social Responsibility commitments and actions are found on pages 45-52. Details of the Company's engagement with stakeholders is detailed in the section 172 (1) statement on pages 106-109. As required by the Code, the Board is required to consider and assess the risks the business faces, and is assisted in this process by the Audit & Risk Committee. The Group's principal risks and uncertainties, which provide a framework for the Audit & Risk Committee's focus, are discussed on pages 74-93. The Environmental, Safety & Social Responsibility ("**ESSR**") Committee ensures that a key pillar of the Company's strategy (sustainability and the commitment to net-zero by 2050) is monitored and assessed in a single forum that then reports on its activities to the Board. For details on the ESSR Committee's activities see pages 116-117. The sustainability of the Company's business is considered further on pages 15-19 of the Strategic Report.

As part of the Company's contribution to wider society, the Board was again pleased to see the progress that the Company has made during 2022 in furtherance of its commitment to the UN's Global Compact campaign and pledge to net-zero emissions by 2050. 2022 also saw the Company's Carbon Disclosure Project ("**CDP**") rating increased to A- (from B) outperforming the global average for E&Ps of C. Furthermore, the Remuneration & Talent Committee again included targets to reduce emissions in the short-term and long-term bonus plans. This now means that the majority of the incentive plans in the Company have targets relating to reducing emissions. Furthermore 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 and minimizing impact on the environment can be found on pages 17-19.

Energean has grown from a company that was producing 3,000 barrels of oil equivalent per day (boe/d) in 2019 to a company that produces now, following first gas in Karish, average working interest production of approximately 41.2 kboepd in 2022 having also significantly increased its reserves during the year. Karish will be the key driver of the step up to 200,000 boe/d. The Company operates in seven countries in the East Med and North Sea and has made significant progress in reducing the carbon intensity of its operations (when measured against the Kilograms of CO2 produced per boe). The Company is also proud of its health and safety record, further details of which can be found at page 60.

In May 2022, Amy Lashinsky was appointed by the Board as the workforce Board representative. Employees can confidentially email Amy Lashinsky to raise any issues, to the extent appropriate. In addition, employees can raise concerns through the confidential whistleblowing procedure via either the whistle-blowing officer or the Chief Executive Officer, and, when not happy with the way in which their concern has been handled, they may contact the chair of the Audit & Risk Committee or our external auditors. The Board receives monthly updates from the Group HR Director 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 at rates that, under the remuneration policy, are used as the basis to align Executive Directors pension contribution rates to the wider workforce. Eligible employees are also able to benefit from two share plans the Deferred Bonus Plan and the Long Term Incentive Plan. Further details on employee related matters are found on pages 52-56. The Board also monitors the Company culture and includes culture related metrics in the Company's annual bonus plan. During 2022 these metrics included the benchmarking of Diversity, Equity and Inclusivity performance against the Centre of Global Inclusion benchmark tool and the approval of a Diversity, Equity and Inclusion policy. Goals relating to culture are also included in the 2023 bonus scorecard and the Board and the Remuneration & Talent Committee will continue to monitor and track progress against these objectives.

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.

The Board and Remuneration & Talent Committee continue to engage with shareholders on issues related to remuneration most recently by way of a letter to shareholders sent in March 2023. More information on this matter is set out on page 125.

**Division of responsibilities**

The Board currently comprises:

- The Chair (who was independent upon her appointment)
- Two Executive Directors (Chief Executive Officer and Chief Financial 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 9.47% of the shares of the Company (as an individual and through his indirect holdings in both Oilco Investments Limited and HIL Hydrocarbon Investments Limited).

There is a clear division of responsibilities of the Chair, the Executive Directors and the Non-Executive Directors. The roles of Chair and Chief Executive Officer are separate, and the responsibilities clearly defined. It is the Chair'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 business. The Chief Executive Officer is supported by the Executive Committee which meets fortnightly and comprises of country managers and functional heads. The Chair and Chief Executive Officer share responsibility for the representation of the Company to third parties.

As detailed on page 100, the Board met eight times throughout the year, which is deemed to be sufficient, given the size and complexity of the Company's operations.

The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. The Chair 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 Chair. 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 business's performance, which keeps the Non-Executive Directors up-to-date on all the key issues; and Board members are able to ask management questions on any matter.

Each Board appointment is for an unlimited term, subject to being re-elected as a Director at each AGM. 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 Non-Executive Director, Roy Franklin, is to provide a sounding board for the Chair and to serve as an intermediary for the other Directors when necessary. The Senior Independent Non-Executive Director is available to shareholders if they have concerns which contact through the normal channels of Chair, 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 & Governance Committee oversaw the retirement of Robert Peck, an Independent Non-Executive Director, from the Board and, following Andrew Bartlett's decision to step-down as the Senior Independent Non-Executive Director, the appointment of Roy Franklin as his replacement. The Nomination & Governance Committee keeps the succession plans for Directors and senior management continuously under review, including by reference to the present composition of the Board and each member's skills and individual performance. More information on this matter is set out on pages 118-122.

Following Robert Peck's retirement, the Nomination & Governance Committee reviewed the composition of the Board committees and recommended the following changes to the Board which were approved with effect from 20 July 2022:

- Andrew Bartlett joined the Nomination & Governance Committee and left the Remuneration & Talent Committee;
- Amy Lashinsky joined the Remuneration & Talent Committee and left the ESSR Committee;
- Roy Franklin joined the Remuneration & Talent Committee; and
- Karen Simon joined the ESSR Committee.

Details of these Board and Committee changes can be found in the Nomination & Governance Committee report on page 120.

In the second half of the year, as required by the Code, the Chair, the Board, its committees and the individual directors were subject to an internally facilitated annual evaluation of their performance, further details of which are contained in the Nomination & Governance Committee report on pages 118-122. The results were reviewed by the Committee and discussed with the Board. Both the Nomination & Governance Committee and the Board were satisfied that each Director continues to contribute effectively.

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 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 five years by the end of 2022.

During 2023, the Chair, the Board, its committees and individual directors will be subject to an externally facilitated review as required by the Code. The results of that externally facilitated review will be reported on in the 2023 Annual Report & Accounts as well as details on the plans for the Board to continually monitor performance against those results.

During 2022, upon the Nomination & Governance Committee's recommendation, the Board approved a Diversity, Equity and Inclusion policy for the Group recognising that a truly diverse, equitable and inclusive culture is crucial to attracting, developing and retaining talent. The Board also appointed the Group HR Director to act as the Group's DEI Leader.

**Audit, risk and internal control**

The Board established the Audit & Risk Committee upon admission to the London Stock Exchange, which, during 2022, comprised Andrew Bartlett, Amy Lashinsky, Andreas Persianis and Kimberley Wood, 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 its responsibilities, the Committee has formal and transparent policies in place 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 reviews and monitors the internal control framework and ensures that a robust assessment of the Group's principal risks has been undertaken. In 2022 this saw the introduction of a new Enterprise Risk Management ("**ERM**") system, as further described on page 74. Further information about the Committee's roles, responsibilities and activity is detailed on pages 110-115 and further details on the Risk Management process is found on pages 74-93.

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 and the Annual Report and Accounts, taken as a whole 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 & Talent Committee as part of the admission process in March 2018. During 2022 the Committee members were Kimberley Wood and Karen Simon with Roy Franklin and Amy Lashinsky joining the Remuneration & Talent Committee with effect from 20 July 2022. Robert Peck, having retired from the Board following the conclusion of the 2022 AGM held on 26 May 2022, left the Committee as did Andrew Bartlett with effect from 20 July 2022. Kimberley Wood, Roy Franklin and Amy Lashinsky are Independent Non-Executive Directors and Karen was considered independent upon her appointment as the Company's Chair. Amy Lashinsky is also the Board's workforce representative and ensures that the views of the workforce are taken into consideration in Board decision making.

The Committee has delegated responsibility for determining policy for Executive Director remuneration and setting the remuneration for the Chair, Executive Directors and senior management. In addition, it reviews workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration. 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 companies, as well as emission reductions.

Furthermore, the Company has in place an annual bonus scheme which incentivises management to progress with key projects 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 two years. This further aligns the Executive Directors with the long-term interests of the shareholders.

The members of the Remuneration & Talent 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 Chair, Karen Simon recuses herself from these discussions. Further details of the role and activities of the Remuneration & Talent Committee and the Remuneration Policy are found on pages 131-147 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, the ESSR Committee has taken over responsibility for climate change matters on behalf of the Board. The Board is also charged with reviewing investments for climate-related risks (among other risks).

The ESSR Committee evaluates Energean's policies and systems for identifying and managing sustainability related 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 ESSR Committee convenes three times a year 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. This Committee is responsible for ensuring that measures to mitigate and adapt to the risks identified are effective and implemented as necessary.

The Remuneration & Talent 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***

The Board sets the Company's values and standards, including the Group's long-term objectives and commercial strategy, and ensures that its obligations to its shareholders and others are understood and met. Day to day responsibility and accountability for the Company's environmental and climate change policy, strategy and targets related to short, medium and long-term plans lies 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 impact on Energean's future financial performance.

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 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.


***Board expertise***

To ensure Energean's Board 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 Director proactively interacts with Board members to provide necessary information and further insights on specific climate change-related issues affecting the Company.

# Section 172 (1) Companies Act 2006 Statement

The Directors confirm that, throughout the year, they have acted in a way they consider, in good faith, would be most likely 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, and shareholders. The specific engagement with stakeholders on a day-to-day level is delegated to the executive management team with the Board being kept up to date with the results of this engagement and future plans. The Executive Directors routinely meet with shareholders to discuss the strategic direction of the Company and the feedback from these meetings is shared with the other Directors. Details of the Board's engagement with the workforce is found on page 106 of this report and details of the Board's and Company's engagement with local communities is found on pages 106-108 of this report.

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

**Long term impact of decisions**

Energean has a clear ambition to be the leading Mediterranean focused gas producer and is 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 requiring 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. Examples of this decision making in action include the taking the final investment decision on the Israel growth projects and the proposed development of a carbon capture and storage project at the Prinos acreage in Greece. For the Israel growth projects the Directors considered the Company's wider growth plans and future ability to pay a dividend as well as enabling Israel to use gas as a transition fuel to move away from coal. For the carbon capture and storage project the Board considered the vital role that carbon capture and storage could play in the Company's sustainability plans and vital role the facility could play in the region.

**Engagement with:**

***Workforce***

As required by the UK Corporate Governance Code, Amy Lashinsky, an Independent Non-Executive Director, was appointed by the Board in 2022 to be the "employee voice" in the boardroom replacing Robert Peck who retired from the Board on 26 May 2022. Amy Lashinsky met informally with mid-level managers and staff in Milan at the October Enterprise Risk Management workshop. During 2022, Amy Lashinsky also joined the Remuneration & Talent Committee where she participates in discussions related to the Company's work force.

As part of the 2022 bonus KPIs, the Executive Directors were set objectives relating to conduct and culture. The Executive Directors were awarded a 100% pay-out on this metric following the successful completion of the Diversity, Equity and Inclusion ("**DEI**") benchmarking using the Centre of Global Inclusion benchmark tool and the approval of a DEI policy.

***Local communities***

Energean is very active in the communities in which it operates (further information on this can be found on pages 46-52), 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, we purchased and donated school supplies, classroom equipment, and stationery to 3 social institutions, 2 community centers and 1 kindergarten, supporting over 400 students and their families in need in Kavala and the Island of Thassos, Greece.
- In Israel, for the fourth year we continued to support "Etgarim", an NGO dedicated to the empowerment and social integration of people with disabilities through outdoor sports and, for a second year in a row, Energean colleagues ran 5 and 8 kilometers in Etgarim's "Spring Run" delivering a message of inclusivity.
- In Italy, in collaboration with "Caritas" (a Catholic organisation for charity), we donated school supplies and stationery, helping a Charity Centre and families in need and their children in Chieti Province, Sicily and Milan, Italy.
- In Montenegro, Energean teamed up with the Greek Embassy and donated valuable food packages to the donation campaign of the NGO "Women of Bar".
- In Egypt, we partnered with the broader Egyptian Petroleum Sector to provide support and new houses to the victims of the terrible flood at Khor Awada village.
- In Egypt, Energean's Egyptian Abu Qir Petroleum ("**AQP**") joint venture (JV) partners received their first certificate for waste segregation and paper recycling in Egypt. AQP became the first Oil & Gas JV in Egypt to entirely (100%) recycle its paper, cartons and plastic waste from all its offices and operational sites (onshore and offshore). Energean's Cairo branch has followed the same approach of waste segregation and recycling, by cooperating with "Go Clean", a recycling solutions company.

On 5 June 2022 (World Environment Day), Energean organised the following activities, focused on positive sustainability actions and increased environmental awareness, aligning with the UN's 2022 theme of "Only One Earth":

- In Kavala, Greece we donated waste disposal bins to the village of Nea Peramos and organised and performed a beach clean-up at Richo Beach, in collaboration with the Municipality of Paggaion, in the villages of Nea Peramos & Nea Iraklitsa;
- In Montenegro we donated concrete waste disposal bins to the Maljevik and Sutmore sea-side promenades, in cooperation with the Municipality of Bar;
- In Egypt we performed a beach clean-up in the village of Al Maadeyah, in cooperation with AQP and "GoClean", we distributed LED lamps to underprivileged families in cooperation with AQP, we distributed recycling bins to schools and the Al Maadeyah beach club, and we hosted an environmental awareness session titled "Preserve the Environment by Recycling", encouraging our employees to form sustainable habits and raise awareness for the next generation;
- In Haifa, Israel we granted 2 Master's degrees Clean Energy scholarships to students at the Technion (the Israel Institute of Technology), to reward excellence and promote academic research on clean energy.

During 2022, Energean collaborated with:

| Globally: |
|---|
| United Nations Global Compact & United National Global Working Group Participation |
| In Greece: |
| Management body of the Nestos River Delta, Lakes Vistonida-Ismarida and Thassos Island |
| The Regional Unit of Kavala |
| The Holy Diocese of Philippi, Neapolis and Thassos – Northeastern Greece |
| Democritus University of Thrace (DUTH), Department of Environmental Engineering |
| Athletic Club of Kavala – Department of Wheelchair Basketball” |
| The Health Center of Prinos |
| The Prefectural Association of People with Disabilities of Kavala |
| OKAK (Kavala’s Track and Field Athletic Club) |
| MDA Hellas (the Muscular Dystrophy Association of Greece), a non-profit organisation that supports people that suffer with neuromuscular diseases |
| In Israel: |
| Maala, a non-profit, CSR standards-setting organisation in Israel, which has set a dedicated CSR index on 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 Platinum Level, for the first time, at the 2022 Maala ESG Index. |
| “Yeladim – Fair Chance for Children”, an NGO which takes care of children that were removed from their homes and live in boarding schools |
| Rahaf Sailing and Surfing Club, a Club that supports young sailors from low-income communities |
| Etgarim, an NGO dedicated to the empowerment and social integration of people with disabilities through outdoor sports – Haifa |
| The Nature and Parks Authority |
| The University of Haifa and the Technion |
| In Montenegro: |
| The Municipality of Bar – City of Bar |
| The Greek Embassy – Podgorica, Montenegro |
| In Italy: |
| “Caritas Diocesana”, a Catholic organisation for charity – Chieti Province |
| The Italian Naval League |
| “IdeaVita”, an organisation with the aim of designing and implementing independent life paths to people with disabilities, affirming and guaranteeing their right to a full and independent life over time |
| “Aretusa” Handball Team |
| Order of Journalists of Molise |
| LILT, the National Association for the Research Against Cancer |
| Alma Mater Studiorum, University of Studies, Bologna |
| Assorisorse – Natural Resources and Sustainable Energy, a Confindustria Association made up of about 100 companies committed to enhancing natural resources and intellectual skills through technological innovation and the circular economy, with the aim of decarbonising industrial processes and achieving environmental, economic and social sustainability |
| In Egypt: |
| “Go Clean”, a recycling solutions company |
| The American University of Cairo |
| Dar Al Orman Association, an NGO that performs charity work |
| Egyptian Petroleum Sector |

***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 section 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 material comments 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.

***Maintaining a reputation for high standards of business conduct***

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 2010, and to accurately reflect 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. We actively monitor and manage risks from bribery or ethical misconduct, and we run an anti-corruption and anti-bribery compliance program, actively overseen by the Board.

During the year, the Company continued to actively monitor and manage risks from bribery or ethical misconduct and the due diligence process was extended to include assessments for compliance health check on all our new customers to ensure that their internal policies meet the high standards that Energean expects from its partners.

# Audit & Risk Committee Report

**Andrew Bartlett – Chair of the Audit & Risk Committee**

I am pleased to present this Audit & Risk Committee Report for the year ended 31 December 2022, which sets out the role and work of the Committee during the year and key areas of focus for 2023. 2022 was a busy year for the Committee as it assisted the Board with its financial reporting obligations for the annual report, interim report, the introduction of a new Enterprise Risk Management ("**ERM**") system and payment of the Company's maiden interim dividend. 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, Amy Lashinsky, and Kimberley Wood.

The Board remains satisfied that the Committee has recent and relevant financial experience, and that the Committee as a whole has sufficient experience of the oil and gas sector to meet the requirements of the Code.

Furthermore, 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 94-98.

Any member of the Committee, the Company's external auditor, or the Head of Internal Audit or the Head of Compliance 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 Committee met with the external auditor on several occasions without management presence. The Chair of the Board, CFO, external audit partner and Head of Internal Audit attend meetings by standing invitation; the Company Secretary acts as Secretary to the Committee.

**Attendance at Meetings**

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

| Director | Number of meetings entitled to attend | Number of meetings attended |
|---|---|---|
| Andrew Bartlett | 5 | 5 |
| Kimberley Wood | 5 | 5 |
| Amy Lashinsky | 5 | 5 |
| Andreas Persianis | 5 | 5 |

**The Audit & Risk Committee's role**

Following the annual review of the Audit & Risk Committee's Terms of Reference, updates were made to ensure alignment with the Code and best practice guidance.

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

The role of the Committee is 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 any other formal announcements relating to the Group's financial performance and reviewing the Group's accounting policies and significant financial reporting judgements;
- 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 the external auditors;
- Advising on the appointment, reappointment and removal of the external auditors and reviewing and monitoring the external auditor's independence and objectivity;
- Reviewing reports from the reserves auditor;

- Setting the programme for and reviewing the effectiveness and follow-up of internal audit, whistleblowing and fraud systems in place within the Group. 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 Head of Internal Audit and the Head of Compliance has a standing invitation to all committee meetings; and
- Assessing the effectiveness of the Group's risk management and internal assurance processes. 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 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:

- The Committee received technical reports from management and input from external specialists. The Committee reviewed reserves and resources reports to verify completeness of information and consistency of reserves volumes across the accounting processes.
- 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 there were no indicators of impairment at the year end of cash generating units. The Committee reviewed the financial statement disclosures and was satisfied they appropriately conveyed the judgements and estimates.
- The Committee reviewed the impairment of exploration and evaluation assets under IFRS 6 and heard from management about the rationale for impairment considering the intent to develop or otherwise extract value from discoveries.
- The Committee also considered the approach taken by the Company in relation to accounting for decommissioning provisions. The Committee undertook a deep dive and heard from management about the decommissioning process from a technical perspective, incorporating the regulatory framework and impacts of the energy transition, and from a finance perspective, to ensure decommissioning provisions had been accurately and consistently applied. The Committee reviewed the accounting treatment considering assumptions related to the estimated costs and expected timing of decommissioning liabilities. The Committee reviewed disclosures in the financial statements and were satisfied with the disclosures on decommissioning provisions.
- The Committee assessed the accounting treatment of the Karish/Tanin development. The Committee reviewed the capitalisation of development costs and the subsequent accounting treatment and cessation of capitalisation of certain costs post first gas from Karish Main. The Committee 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 Committee considered the approach taken by the Company in relation to revenue recognition including the effectiveness of additional financial software installed in Israel to book revenue over a number of hydrocarbon products and gas contracts. The Committee reviewed the financial statements and were satisfied that the requirements of IFRS 15 were satisfied.
- In September 2022, the Directors announced the payment of the Company's maiden interim dividends in line with the previously announced dividend policy. The Committee received reports from management in order to assess the distributable reserves available to legally declare and pay dividends in accordance with the dividend policy and the Committee supported the decision to pay interim dividends.
- The Committee reviewed the viability statement in the 2022 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 and emerging 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 management's 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 sixth Annual Report and, in order to support the assessment, the Committee reviewed the principal and emerging 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 must comply with section 494ZA of the Companies Act 2006 and will be required to put the external audit contract out to tender by 2028. The current lead audit partner is Paul Wallek with Andrew Smyth, who had been the lead partner since 2018, having rotated out as is required every five years. The fees paid to EY for their services are detailed in note 7f on page 197 to the financial statements.

The External Auditor attends each meeting of the Audit & Risk Committee and reports on their audit work and conclusions including the appropriateness of the judgements and estimates made by management and their compliance with UK-adopted International Accounting 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 2023. The Committee regularly reviews the performance of the auditor and the Chair of the Audit & Risk 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 Revised Ethical Standard for Auditors, published in December 2019. 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 Chair on a case-by-case basis, supported by a risk assessment prepared by management. This is reported by management to the Audit & Risk Committee who consider the services provided as part of concluding on the auditors independence.

The types of non-audit services provided by the auditor during 2022 were as follows:

- Climate change and sustainability assurance services provided by EY Greece;
- Agreed upon procedures provided by EY Greece for a Greek Government loan;
- Tax certification services in Greece and Israel;
- Agreed upon procedures for a Share Premium Reduction in Cyprus; and
- Interim financial statements review.

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 and/ or are typically performed by the auditor. Furthermore, in each case there were business justifications for using the External Auditor for non-audit services. The Chair of the Audit & Risk Committee agreed with each justification before the service was carried out.

Further details on non-audit services are outlined in note 7f to the financial statements on page 197.

**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 74-77. The Group's principal risks and uncertainties, which provide a framework for the Audit & Risk Committee's focus, are discussed on pages 78-91. 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 processes and includes a delegated authority framework. During, the year the Audit & Risk Committee assessed the key findings raised from internal audits conducted throughout the year.

During 2H 2022, following the occurrence of a phishing attack that resulted in a redirected payment of an immaterial amount, the Audit & Risk Committee had oversight of an internal investigation conducted by the internal audit and compliance functions and supported by forensic analysis experts, in connection with the phishing incident. Following the review and analysis of the relevant data, Energean has initiated certain actions to raise awareness of cyber threats and cyber-crimes, and to further enhance the effectiveness of the internal controls in place for the purpose of preventing similar future incidents.

**Internal auditors**

The internal audit function's key objective is 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.

The Head of Internal Audit is responsible for prioritising and co-ordinating internal audit projects, aligning the internal audit risk assessment process to the Group risk register, facilitating the communication between the internal audit function, the Audit & Risk Committee, senior management and process owners, commenting on controls design and operating efficiency, and, when necessary, escalating relevant issues to appropriate parties within the Group.

Furthermore, the internal audit function undertakes engagements on an "ad hoc" basis, at the request of senior management and the Audit & Risk Committee.

Since January 2018, PricewaterhouseCoopers Business Solutions S.A. ("**PwC**") have been appointed as the Group's internal advisor and, during 2022, the following was jointly undertaken with the internal audit function:

- Execution of internal audit engagements;
- Periodic follow up audits to assess the implementation of agreed upon management actions;
- Preparation of the risk based annual Internal Audit Plan;
- Comment on issues related to internal audit methodology, the quality assessment of the internal audit function, design of internal engagements and planning aspects.

During the year PwC conducted three (2021: three) internal audits at a cost of $ 115,124 (2021: $71,509).

The Audit & Risk Committee's members meet regularly with members of the internal audit function and approve areas that will be assessed by way of an internal audit or a "deep dive" throughout the year. Deep dives are performed through direct meetings between the Audit & Risk Committee and the process owner(s), based on a structured agenda, with an aim to discuss *inter alia* key risks, business needs and critical gaps (if any) of each examined area. This year, topics included operational insurance cover and abandonment liability management.

The Audit & Risk Committee is responsible for the review and approval of the role and mandate of the internal audit function, as reflected in the Internal Audit Charter, including the approval of the annual and ad-hoc internal audit plans, and monitoring the budget and effectiveness of the internal audit function. Each internal audit report is presented in dedicated meetings with the Audit & Risk Committee and the status of follow-up action points reviewed against agreed deadlines.

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

- Met with members of the internal audit function without the presence of management to discuss the effectiveness of the function;

- In cooperation with the Head of Internal Audit, examined the sufficiency of internal audit resources and the involvement of subject matter experts in specific audit engagements;
- Reviewed and re-assessed the annual Internal Audit Plan;
- Monitored and assessed the role and effectiveness of the internal audit function in the overall context of the Group's risk management policy.

Following the internal audit review of the Company's internal control systems, the Audit & Risk Committee considered whether any matter required disclosure as a significant failing or weakness in internal controls during the year. Other than the incident described under the Internal controls and Risk Management section, no additional matters were identified.

**Reserves committee**

During the year the Reserves Committee met to discuss the Group's reserves auditing process and support the Audit & Risk Committee in this area. During 2023, the Audit & Risk Committee will receive reserve reports from each country of operation and meet with their respective reserve auditors to assist with the year-end reporting process.

**Fair, balanced and understandable assessment**

The Audit & Risk Committee advised the Board that in its view the 2022 Annual Report including the financial statements for the year ended 31 December 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess Energean's position and performance, business model and strategy. In making this assessment the members of the Audit & Risk 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 were consistent with information shared with the Board during 2022 to support the assessment of Energean's position and performance; ensuring that consistent materiality thresholds are applied for favourable and unfavourable items;
- Receiving reports from management at Board and Board Committee meetings that the information contained within the Annual Report was considered to be fair, balanced and understandable; and
- Considering comments from the external auditor.

**Other activities**

***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. During the year, no significant concerns or reports were raised to the Committee.

***Performance of the Committee***

The performance of the committee was reviewed as part of the internal evaluation of the Board's effectiveness. In the previous annual report the committee set out its targets for 2022, namely to:

- Further strengthen the internal audit process by using where appropriate sector specialists in relevant topics in addition to PwC;
- Further develop in-house risk management reporting and awareness; and
- Follow up internal audits on acquired subsidiaries now that integration has been completed with a focus on cyber security and insurance optimisation.

I am pleased to report that very good progress was made against 2022 priorities including the use of deep dive sessions on key topics such as abandonment liability management and insurance as detailed above in the Internal Audit section.

The Audit & Risk Committee worked to expand the reach, capabilities and reporting of internal audits to focus on controls and fraud prevention in key Edison E&P subsidiaries. Risk management has continued to be a focus for both the Committee and the Board and in 2022, the Company introduced a new ERM system accompanied by a detailed workshop on risk management in Milan which Amy Lashinsky attended on behalf of the Audit & Risk Committee and in her role as workforce representative. During 2022 the Audit & Risk Committee also oversaw the payment of the Company's maiden interim dividends in line with the previously announced dividend policy.

The Audit & Risk Committee will continue to monitor progress in these areas and advise on whether any further enhancements should be made.

**Our priorities for 2023**

- Further expansion and use of the Company's recently introduced ERM system;
- To continue to conduct internal audits and deep dives with a specific focus on cyber security, joint venture audit capabilities and commercial functions; and
- To conduct post project implementation reviews in Israel following first gas from Karish.

**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 Chair
22 March 2023

# Environment, Safety & Social Responsibility Committee

**Roy Franklin, Chair of Environment, Safety & Social Responsibility ("ESSR") Committee**

It is my pleasure to introduce the ESSR Committee Report for 2022, which sets out its composition, role and activities during the year.

In this report we will also set out the areas of focus for the ESSR Committee for 2023.

### Membership

The members of the ESSR Committee throughout 2022 were myself (as Chair upon appointment on 26 May 2022), Andreas Persianis and Efstathios Topouzoglou. Robert Peck stood down as Chair and left the Committee following his retirement from the Board on 26 May 2022. Amy Lashinsky left the Committee on 20 July 2022, Karen Simon joined the Committee on the same date.

The Company Secretary acts as secretary to the Committee.

### Meetings

The ESSR Committee met on 3 occasions during 2022 with attendance details set out below:

| Director | Number of meetings entitled to attend | Number of meetings attended |
|---|---|---|
| Roy Franklin[54] | 3 | 3 |
| Amy Lashinsky[55] | 1 | 1 |
| Robert Peck[56] | 1 | 1 |
| Andreas Persianis | 3 | 3 |
| Efstathios Topouzoglou | 3 | 3 |
| Karen Simon[57] | 2 | 2 |

### Role of the Committee

The ESSR Committee plays a fundamental role in assisting the Board in reviewing the effectiveness of the Group's policies and systems for managing health and safety risks, assessing the policies and systems within the Group for ensuring compliance with regulatory requirements and reviewing the Company's environmental strategy including KPIs. The Committee also reviews the Company's annual sustainability report and receives updates on the Company's performance with key rating agencies. Furthermore, the Committee receives updates from the Group's HSE Director on Health, Safety & Environmental matters and the Company's Head of CSR for updates on the Company's performance against its CSR goals. The Committee also advises the board on safety, the environment including climate change, and Energean's overall sustainability performance.

Following the annual review of the ESSR Committee's Terms of Reference, updates were made to ensure alignment with the UK Corporate Governance Code and best practice guidance.

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

### Activities during 2022

#### *ESG Rating*

The Committee was notified in December 2022, that the Carbon Disclosure Project upgraded Energean's rating to A-, up from B in the previous year, outperforming the global average for Exploration and Production companies of C.

[54] Appointed as Chair on 26 May 2022.
[55] Left the Committee on 20 July 2022.
[56] Stood down as Chair and left the Committee on 26 May 2022.
[57] Joined the Committee on 20 July 2022.

***Sustainability reporting***

The Committee reviewed the progress being made on the publication of the Company's annual sustainability report covering 2021. The Committee received updates from the Head of CSR and reviewed drafts of the report before publication. The Committee Chair signed off on the publication of the report on behalf of the Board noting that the report reflected an impressive number of measurable achievements related to the UN Sustainable Development Goals.

***CSR Programme***

The Committee received updates from the Head of CSR on the planned activities for 2023, which was a Committee priority for 2022, and heard about planned initiatives in Israel, Egypt, Italy and Greece that would benefit the environment, the community and provide opportunities for education in order to create meaningful impact for those who would benefit.

***HSE***

The Committee received regular updates from the HSE Director on Group level HSE performance and received specific reports on HSE performance for Karish during the commissioning and production start-up phases, and on the progress made in Italy during 2022 as part of the Edison integration.

The Committee also heard about the implementation of new Synergi software which will enable the Company to better record and monitor safety performance.

***Kavala Site Visit***

The Committee Chair undertook a site visit to Kavala prior to the Prinos start-up and was able to observe and report back to the Committee on progress that had been made for safe and responsible operations both onshore and offshore.

**Priorities for 2023**

During 2023, the Committee will:

- Review sustainability reporting for 2022 and the plans for reporting in 2023 to include review of the Group's Sustainability Report;
- Review the scale and balance of the Group's CSR initiatives in the countries in which it operates;
- Review the methodology across the Group's carbon emissions reporting and climate change targets to ensure consistency;
- Review the effectiveness of HSE-related systems and procedures for the Energean Power in operational mode;
- Deep dive on the effectiveness of HSE systems in the Group's other operations to include site visits; and
- Review the effectiveness of the Group's emergency response systems from operating unit to corporate level.

**Roy Franklin**
ESSR Committee Chair
22 March 2023

# Nomination & Governance Committee

**Karen Simon, Chair of Nomination & Governance Committee**

It is my pleasure to introduce the Nomination & Governance Committee Report for 2022, which sets out its composition, role and activities during the year.

In this report we will also set out the areas of focus for the Nomination & Governance Committee for 2023.

**Membership**

The members of the Nomination & Governance Committee throughout 2022 were myself (as Chair), Kimberley Wood, Efstathios Topouzoglou and Roy Franklin. Robert Peck left the Committee following his retirement from the Board on 26 May 2022. Andrew Bartlett joined the Committee on 20 July 2022.

The UK Corporate Governance Code ("**Code**") recommends that a majority of Nomination Committee members be Independent Non-Executive Directors and that the Chair of the Board (other than where the Committee is dealing with the appointment of a successor to the chair) or an Independent Non-Executive Director should chair the Committee. This requirement was satisfied as I was considered to be independent upon appointment as Chair, and Andrew Bartlett, Roy Franklin and Kimberley Wood are considered to be Independent Non-Executive Directors.

The Company Secretary acts as secretary to the Committee.

**Meetings**

The Nomination & Governance Committee met on 4 occasions during 2022 with attendance details set out below:

| Director | Number of meetings entitled to attend | Number of meetings attended |
|---|---|---|
| Karen Simon | 4 | 4 |
| Andrew Bartlett[58] | 2 | 2 |
| Roy Franklin | 4 | 4 |
| Robert Peck[59] | 1 | 1 |
| Efstathios Topouzoglou | 4 | 3 |
| Kimberley Wood | 4 | 4 |

**Role of the Committee**

The Nomination & Governance 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 Chair and Chief Executive and other senior executives.

Following the annual review of the Nomination & Governance Committee's Terms of Reference, updates were made to ensure alignment with the Code and best practice guidance.

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

**Diversity, Equity and Inclusion**

The Nomination & Governance 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 Nomination & Governance 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.

58 Joined the Committee on 20 July 2022.
59 Left the Committee on 26 May 2022.

The gender and diversity disclosures that follow will be mandatory for accounting periods starting on or after 1 April 2022 however the Company has chosen to apply these new listing rule requirements early. Gender data for the Board, Executive Management and their direct reports has been collected from the Company's HR records. Ethnicity data has been collected directly from Board members and Executive Management, with respondents self-reporting their ethnicity using the Office of National Statistics definitions.

As at 31 December 2022, the Board included three women, representing 33.33% of the Board, which achieves the 33% target set by the Hampton-Alexander review but remains slightly below the proposed 40% target set by the FCA for the end of 2025.

The Company remains as one of the few companies in the FTSE 350 with a female Chair which achieves the target of having at least one woman in the position of Chair, Senior Independent Non-Executive Director and/or in the Chief Executive Officer or Chief Financial Officer role by the end of 2025.

| | Number of Board Members | Percentage of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in Executive Management | Percentage of Executive Management |
|---|---|---|---|---|---|
| Men | 6 | 66.67% | 3 | 7 | 77.78% |
| Women | 3 | 33.33% | 1 | 2 | 22.22% |

Executive Management's make-up at the year-end was 22% women vs 78% men. Their direct reports were 37% women vs 63% men. The combined make-up of Executive Management and their direct reports at the year-end was 36% women vs 64% men.

The Committee recognises the Parker Review recommendation to have at least one director from an ethnic minority background on the Board by 2024 and as at 31 December 2022, the Board included one Director who self-identifies as being non-white. The Company has engaged with the Parker Review Team at the Department for Business, Energy and Industrial Strategy to report the position with regard to board diversity.

There have not been any changes to the Board between 31 December 2022 and the date that the Annual Report was approved that have affected the company's ability to meet one or more of the targets disclosed above.

| | Number of Board Members | Percentage of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in Executive Management | Percentage of Executive Management |
|---|---|---|---|---|---|
| White British or other White (including minority white groups) | 8 | 88.89% | 4 | 8 | 88.89% |
| Mixed/ Multiple Ethnic Groups | 0 | 0% | 0 | 0 | 0% |
| Asian/Asian British | 0 | 0% | 0 | 0 | 0% |
| Black/African Caribbean/ Black British | 0 | 0% | 0 | 0 | 0% |
| Other ethnic group, including Arab | 1 | 11.11% | 0 | 1 | 11.11% |
| Not specified/ prefer not to say | 0 | 0% | 0 | 0 | 0% |

During 2022, upon the Nomination & Governance Committee's recommendation, the Board approved a Diversity, Equity and Inclusion policy for the Group (the "**DEI Policy**"). The DEI policy recognises that a truly diverse, equitable and inclusive culture is crucial to attracting, developing and retaining talent. The responsibility for the enforcement and monitoring of compliance of the DEI Policy lies with the Board (acting through the Nomination & Governance Committee) and the Chief Executive Officer carries overall responsibility to ensure the Company adopts a corporate culture where individual differences are respected. The Board also appointed the Group HR Director to act as the Group's DEI Leader.

**Time commitment of the Chair**

Karen Simon is also a Non-Executive Director of Aker ASA, an Oslo Stock Exchange-listed company and Crescent Energy, a New York 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 five years out of a possible nine years.

**Board and Committee Composition**

Under the Terms of Reference for the Nomination & Governance Committee, the Committee is required to regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board (with particular regard to the balance of Executive and Non-Executive Directors, including independent non-executives) compared to its current position, and to make any resulting recommendations to the Board with regard to any required changes.

In 2022, Robert Peck informed the Board of his intention to retire at the conclusion of the AGM on 26 May 2022. As a result, two of his Board roles, namely Chair of the Environment, Safety & Social Responsibility ("**ESSR**") Committee and the designated Non-Executive Director for workforce engagement, required to be filled by existing Independent Non-Executive Directors. Following careful consideration, the Committee concluded that, given their respective backgrounds and skillsets, as well as their existing committee roles and responsibilities, Roy Franklin be appointed as the Chair of the ESSR Committee and Amy Lashinsky be appointed as the Board's Non-Executive Director for workforce engagement.

Following the retirement of Robert Peck, the percentage of Independent Non-Executive Directors (excluding the Independent Non-Executive Chair) stands at 62.5%.

In July 2022, the Committee further considered committee composition and recommended the following committee changes which the Board approved with effect from 20 July 2022:

***Nomination & Governance Committee***

Under Provision 17 of the Code, the Nomination & Governance Committee should have a majority of Independent Non-Executive Directors. This requirement is met following the appointment of Andrew Bartlett, an Independent Non-Executive Director, as a member of the Nomination & Governance Committee.

***Remuneration & Talent Committee***

Under Provision 32 of the Code, the Remuneration & Talent Committee should consist exclusively of, and not less than three, Independent Non-Executive Directors. This requirement is met as all four members of the Remuneration & Talent Committee are considered independent. Following Andrew Bartlett's appointment to the Nomination & Governance Committee, Roy Franklin, as an Independent Non-Executive Director, joined the Remuneration & Talent Committee replacing Andrew Bartlett.

With effect from the AGM on 26 May 2022, Amy Lashinsky replaced Robert Peck as the Board's non-executive director for workforce engagement and therefore it was considered appropriate that Amy Lashinsky, as an Independent Non-Executive Director, join the Remuneration & Talent Committee.

***ESSR Committee***

With Amy Lashinsky having taken on the role as the Board's Non-Executive Director for workforce engagement and having been appointed to the Remuneration & Talent Committee, Karen Simon joined the ESSR Committee replacing Amy Lashinsky.

**Appointment of Senior Independent Non-Executive Director**

In 2022, following Andrew Bartlett's decision to step down as Senior Independent Non-Executive Director, the Nomination & Governance Committee recommended, and the Board approved with effect from 23 March 2022, the appointment of Roy Franklin as the Senior Independent Non-Executive Director, by virtue of his extensive governance, industry and listed company experience.

**Succession Planning**

The Nomination & Governance Committee keeps the succession plans for Directors and senior management continuously under review, including by reference to the present composition of the Board and each member's skills and individual performance; the qualities and skills needed from senior management to deliver the Group's strategic plan; and contingency planning for senior management in the event of any sudden or unforeseen circumstances. The succession planning process supports the development of a diverse and inclusive pipeline.

**Induction**

The Nomination & Governance Committee ensures that its members are provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

**Board Evaluation**

In 2022, the Nomination & Governance Committee oversaw an internally facilitated evaluation of the Board's performance as required by the Code.

The evaluation was conducted by way of a written survey with myself and the Company Secretary following up directly with each Director.

Evaluation areas included matters that are important to the Company in particular, as well as those items laid down in the Code and associated guidance, including:

- the preparation, delivery and management of meetings;
- the responsibilities, roles and relationships between the Chair, Board and Directors;
- corporate governance, culture and ethics including Company policies and practices; and
- performance of the Board and the committees.

The Nomination & Governance Committee reviewed the findings from the 2022 evaluation at its meeting in November and discussed them with the full Board. In reporting back to the Board, the Chair of the Nomination & Governance Committee reported that the Committee was satisfied that each Director continues to contribute effectively, and that an action plan will be developed and monitored during the year to address areas for improvement. Outcomes from the 2022 evaluation will mean a focus on strategy following the start-up of Karish, a review of Board skills for the new phase of operations and more Board interaction with the local workforce and personnel in the Company's areas of operation.

Furthermore during the year, and as highlighted in last year's report, we continued to implement the recommendations from the externally facilitated board review conducted in 2020 and now consider all actions to have been completed.

In 2023, as required by the Code, the Board will be subject to an externally facilitated evaluation of the effectiveness of the Board, and the Nomination & Governance Committee will report on its findings and steps taken to act on any findings.

***Committee evaluation***

As part of the internally facilitated evaluation as outlined above, Committees were subject to reviews of their performance and effectiveness. The Committees. Including the Nomination & Governance Committee, were considered by Directors to be working well and members were deemed to have the appropriate mix of skills, experience, independence and knowledge of the Company necessary to discharge their duties.

***Individual evaluation***

In December the Senior Independent Non-Executive Director conducted the annual review of the Chair's performance with Non-Executive Directors giving their views. The Senior Independent Non-Executive Director provided anonymous feedback from this review to the Chair and the review concluded that the Chair had led the board effectively throughout the year.

**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 2023 AGM. An annual review is conducted to assessing the continuing independence of Non-Executive Directors, with attention to ensuring that they remain independent in character and judgement, and continue to present an objective and constructive challenge to the assumptions and viewpoints presented by the management.

**Performance of the Committee**

The performance of the Nomination & Governance Committee was assessed as part of the internally facilitated evaluation as mentioned earlier in this report. In the previous annual report the committee set out its targets for 2022, namely to:

- Continue to focus on board composition and to identify candidates with geographic, gender and ethnic diversity;
- Look to right size the Board with an expected decrease in the overall number of Directors; and
- Review Committee Chairs/SID role and make adjustments where appropriate.

I am pleased to report that good progress was made against the 2022 priorities and the Nomination & Governance Committee continued to strive to create a culture that embraces different perspectives to drive the business forward through the recommendation, and subsequent approval by the Board, of the Group DEI Policy. The Nomination & Governance Committee also oversaw changes to the composition of committees and the appointment of a new Senior Independent Non-Executive Director.

The Nomination & Governance Committee will continue to monitor progress in these areas and advise on whether any further enhancements should be made.

**Our priorities for 2023**

- Focus on strategy for the next chapter post the start-up of Karish;
- Review board skill sets given new phase of operations with continued focus on diversity; and
- Increased board exposure to areas of operation and personnel with more in person interactions in country.

**Karen Simon**
Nomination & Governance Committee Chair
22 March 2023

# Remuneration Report

**Energean Plc – Chair letter**

Dear Shareholder,

I am pleased, on behalf of the Remuneration & Talent Committee, to present our report on director's remuneration for the year. The macroeconomic environment has rightly meant increased scrutiny on our sector, including around remuneration matters. In this report we have therefore sought to provide transparent, detailed disclosure on the pay decisions we have taken during in the year.

**Background**

This has been a year where Energean has achieved significant milestones in its ambition to be the leading independent gas and ESG-Focused E&P company in the Mediterranean. We have achieved first gas from the Karish field, delivered[60] our maiden quarterly dividend and continued to progress our net-zero targets as the first E&P company committed to net-zero by 2050. These successes are reflected in our financials. For 2022, we have delivered revenues of $737m (representing growth of +48% on prior year) and Adjusted EBITDAX of $422m (growth of +99% on prior year). This strong performance means we are well on-track to delivering our annualised near-term targets of $2.5bn revenue and $1.75bn EBITDAX. At the end of the year, liquidity stood at $720m, ensuring Energean is fully-funded for all sanctioned projects. Meanwhile, we have declared three quarters of dividends, representing an annualised yield of 9%.

As we look forward, our operational objectives for 2023 mean we will be well-placed to deliver our growth strategy and production within the guidance range. Production ramp up from the field is aligned with our expectations, and we are on track to deliver production within the range provided in the January trading update; furthermore, our debottlenecking projects are on track to increase FPSO production capacity from 6.5 bcm/yr to 8.0 bcm/yr by the end of 2023. We expect installation of the second gas export riser and the second oil train in H1 and H2 2023 respectively. First gas from the first well at NEA/NI was delivered in March 2023, with the remaining three wells expected onstream over the course of 2023. The cumulative effect of successful delivery of these projects is more than 200 kboepd production in the near-term (including Karish). In 2023, we are expecting production in the c.131-158 kboepd range, securing growth in our revenue and EBITDAX outlook for the year.

Our world-class executive team is fundamental in delivering our outperformance. Our CEO, Mathios Rigas, has continued to lead the company to achieving important and historic milestones, most recently the first international crude exports from Karish, and first gas at NEA/NI. Under his leadership Energean has grown from an effective 'start-up' into one of the largest independent E&P companies in Europe. Our CFO has continued to deliver strong fundamentals and a protected balance sheet which has augmented the company's reputation in the capital markets. Both of our executive directors have demonstrated exceptional leadership in unlocking significant shareholder value through targeted acquisitions and organic growth.

**Key remuneration decisions taken in the year**

Reflecting the strong performance achieved in the year, the Committee approved an annual bonus outcome of 70.6% for both directors. The 2022 annual bonus was based on operational goals (45% of award), commercial goals (15%), financial and risk goals (20%) and sustainability objectives (20%).

While there were significant operational achievements in the year, including delivering Karish first gas, progressing major projects, building reserves and maintaining the cost of production within appetite, delays at the start of the year impacted overall production levels. The Committee therefore approved an outcome of 42% of maximum for the operational part of the bonus. Successful delivery of stretching commercial goals, including new contracting and portfolio rationalisation objectives, meant the Committee approved an outcome of 87% of maximum for this element. Financial and risk goals were also successfully achieved, with the extremely strong liquidity position a particular highlight, and the Committee therefore approved a maximum outcome on the financial and risk element.

[60] Unaudited and subject to change

Sustainability has always been a critical part of Energean's ethos, and the Committee was pleased to see significant progress has been made against key ESG objectives in the year. These included reducing carbon emissions intensity, maintaining our high external sustainability rating and keeping health and safety indicators within risk tolerance. Reflecting continued strong performance against sustainability targets, the Committee approved an outcome of 92% for this element.

The overall annual bonus outcome was therefore 70.6% for both directors. This outcome is lower than 2021, reflecting the significant performance achievements in the year while being cognisant of some limited operational challenges earlier in the year with the FPSO, and the broader macroeconomic environment. The Committee believes the outcome is therefore reflective of holistic performance. We have provided detailed disclosure of performance against targets on pages 136-138.

**2020 LTIP Vesting**

The 2020 LTIP award was based on relative TSR measured against a peer group of similar E&P companies (50% of award), stretching absolute TSR targets (30%) and average Scope 1 and 2 emissions (20% of award). Given our extremely strong market performance, both the relative TSR and absolute TSR maximum targets were met, and these elements vested in full. There was threshold achievement of the average Scope 1 and Scope 2 emissions targets. The delays to first gas at Karish, which was largely the result of COVID-19 postponing delivery of the FPSO, impacted the level of achievement of the average emissions measure. The Committee determined that no adjustment to the targets should be made despite this impact on achievement arising from an unforeseen factor outside management's control. Strong performance meant an overall formulaic outcome of 85% of maximum was achieved for the 2020 LTIP.

This award was granted in March 2020, when share prices were impacted by the status of the Karish project, which at that point had already started experiencing delays materially linked to Covid. At the time of award, the Committee committed to reviewing the vesting level of the awards to ensure they are appropriate. As previously disclosed at the time of grant, the Committee made no adjustment to the award level. In part this was because 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 (i.e. before the COVID-19 price impact).

On the question of windfall gains, the Committee considered this in some detail, including analysis from a variety of perspectives. Our consideration included a sectoral perspective, relative and absolute TSR performance analysis (excluding any Covid impact), wider operational achievements and overall outturns (including a review of historic outturns for peer companies) in the context of overall performance. Taking into account a range of factors we have concluded that we do not consider it appropriate to make any downwards adjustment and we consider the overall out-turn to be reflective of the executive team's performance over the period. We have included substantive disclosure on the factors considered by the Committee in their determination on pages 140-142.

**Looking ahead**

We are proposing that no salary increases will be awarded to either executive director for 2023. The Committee believes this is the right decision given the macroeconomic climate and reflects the Committee's responsible approach to pay. Targeted salary increases will be made for other members of the Executive Committee and the broader workforce. During 2022, the Committee oversaw an objective and data-driven Group wide compensation and benefits benchmark evaluation and, at a local level, adjustments were made to align compensation and benefits to the wider Energean population and mitigate inflation in each country of operation.

There will be no change to the annual bonus opportunity or the LTIP opportunity for either executive director for 2023. The bonus scorecard has been simplified for 2023, and disclosure of targets will be included in next year's report when targets are no longer commercially sensitive. The 2023 LTIP will continue to be based on the same measures as in 2022, however, we have refreshed the LTIP TSR comparator group to reflect the company's operations, size and markets. Targets that will apply to the 2023 LTIP grant are set out on page 132.

**Shareholder consultation**

The Committee took note that there was a notable minority of investors who opted to not support the advisory vote on the Remuneration Report last year. We understand this vote, at least in part, was influenced by shareholder views on non-remuneration matters.

In March 2023, we wrote to and sought feedback from our major shareholders on key remuneration decisions taken during the year, including the Committee's consideration of potential windfall gains relating to the 2020 LTIP award. In 2023, we will be reviewing our Remuneration Policy ahead of seeking renewal of the policy at the 2024 AGM under the normal three-year renewal cycle. As part of this review process, we will be reviewing the effectiveness of the policy approved by shareholders in 2021, and we also intend to consult again with major shareholders to ensure their views are taken into account when formulating our approach to pay. I look forward to meeting with our shareholders and listening to these views in due course.

In this report, we have sought to provide transparent disclosure on our approach to pay at Energean. I hope that it provides clarity around the Committee's decision-making, and that you will support the advisory vote on this report at the AGM.

Best regards

**Kimberley Wood**
Remuneration & Talent Committee Chair, Energean Plc

## Remuneration at a glance

### Remuneration for 2022 – Rewarding exceptional performance

**Performance during the year**

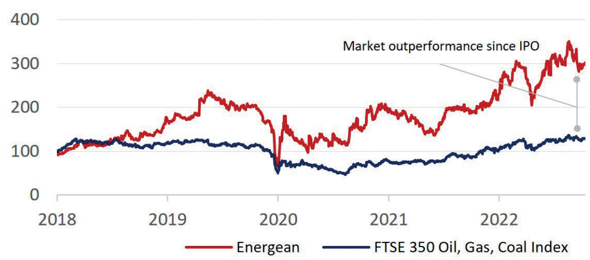
Energean has seen remarkable growth in footprint and market capitalisation since IPO, driven by an ambitious strategy

**+48% Revenue** – Year-on-year increase in our revenue (2022: $737m)

**+99% EBITDAX** – Year-on-year increase in EBITDAX (2022: $422m)

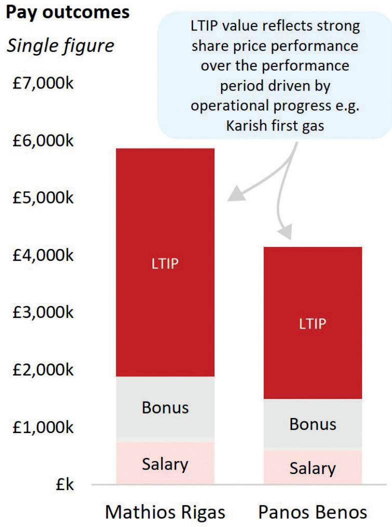
**9% annualised dividend yield** – Declared three quarters of dividends, representing an annualised yield of 9%

*TSR performance vs. FTSE 350 Oil, Gas, Coal Index*



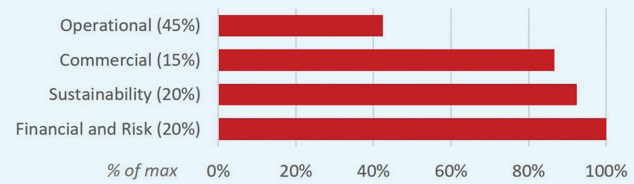

**Pay outcomes**

*Single figure*



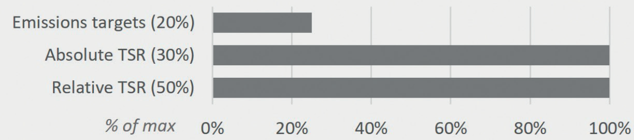

**2022 Bonus**

**The 2022 bonus was awarded at 70.6% of maximum,** a reduction on the 2021 outcome. The weighting and performance against each element is shown below.




**2020 LTIP**

The LTIP award granted in **2020** vested at **85% of maximum**. The weighting and vesting of each element is shown below.




### Implementation of our Remuneration Policy in 2023 – driving Energean's future success

**Salary**

**0%**

*No salary increase for FY23*

**CEO: £750k** *(no change)*

**CFO: £600k** *(no change)*

**Pension and benefits**

**4%**

*Pension in line with wider workforce*

A benefits allowance of £48k and £25k applies for the CEO and CFO respectively

**Executive shareholdings**

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

CFO 1.9%

CEO 8.3%

**In-post shareholding guidelines:** 200% of salary for both EDs

**Shareholding requirement applies for two-years following departure**

#### Variable Pay

**Annual Bonus**

Cash element → 1/3 deferred into shares for two years

The maximum bonus will continue to be 200% of salary for both Executive Directors. One third of the award will normally be deferred into shares. Awards will be subject to malus and clawback.

| | |
|---|---|
| **Operational goals** – including targets relating to production, cost of production and growth targets | 40% |
| **Financial, Commercial and Risk goals** – including targets around liquidity, debt and contracting | 40% |
| **Sustainability** – including targets relating to emissions, net zero transition, health and safety and diversity and inclusion | 20% |

*Precise measures and weightings for 2023 remain commercially sensitive and will be disclosed in next year's DRR*

**Long term Incentive Plan**

3 Year Performance Period → 2 year Holding Period

As in 2022, the maximum award size for executive directors will continue to be 200% of salary. Awards will continue to be usually settled in shares, released after 5 years in total. Awards will be subject to malus and clawback.

| | |
|---|---|
| **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 over three years | 30% |
| **Average Scope 1 and 2 CO2 emissions (kgCO2 / boe)** – to ensure continued focus on our Net Zero ambitions | 20% |

# Remuneration Policy

Set out below is a summary of our current Remuneration Policy ("**Remuneration Policy**") for Executive Directors, which was approved by shareholders at the 2021 AGM. A full version of the Policy is contained in our 2020 Annual Report, available on our website at https://www.energean.com/investors/reports-presentations/.

| **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 & Talent Committee may award increases at other times of the year if it considers it appropriate.<br>The review takes into consideration a number of factors, including (but not limited to):<br>1. The individual Director's role, experience and performance.<br>2. Business performance.<br>3. Market data for comparable roles in appropriate comparator businesses.<br>4. Pay and conditions elsewhere in the Group. |
| **Maximum Opportunity** | No absolute maximum has been set for Executive Director base salaries.<br>Any annual increase in salaries is at the discretion of the Remuneration & Talent Committee taking into account the factors stated in this table and the following principles:<br>5. Salaries would typically be increased at a rate no greater than the average salary increase for other Group employees.<br>6. 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).<br>7. 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.<br>Contributions are set as a percentage of base salary.<br>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).<br>For 2023, 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). |

| Pension | |
|---|---|
| **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 & Talent 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.<br><br>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).<br><br>8. Deferred awards are usually granted in the form of conditional share awards or nil-cost options (or, exceptionally, as cash-settled equivalents).<br><br>9. Deferred awards usually vest two years after award although may vest early on leaving employment or on a change of control (see later sections).<br><br>10. 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). |

| Annual Bonus | |
|---|---|
| **Maximum Opportunity** | The maximum award that can be made to an Executive Director under the annual bonus plan is 200% of salary.<br>For 2023, both executive directors will receive a maximum opportunity of 200% of salary. |
| **Performance Conditions** | The bonus is based on performance against financial, strategic, operational, ESG or personal measures appropriate to the individual Executive Director assessed over one year.<br>The precise measures and weighting of the measures are determined by the Remuneration & Talent Committee ahead of each award to ensure they are aligned with strategic priorities.<br>Where appropriate, a sliding scale of targets will be applied to a measure, with payout not exceeding 20% for threshold performance increasing to 100% for maximum performance. 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 & Talent Committee's judgement in assessing the performance outturn.<br>Any bonus payout is ultimately at the discretion of the Remuneration & Talent 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 payout 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.<br>Individual award levels and performance conditions on which vesting will be dependent are reviewed annually by the Remuneration & Talent Committee.<br>LTIP awards are usually granted as conditional awards of shares or nil-cost options (or, exceptionally, as cash-settled equivalents).<br>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).<br>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 & Talent Committee) of 200% of salary. |

| Long Term Incentive Plan (LTIP) | |
|---|---|
| **Performance Conditions** | All LTIP awards granted to Executive Directors must be subject to a performance condition.<br>The precise measures and weighting of the measures are determined by the Remuneration & Talent Committee ahead of each award to ensure they are aligned with strategic priorities.<br>Performance will usually be measured over a performance period of at least three years.<br>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.<br>Any LTIP vesting is ultimately at the discretion of the Remuneration & Talent 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.<br>Until an Executive Director is compliant with this guideline, they are required to retain at least 50% of vested post-tax shares.<br>Unless the Remuneration & Talent Committee determines otherwise, this guideline will continue to apply for two years after an Executive Director ceases employment with the Group. |

| 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:<br>11. Senior Independent Director<br>12. Audit & Risk Committee Chair<br>13. Remuneration & Talent Committee Chair<br>14. Environment, Safety & Social Responsibility Committee Chair<br>The Chair 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. |

# Annual Report on Remuneration

## Unaudited information

### Implementation of Remuneration Policy in 2023

This section provides an overview of how the Remuneration & Talent Committee is proposing to implement our Remuneration Policy in 2023 for the Executive Directors.

#### *Base salary*

The Remuneration & Talent Committee is proposing no salary increases for the CEO and the CFO for 2023. This is to reflect the wider macroeconomic context and demonstrates Energean's responsible approach to pay. We will be making targeted increases for other members of the Executive Committee and the broader workforce, being particularly mindful of the need to protect lower earners within the workforce.

| | Salary 1 January 2023 | Salary for 2022 | % increase |
|---|---|---|---|
| **Mathios Rigas (CEO)** | £750,000 | £750,000 | *No increase* |
| **Panos Benos (CFO)** | £600,000 | £600,000 | *No increase* |

#### *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 structure for 2023 will be unchanged from 2022, with a maximum bonus opportunity of 200% of annual salary for both of the Executive Directors. One-third of any bonus earned will continue to be deferred into DBP shares. The annual bonus for 2023 will be determined by a bonus scorecard that is aligned with strategic priorities for the year ahead. For 2023, the Committee has simplified the bonus scorecard, narrowing the focus to fewer key metrics and objectives.

| Area of focus | Weighting |
|---|---|
| **Operational**<br>*(Including production, cost of production and growth targets)* | 40% |
| **Financial, Commercial and Risk (40%)**<br>*(Including targets around liquidity, debt and contracting)* | 40% |
| **Sustainability (20%)**<br>*(Including targets around emissions, net-zero transition, health and safety and diversity and inclusion)* | 20% |

The precise targets for these performance measures in relation to the financial year 2023 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.

***Long-term incentive plan***

The Executive Directors will receive an award under the LTIP during 2023 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 2023 award are consistent with the measures for the 2022 award and are set out below.

| Performance measure | Proportion of award determined by measure | Threshold Performance | Maximum Performance |
|---|---|---|---|
| **Relative Total Shareholder Return over 3 Financial Years**[61] | 50% | Median ranking<br>*12.5% of award* | Upper quartile ranking<br>*50% of award* |
| **Absolute Total Shareholder Return over 3 Financial Years** | 30% | 8% p.a.<br>*7.5% of award* | 12% p.a.<br>*30% of award* |
| **Average Scope 1 and 2 $CO_2$ emissions ($kgCO_2$ / boe) over 3 Financial Years** | 20% | 18 $kgCO_2$ / boe<br>*5% of award* | 6 $kgCO_2$ / boe<br>*20% of award* |

The Committee reflected on the performance measures and targets that would apply for the 2023 LTIP award and considered that the metrics and targets that applied for the 2022 award continue to be appropriate. However, there has been an update to the TSR peer group to reflect the Company's current size, markets and operations with VAR Energi, Ithaca Energy, and the FTSE 250 index replacing Lundin, Jadestone and Genel. NewMed Energy was formerly known as Delek Drilling.

For the TSR metrics, the Committee recognised that continued strong share price performance over recent months means there is a strong 'base effect' that means strong outperformance will need to be maintained to generate a payout under the incentive. For the average emissions target, these targets are regarded as continuing to be stretching in the context of the Company's ESG and production strategy over the performance period.

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.

[61] Total Shareholder Return performance for the 2023 LTIP award will be measured against the following peer group: Aker BP, NewMed Energy, Isramco Negev 2, Tamar Petroleum, Ratio Energies, Kosmos Energy, Harbour Energy, Capricorn Energy, Tullow Oil, Diversified Energy Company, Serica Energy, Seplat Energy, Var Energi, Ithaca Energy, the FTSE 250 index and the FTSE 350 Oil, Gas, Coal Index.

***Non-Executive Director remuneration***

The table below shows the fee structure for Non-Executive Directors for 2023. Fee levels are unchanged from 2022. 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 & Talent Committee.

| | 2023 fees |
|---|---|
| **Chair of the Board all-inclusive fee** | £220,000 |
| **Basic Non-Executive Director fee** | £55,000 |
| **Senior Independent Director additional fee** | £10,000 |
| **Audit & Risk Committee Chair additional fee** | £25,000 |
| **Environment, Safety & Social Responsibility Chair additional fee** | £15,000 |
| **Remuneration & Talent Committee Chair additional fee** | £15,000 |

**Audited information**

The information provided in this section of the Remuneration Report up until the 'Unaudited information' heading on page 144 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 2022 with comparative figures for 2021.

| | 2022 (£ '000) | | | | | | | | 2021 (£ '000) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Salary and fees | Pension[62] | Benefits | Annual bonus[63] | LTIP[64] | Total Fixed | Total Variable | Total | Salary and fees | Pensions | Benefits | Annual bonus | LTIP[65] | Total Fixed | Total Variable | Total[66] |
| Executive Directors | | | | | | | | | | | | | | | | |
| Mathios Rigas | 750 | 30 | 48 | 1,059 | 3,974 | 828 | 5,033 | **5,861** | 675 | 27 | 48 | 1,080 | 2,969 | 750 | 4,049 | **4,799** |
| Panos Benos | 600 | 24 | 25 | 847 | 2,650 | 649 | 3,497 | **4,146** | 525 | 21 | 25 | 735 | 1,881 | 571 | 2,616 | **3,187** |
| Non-executive directors[67] | | | | | | | | | | | | | | | | |
| Karen Simon | 220 | – | – | – | – | 220 | – | **220** | 150 | – | – | – | – | 150 | – | **150** |
| Andrew Bartlett | 82 | – | – | – | – | 82 | – | **82** | 68 | – | – | – | – | 68 | – | **68** |
| Robert William Peck | 29 | – | – | – | – | 29 | – | **29** | 59 | – | – | – | – | 59 | – | **59** |
| Stathis Topouzoglou | 55 | – | – | – | – | 55 | – | **55** | 54 | – | – | – | – | 54 | – | **54** |
| Amy Lashinsky | 55 | – | – | – | – | 55 | – | **55** | 54 | – | – | – | – | 54 | – | **54** |
| Kimberley Wood | 70 | – | – | – | – | 70 | – | **70** | 60 | – | – | – | – | 60 | – | **60** |
| Andreas Persianis | 55 | – | – | – | – | 55 | – | **55** | 55 | – | – | – | – | 55 | – | **55** |
| Roy Franklin | 72 | – | – | – | – | 72 | – | **72** | 12 | – | – | – | – | 12 | – | **12** |

62 ***Pension/ Benefits*** – In 2022, Mathios Rigas and Panos Benos received a pension allowance worth 4% of salary (equivalent to the Greek wider workforce) and a separate benefits allowance worth £48,000 and £25,000 respectively.

63 ***Annual bonus*** – bonus payments are paid two-thirds in cash and one-third in deferred shares. Deferred shares vest after two years. Details of the performance measures and targets are set out in the following section.

64 ***2020 LTIP*** –The 2020 LTIP were subject to performance conditions measured to 31 December 2022. The award is due to vest at 85% of maximum. The amount shown is the indicative vesting value using the average share price in Q4 2022 (£13.84). The awards will vest in March 2023. Following a two-year holding period they will become exercisable from March 2025. For this award, an estimated £2,683k and £1,789k is related to share price appreciation between the grant date and vesting date for the CEO and CFO respectively. The award value includes 10,384 and 6,922 dividend equivalents for the CEO and CFO respectively, valued at the Q4 share price.

65 ***2019 LTIP*** – In the 2021 Annual Remuneration Report, the amount shown for share awards in 2021 included the indicative vesting value of the 2019 LTIP award that was subject to performance conditions measured to 31 December 2021. The figure shown in the table above represents the subsequent value received on the vesting date of 28 March 2022 using the share price on that date (£11.50). These awards are subject to a two-year holding period.

66 ***Total remuneration*** paid to Directors in respect of 2022 is £10,645k (2021: £8,498k).

67 ***Non-executive directors*** – *Roy Franklin joined the board on 13 October 2021. Robert Peck did not seek re-election to the board at the 2022 AGM, and therefore stepped down on board on 26 May 2022. There were no other changes to* the board in 2021 or 2022.

***Annual bonus***

The maximum annual bonus opportunity for the Executive Directors in 2022 was 200% of salary for both Executive Directors. 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 2022 annual bonus, along with performance achieved, are set out below. Further detail on the respective areas of performance follows the summary table.

***Summary of performance achieved***

A summary of the performance achieved for the 2022 bonus is set out below. Additional detail is then provided for each element of the bonus in the tables below.

| Performance Measure | Weighting | % vesting |
|---|---|---|
| **Operational goals** | 45% | 19.1% |
| **Commercial goals** | 15% | 13.0% |
| **Financial and Risk goals** | 20% | 20.0% |
| **Sustainability goals** | 20% | 18.5% |
| **Total** | **100%** | **70.6%** |

***Operational goals (45%)***

Operational goals were based on delivery of projects, production, cost of production and reserves targets. Vesting ranges applied to all targets within this element.

| | Performance measure | Proportion of bonus | Threshold performance 0% vesting | Target performance 50% vesting | Maximum performance 100% vesting | Actual performance | % of maximum bonus payable |
|---|---|---|---|---|---|---|---|
| **Projects** (20%) | *Karish Start-up date* | 5% | Target range was 1 August 2022 to 31 October 2022 with vesting on straight-line basis | | | 26 October 2022 | 0.3% |
| | *Practical Completion* | 5% | Target range was 6 to 8 weeks | | | Not completed | 0.0% |
| | *End year progress on major projects (weighted by CapEx)* | 5% | Combined performance/ project progress of NEA-NI, Epsilon, Argo-Cassiopeia, KN/2nd export riser and Module 10 projects, weighted by capex | | | 64% | 3.2% |
| | *Israel 2022 drilling programme costs* | 5% | $153m | $140m | $133m | $133m | 5.0% |
| **Production** (10%) | *Israel production* | 5% | 15 kboepd | 20 kboepd | 25 kboepd | 5.3 kboepd | 0.0% |
| | *Production outside Israel* | 5% | 35 kboepd | 37 kboepd | 39 kboepd | 35.8 kboepd | 1.0% |
| **Cost of production** (10%) | *Group Cost of Production* | 10% | $15.4 $/boe | $13.0 $/boe | $11.1 $/boe | $13.2 $/boe | 4.6% |
| **Reserves and resources** (5%) | *Group Volumes* | 5% | 29 MMboe | 56 MMboe | 83 MMboe | 111.4 MMboe | 5.0% |
| **TOTAL** | | | | | | | **19.1%** |

***Commercial (15%)***

Commercial goals were assessed on a holistic basis based on agreed targets. Targets included those around new gas contracting, portfolio rationalisation and developing a marketing agreement for Israel crude.

| | Performance measure | Proportion of bonus | Achievement<br>Performance assessed against targets on holistic basis | % of maximum bonus payable |
|---|---|---|---|---|
| **Commercial** (15%) | *New Gas Contracting* | 5% | – Successfully maintained contracted sales for all gas reserves; signed new agreements on spot interruptible terms to maximize potential revenue.<br>– Significant growth in gas sales in Italy, Egypt and Croatia which all saw significant unit and overall revenue improvement. | 5.0% |
| | *Rationalisation of Portfolio/ Portfolio management* | 5% | – NEHO farmout agreed.<br>– Refocusing of Italian portfolio retaining short term cashflow from producing assets<br>– Additional confidential portfolio management | 3.0% |
| | *Marketing agreement for Israel crude* | 5% | – Agreed new liquid offtake agreement<br>– Built a sales and logistics capability out of new team members and transferred skills from other countries. | 5.0% |
| **TOTAL** | | | | **13.0%** |

***Financial and Risk (20%)***

Financial goals included a vesting range for available liquidity, as well as risk goals that were assessed on a holistic basis by the Committee.

| | Performance measure | Proportion of bonus | Threshold performance 0% vesting | Target performance 50% vesting | Maximum performance 100% vesting | Actual performance | % of maximum bonus payable |
|---|---|---|---|---|---|---|---|
| **Financial and Risk** (20%) | *Available Liquidity* | 12.5% | $200m | $300m | $400m | $720m | 12.5% |
| | *Risk strategy* | 7.5% | – Initiatives included the roll out of S4/HANA across the group, which was live from Q2 2022, and response to internal audit issues. The Committee recognised strong progress on this element and approved a vesting outcome of 100%. | | | | 7.5% |
| **TOTAL** | | | | | | | **20.0%** |

***Sustainability (20%)***

The sustainability element included targets relating to carbon emissions reduction, our sustainability rating, HSE targets and broader work on developing our new DEI approach.

| | Performance measure | Proportion of bonus | Threshold performance 0% vesting | Target performance 50% vesting | Maximum performance 100% vesting | Actual performance | % of maximum bonus payable |
|---|---|---|---|---|---|---|---|
| **Climate change** (10%) | *Reduce carbon emissions intensity* | 2% | -5% | -10% | -15% | -12.6% | 1.5% |
| | *Sustainalytics rating* | 3% | Top 20% | Top 15% | Top 10% | Top 8% | 3% |
| | *CCS project progress* | 2% | – Successful finalisation of pre-FEED and commencement of FEED<br>– Commencement of ESIA<br>– Grant of the exploration licence on 1 October 2022 | | | | 2% |
| | *Progress transition to net-zero* | 3% | – All climate change projects progressed, including in Italy on the replacement of gas-driven compressors and in Egypt, the pilot flare optimization FEED has been tendered.<br>– All operated sites have purchased green electricity resulting in an absolute carbon emissions reduction of 5%. | | | | 2.8% |
| **HSE** (5%) | *Recordable Incidents – LTIF* | 1.5% | 0.65 | 0.6 | 0.5 | 0.45 | 1.5% |
| | *Recordable Incidents – TRIR* | 1.5% | 1.3 | 1.2 | 1 | 1.14 | 1% |
| | *Overall HSE performance* | 2% | – Significant progress across Israel, Italy, Greece and Egypt in developing HSEMS and aligning with the Group HSEMS and guidance.<br>– HSE management software is fully implemented in Israel and in progress in Greece and Italy. | | | | 1.7% |
| **Culture and D&I** (5%) | *Setting up D&I benchmarks and standards* | 5% | – DEI Benchmarking completed in Q3 2022 using the Centre of Global Inclusion benchmark tool.<br>– DEI policy finalized and approved.<br>– Targets agreed with the Board based on DEI benchmark. | | | | 5% |
| **TOTAL** | | | | | | | **18.5%** |

The overall outcome for the 2022 annual bonus was therefore:

| | Total bonus payable *% of maximum* | Total bonus payable *£'000 and % of annual salary* |
|---|---|---|
| **Mathios Rigas** | 70.6% | £1,059,000 *(141% of salary)* |
| **Panos Benos** | 70.6% | £847,200 *(141% of salary)* |

The Remuneration & Talent Committee considered this bonus outcome in light of the Group's overall financial and operational performance during 2022 and was satisfied that it was appropriate and that no discretionary adjustment to the outcome was required. This outcome is lower than 2021, reflecting the significant performance achievements in the year while being cognisant of some limited operational challenges earlier in the year with the FPSO, and the broader macroeconomic environment.

**LTIP awards vesting during the financial year**

The share award granted at the start of the 2020 financial year was subject to performance measured between 1 January 2020 and 31 December 2022. The value of this award is set out below.

| | Number of shares awarded | Value at award date[68] | Number of shares vesting[69] | Estimated vesting value |
|---|---|---|---|---|
| **Mathios Rigas** | 325,615 | £1,350,000 | 276,773 | £3,830,748 |
| **Panos Benos** | 217,077 | £900,000 | 184,515 | £2,553,836 |

The performance conditions that applied to this award are set out below

| | Weighting | Threshold *(25% vesting)* | Maximum *(100% vesting)* | Performance achieved | Payout level *(% of maximum)* |
|---|---|---|---|---|---|
| **Relative TSR**[70] | 50% | Median | Upper Quartile | Ranked above the Upper Quartile | 100% |
| **Absolute TSR** | 30% | 8% p.a. | 12% p.a. | 15.6% p.a. | 100% |
| **Average Scope 1 and 2 CO2emissions (kgCO2 / boe) over 3 Financial years**[71] | 20% | 18 $kgCO_2$ / boe | 6 $kgCO_2$ / boe | 18 $kgCO_2$ / boe | 25% |

Strong TSR performance, including on a relative and absolute basis, meant the award vested at 85% of maximum. There was threshold achievement of the average Scope 1 and 2 emissions performance condition. The delays to first gas at Karish, which was largely the result of COVID-19 postponing delivery of the FPSO, impacted the level of achievement of the average emissions measure. The Committee determined that no adjustment to the targets should be made despite this impact on achievement arising from an unforeseen factor outside management's control.

68 *Value at award date based* on grant price of £4.15.
69 Straight-line vesting applies for all performance conditions.
70 *Comparator group for the 2020 LTIP award comprises Capricorn Energy (formerly Cairn Energy), Enquest, Genel Energy, Gulf Keystone Petroleum, Hurricane Energy, Kosmos Energy, Nostrum Oil & Gas, Pharos Energy, Isramco Negev 2 LP, Harbour Energy, Ratio Energies, Rockhopper Exploration, Seplat Energy, Tamar Petroleum and Tullow Oil.*
71 *The carbon emissions targets for this award was incorrectly stated in the 2020 annual report as delivering 0% vesting for threshold performance instead of the intended 25% vesting. The error has been corrected in this table to reflect the award documentation and the intentions of the Remuneration & Talent Committee when setting the targets for this award. This also applies to the 2021 and 2022 LTIP awards.*

This award was granted in March 2020, when share prices were impacted by the status of the project which at that point had already started experiencing delays linked to Covid. At the time of award, the Committee committed to reviewing the vesting level of the award, being particularly mindful of the need to mitigate windfall gains. As disclosed at grant, the Committee made no prior adjustment to the award level. In part this was because 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 (i.e. before the COVID-19 price impact).

The 2020 LTIP was granted using a share price of £4.15 and resulted in 325,615 being made under award to the CEO and 217,077 shares for the CFO. This was a reduction on the 2019 grant price (£7.60), and a more limited reduction on the 2018 grant price (£5.34). Below we set out the details for prior and subsequent awards for the CEO for context.

| | Grant date | Grant price *(5 day average)* | Number of shares made under award | Face value of award at grant |
|---|---|---|---|---|
| **FY18 grant** | 12-Jul-18 | £5.34 | 252,904 | £1,350k |
| **FY19 grant** | 28-Mar-19 | £7.61 | 177,309 | £1,350k |
| **FY20 grant** | 26-Mar-20 | £4.15 | 325,615 | £1,350k |
| **FY21 grant** | 26-Apr-21 | £8.06 | 167,410 | £1,350k |

The formulaic outcome of the award is 85% of maximum. This is based on maximum achievement of the relative TSR and stretching absolute TSR targets, as well as threshold achievement of our average Scope 1 and Scope 2 emissions targets.

The Committee recognise that this is an outcome that reflects strong performance of the executive team over the performance period.

The Committee has considered the matter of windfall gains in some detail and has been presented with analysis from a variety of perspectives, including:

- Sector perspective, and sector specific factors
- Relative and absolute TSR performance (excluding any COVID-19 impact)
- Underlying operational performance
- Remuneration out-turns, including peer comparisons

As part of the process we wrote to and sought feedback from our major shareholders. Taking a range of factors into account, we have concluded that we do not consider it appropriate to make any downwards adjustment and we consider the overall out-turn to be reflective of the executive team's overall performance over the period, as well as the inherent commodity price risk in our sector.

In reaching this decision, the Committee considered the following factors:

| | |
|---|---|
| **Wholesale prices** | Energean's market value is heavily influenced by the commodity markets. Prevailing commodity prices at the point LTIPs are granted will therefore always impact the number of shares made under award. This volatility due to commodity prices means there will be years where a higher number of shares are awarded due to lower gas prices (e.g. for the 2020 award) but other years when the number of shares will be elevated. For example, assuming the gas price remains elevated, the share price will reduce the grant level for 2023. This variability is inherent in the business model, and it is recognised will sometimes benefit and sometimes penalise participants (i.e. participants take 'the rough with the smooth').<br><br>Adjusting where the share price is lower (e.g. for the 2020 award) and taking no action when commodity prices are elevated, and where management is penalised as a consequence (e.g. as could potentially be for the case for the 2023 award) means there is an element of asymmetry in the general approach of reductions due to share price falls. This is an important sector consideration from the perspective of fairness to participants. |
| **Energean's operational successes** | The company has achieved significant milestones over the performance period (including first gas from Karish, three quarters worth of dividends declared, and new gas field discoveries). During 2020, the management team responded quickly to the operational challenges, and at the end of 2020 we were reporting on our strategic successes. 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. It was a landmark year. This exceptional performance has been sustained over the three- year period. This includes the following key achievements:<br>– Achieved first gas at Karish, our flagship gas project offshore Israel<br>– Fully integrated Edison E&P<br>– Closed the acquisition of Kerogen's 30% holding in Energean Israel Limited<br>– In 2021, issued two new bond programmes, raising $2.5 billion and $450 million respectively, which fixed interest rates ahead of the rise in global rates, protecting the balance sheet for our shareholders<br>– Implemented a quarterly dividend programme |
| **Performance conditions on the award** | The award is subject to robust performance conditions. 50% of the award is based on relative TSR – given the TSR peer group is composed of similar peer companies, all of which will experience the benefits of commodity price increases, the award is significantly based on outperformance of the market (rather than simply momentum in wholesale prices). The TSR assessment (both relative and absolute TSR) utilises average share prices in Q4 2019, i.e. there is no element of any COVID-19 share price dip in this calculation. |
| **Absolute TSR is a performance condition** | Challenging absolute TSR targets (worth 30% of the award) are based on the share price in Q4 2019 rather than the grant price. This strips out the impact of COVID-19 on this element of the award. |

| | |
|---|---|
| **Performance vs. peers** | Energean has outperformed the sectoral-focused FTSE 350 Oil, Gas, Coal Index (since 1 October 2019). This positive outperformance indicates that the overall share price recovery is largely driven by intrinsic business success, rather than simply external factors. Our relative TSR performance against peer companies is also all the more impressive given our fixed-price contract model means our peers benefit disproportionately from the commodity price environment. |
| **Holding period** | Vesting awards are subject to a 2-year holding period. As such, there is significant opportunity for any share price performance not substantiated by the fundamentals of the Company (e.g. based on 'tailwinds' of the commodity price) to abate by the point the awards are released to participants. |

The Committee considered the overall incentive out-turn in the context of management's significant achievements over the period, as well as shareholders' experience. The Committee also reviewed historical total compensation outcomes for peer companies as part of the review. Our conclusion was that the overall incentive outcomes feel to us very supportable in the context of performance, and the Committee did not feel we should be scaling back.

***LTIP awards granted during the financial year***

An award was granted under the LTIP to selected senior executives, including the Executive Directors, in April 2022. This award is subject to the performance conditions described below and will vest in April 2025 with a subsequent two-year holding period for any vested shares to April 2027.

As disclosed last year, the CEO's salary was uplifted for 2022 but with the uplift conditional on the achievement of First Gas. Upon achievement of First Gas, his LTIP award was therefore uplifted to reflect his awarded salary for the year. In the table both the initial grant and the uplift grant are shown.

| | Type of award | Date of grant | Maximum number of shares[72] | Face value (£) | Face value (% of salary) | Threshold vesting | End of performance period |
|---|---|---|---|---|---|---|---|
| **Mathios Rigas** | Conditional share award | 1 April 2022 | 116,119 | £1,350,000 | 200% | 25% of award | 31 December 2024 |
| | Conditional share award | 9 December 2022 | 11,533 | £150,000 | | | 31 December 2024 |
| **Panos Benos** | Conditional share award | 1 April 2022 | 103,216 | £1,200,000 | 200% | 25% of award | 31 December 2024 |

As disclosed in last year's report, an administrative error meant that Panos Benos' 2021 LTIP award was granted over his prior year salary and therefore a further grant was made in April 2022 over the balancing number of shares (18,601) to correct this. The performance conditions that apply to this are as set out in the 2021 Director's Remuneration Report.

Vesting of the 2022 LTIP 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 & Talent Committee. They will consider the vesting level at the end of the performance period to ensure the final outcome is appropriate and reasonable.

[72] The maximum number of shares that could be awarded has been calculated using the share price of £11.626 (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. The price used for the additional grant to reflect the uplifted CEO salary following First Gas was £13.00.

The targets that apply to this award were disclosed in the 2021 Director's Remuneration Report and are set out again below.

| Performance measure | Proportion of award determined by measure | Threshold performance | Maximum performance |
|---|---|---|---|
| Relative Total Shareholder Return over three-year performance period[73] | 50% | Median ranking<br>*12.5% of award* | Upper quartile ranking<br>*50% of award* |
| Absolute Total Shareholder Return over three-year performance period | 30% | 8% p.a.<br>*7.5% of award* | 12% p.a.<br>*30% of award* |
| Average Scope 1 and 2 $CO_2$ emissions ($kgCO_2$ / boe) over 3 Financial Years | 20% | 18 $kgCO_2$/boe<br>*5% of award*[10] | 6 $kgCO_2$/boe<br>*20% of award* |

### Loss of office payments/ payments to former directors

There have been no payments to former Directors or payments to Directors for loss of office during 2022.

### Statement of Directors' shareholding and share interests

Executive Directors are expected to achieve a holding of shares worth 200% of salary. The Remuneration & Talent 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 2022 is set out below:

| | Number of shares as at 31 December 2022[74] | | | | |
|---|---|---|---|---|---|
| | 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? [(3)] |
| **Director** | | **LTIP** | **DBP** | | |
| Mathios Rigas | 14,854,444 | 643,961 | 68,926 | 8.34% | Yes |
| Panos Benos | 3,414,010 | 467,402 | 46,397 | 1.92% | Yes |
| Karen Simon | 232,072 | | | 0.13% | n/a |
| Andrew Bartlett | 5,554 | | | 0.00% | n/a |
| Robert William Peck[75] | 6,755 | | | 0.00% | n/a |
| Stathis Topouzoglou | 16,863,674 | | | 9.47% | n/a |
| Amy Lashinsky | 1,507 | | | 0.00% | n/a |
| Kimberley Wood | 0 | | | 0.00% | n/a |
| Andreas Persianis | 0 | | | 0.00% | n/a |
| Roy Franklin | 0 | | | 0.00% | n/a |

73 *Peer group for the 2022 LTIP: Aker BP, Lundin Energy, NewMed Energy, Isramco Negev 2 LP, Tamar Petroleum, Ratio Energies, Kosmos Energy, Harbour Energy, Capricorn Energy PLC (formerly Cairn Energy), Tullow Oil plc, Diversified Energy Company, Jadestone Energy, Serica Energy, Seplat Energy, Genel Energy and the FTSE 350 Oil, Gas, Coal index.*

74 *For the purposes of determining the value of Executive Director shareholdings, the individual's current annual salary and the share price as at 31 December 2022 has been used (£13.09 per share)*

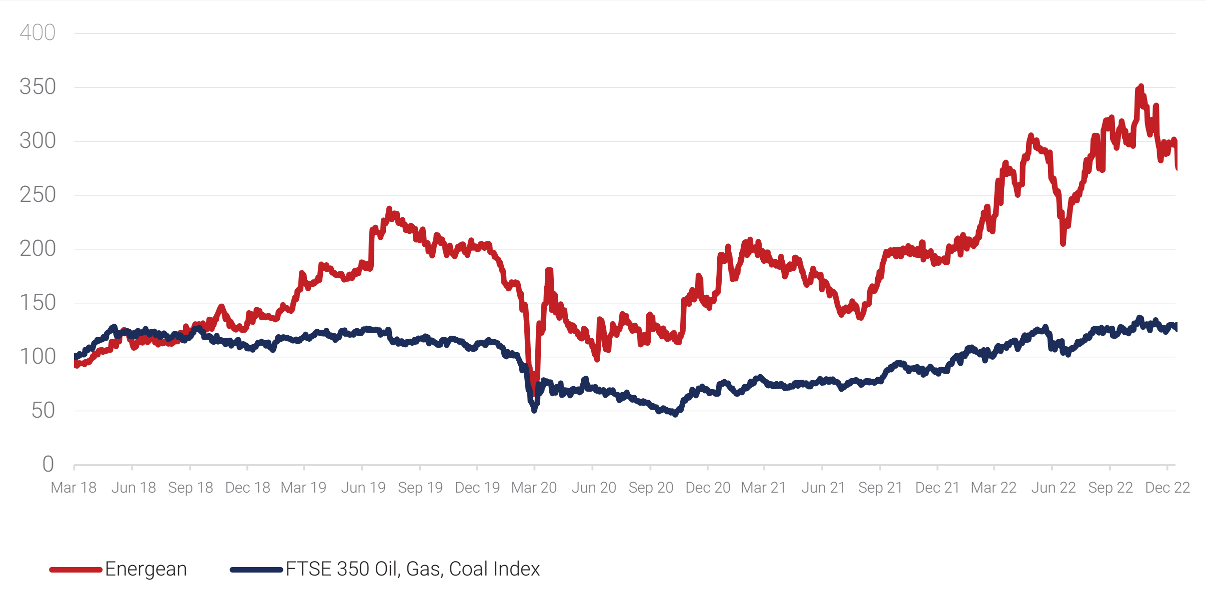
75 Robert Peck retired from the Board on 26 May 2022

### 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 2022 to the performance of the FTSE 350 Oil, Gas and Goal 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.




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.

| | 2022 | 2021[76] | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **CEO single figure of remuneration £'000** | £5,861k | £4,799k | £1,608k | £1,134k | £1,581k |
| **Annual bonus pay-out (as a % of maximum opportunity)** | 70.6% | 80.0% | 84.8% | 37.9% | 82.1% |
| **LTIP vesting out-turn (as a % of maximum opportunity)**[1] | 85.0% | 75.4% | n/a (no award vested in 2020) | n/a (no award vested in 2019) | n/a (no award vested in 2018) |

[76] The 2021 LTIP value is an average based on two awards that completed in 2021. The 2018 LTIP award that completed in June 2021 vested at 77.9% of maximum. The 2019 LTIP award that completed in December 2021 vested at 72.8% of maximum

### 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 2020 and 2022.

*Annual Percentage Change table*

| | Salary change (2021 to 2022) | Benefits change (2021 to 2022) | Annual bonus change (2021 to 2022) | Salary change (2020 to 2021) | Benefits change (2020 to 2021) | Annual bonus change (2020 to 2021) | Salary change (2019 to 2020) | Benefits change (2019 to 2020) | Annual bonus change (2019 to 2020) |
|---|---|---|---|---|---|---|---|---|---|
| Average for all employees[77] | 21.54% | 32.03% | 33.91% | 8.88% | 16.13% | 40.6% | 6.2% | -8.70% | 12.49% |
| **Executive Directors** | | | | | | | | | |
| Mathios Rigas | 11.11% | 4.00% | -1.90% | 0.0% | -36.0% | 25.9% | 0% | 0% | +124% |
| Panos Benos | 14.29% | 6.52% | 15.31% | 16.7% | -50.0% | 28.5% | 0% | 0% | +124% |
| **Non-Executive Directors** | | | | | | | | | |
| Karen Simon | 50.00% | – | – | 0% | 0% | 0% | 0% | 0% | 0% |
| Andrew Bartlett | 20.78% | – | – | 0% | 0% | 0% | 0% | 0% | 0% |
| Robert William Peck[78] | – | – | – | 0% | 0% | 0% | 0% | 0% | 0% |
| Stathis Topouzoglou | 2.33% | – | – | 0% | 0% | 0% | 0% | 0% | 0% |
| Amy Lashinsky | 2.33% | – | – | 0% | 0% | 0% | 0% | 0% | 0% |
| Kimberley Wood | 16.67% | – | – | 0% | 0% | 0% | 0% | 0% | 0% |
| Andreas Persianis | 0.00% | – | – | 0% | 0% | 0% | 0% | 0% | 0% |
| Roy Franklin[79] | – | – | – | 0% | 0% | 0% | – | – | – |

77 *Average employee pay has been calculated on a full-time equivalent basis based on all employees of Energean* plc.

78 *Robert Peck did not receive a full year's salary for 2022 having retired from the Board at the conclusion of the 2022 AGM held in May 2022. He received £28.7k for 2022 and no comparison has been made to his 2021 salary.*

79 *Roy Franklin did not receive a full year's salary for 2021 having joined the Board in October 2021. He received £12k for 2021 and no comparison has been made to his 2022 salary.*

Since Energean plc only has 36 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 147.

### Relative importance of the spend on pay

The chart below illustrates the total expenditure on remuneration in 2021 and 2022 for all of the Company's employees compared to dividends payable to shareholders.

| | 2022 $m | 2021 $m | Change |
|---|---|---|---|
| **Total expenditure on remuneration** | 85.3 | 94.6 | (9.8)% |
| **Dividends payable to shareholders/ share buybacks** | 106.5 | nil | – |

### Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration & Talent Committee is chaired by Kimberley Wood. During the year, the Remuneration & Talent Committee also comprised Karen Simon, Roy Franklin and Amy Lashinsky. Details of their attendance is set out on page 100.

The Remuneration & Talent Committee met 6 times during 2022. 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 Amy Lashinsky as the employee representative on the Board. As part of this role, Amy 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 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.<br><br>Notwithstanding this, the Remuneration & Talent 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 & Talent Committee are available on our website at www.energean.com.

During the year, the Remuneration & Talent Committee received independent and objective advice from Deloitte LLP principally on market practice and pay governance for which Deloitte LLP was paid £75,700 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, and transaction support services.

**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 Amy Lashinsky who is also a member of the Remuneration & Talent Committee. The Board regularly receives analysis around the wider workforce. For example, in their July meeting, they received an HR Update including a pay and benefits analysis broken down by jurisdiction, and analysis of the gender pay gap and CEO pay ratio. This data allows the Committee to make decisions around executive pay that is cognisant of the approach being taken to pay across the Company.

During 2023, the Committee members will take part in staff events such as town halls meetings and meet with staff in person and virtually.

**Shareholder voting on remuneration resolutions**

| | Votes for | Votes against | Votes withheld |
|---|---|---|---|
| Approval of the Directors' Remuneration Policy 2021 AGM | 103,849,415 (75.3%) | 34,092,723 (24.7%) | – |
| Approval of the Annual Report on Remuneration 2022 AGM | 107,076,639 (80.3%) | 26,288,210 (19.7%) | – |

**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
22 March 2023

# Group Directors' Report

The Directors are pleased to present their report on the affairs of the Group, together with the financial statements for the year ended 31 December 2022. The Corporate Governance Statement set out on pages 99-105 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 231. Details of financial instruments and financial risks are set out in note 26 to the financial statements on pages 220-228. 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 106-09.

In 2022, the Company introduced a new Enterprise Risk Management system as detailed on page 74. The Group's principal risks and uncertainties, are detailed on pages 78-93.

The Company recognises the benefits of diversity in the boardroom and believes that a wide range of experience, backgrounds, perspectives, and skills generates effective decision-making. In 2022 the Board approved a Diversity, Equity and Inclusion policy for the Group as detailed on page 53.

**Results and dividends**

The Group's financial results for the year ended 31 December 2022 are set out in the consolidated financial statements.

During 2022, the Directors announced the payment of the Company's maiden interim dividends, in line with the previously announced dividend policy. For the three months ended 30 June 2022, the Company paid an interim dividend of $0.30 per ordinary share on 30 September 2022. For the three months ended 30 September 2022, the Company paid a further interim dividend of $0.30 per ordinary share on 30 December 2022. On 9 February 2023, the Company announced that for the three months ended 31 December 2022 the directors had declared an interim dividend of $0.30 per ordinary share to be paid on 30 March 2023.

**Capital structure**

Details of the issued share capital are shown in note 19 to the financial statements. As at 31 December 2022, the Company's issued share capital consisted of 178,040,505 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 3.15 to the financial statements on page 185.

**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 2022 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 2023. As at 22 March 2023, the Directors had not exercised this authority. The Directors are proposing to renew this authority at the 2023 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 loans and other financing agreements. The following significant agreements will, in the event of a change of control of the Company, be affected as follows:

- Under the 6.5% Senior Secured notes due 2027 ($450 million), upon a change of control (save for certain exceptions) of the Company, each noteholder has the right to require the Company to repurchase all or any part of that holder's notes at a premium plus accrued and unpaid interest.
- Under the Group's $2.5 billion Senior Secured Notes, upon a change of control (save for certain exceptions) of the Sponsor (Energean Israel Limited), or the Issuer (Energean Israel Finance Limited), each noteholder has the right to require the Sponsor to repurchase all or any part of that holder's notes at a premium plus accrued and unpaid interest.
- Under the 3 year $275million Revolving Credit Facility, which remains undrawn, upon a change of control, within a short notice period, the Facility Agent is entitled to cancel the available commitments of each lender and declare all amounts outstanding due and payable.

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 94–98. All of the Directors will offer themselves for re-election at the AGM in May 2023.

The Directors during the year were:

- Karen Simon (Non-Executive Chair)
- Mathios Rigas (Chief Executive Officer)
- Panos Benos (Chief Financial Officer)
- Roy Franklin (Senior Independent Non-Executive Director)
- Andrew Bartlett (Independent Non-Executive Director)
- Robert Peck (Independent Non-Executive Director) – Retired from the Board on 26 May 2022.
- Efstathios Topouzoglou (Non-Executive Director)
- Andreas Persianis (Independent Non-Executive Director)
- Kimberley Wood (Independent Non-Executive Director)
- Amy Lashinsky (Independent Non-Executive Director)

**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**

During the financial year, the Company had in place a qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006) for the benefit of each of its Directors and the Company Secretary, pursuant to which the Company will, to the fullest extent permitted by law and to the extent provided by the Articles of Association, indemnify them against all costs, charges, losses and liabilities incurred by them in the execution of their duties. These indemnity provisions were updated during the course of the year. The Company also has Directors' and Officers' liability insurance in place.

**Political contributions**

No political donations were made during the year (2021: nil).

**Significant events since 31 December 2022**

Details of significant events since the balance sheet date are contained in note 29 to the financial statements on page 231.

**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 |
|---|---|---|---|
| Oilco Investments Limited | 16,765,024 | 16,765,024 | 9.42% |
| Growthy Holdings Co. Limited | 13,948,260 | 13,948,260 | 7.83% |
| Clal Insurance Company Limited | 13,570,462 | 13,570,462 | 7.62% |
| The Phoenix Holdings Ltd. | 12,528,960 | 12,528,960 | 7.04% |
| BlackRock | 7,472,075 | 7,472,075 | 4.20% |
| abrdn | 6,648,532 | 6,648,532 | 3.73% |
| Vanguard Group | 6,374,736 | 6,374,736 | 3.58% |
| Legal and General Investment Management | 5,761,348 | 5,761,348 | 3.24% |

**Annual General Meeting (AGM)**

The Company's AGM will be held in London in May 2023. 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 255.

**Greenhouse gas (GHG) emissions reporting**

Details of the Group's emissions are contained in the Corporate Social Responsibility report on pages 65-66.

**Directors' statement of disclosure of information to auditor**

Each of the Directors in office at the date of the approval of this annual report and accounts 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**

The Group carefully manages the risk of a shortage of funds by closely monitoring its funding position and its liquidity risk. The going concern assessment covers the period from the date of approval of the Group Financial Statements on 22 March 2023 to 30 June 2024 (the "Assessment Period"). The Assessment Period has been extended such that it includes the $625 million bond repayment due in March 2024.

In forming its assessment of the Group's ability to continue as a going concern, including its review of the forecasted cashflow of the Group over the Forecast Period, the Board has made 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 within the Group's control, in the event these actions were required.

After careful consideration, the Directors are satisfied that the Group and Company has sufficient financial resources to continue in operation for the foreseeable future, for the Assessment Period from the date of approval of the Group Financial Statements on 22 March 2023 to 30 June 2024. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

### Overseas branches and subsidiaries

Details of subsidiaries of the Group are set out in note 30 on pages 232–233 to the Financial Statements.

### Hedging

Details of hedging are set out in note 26 on pages 220–228 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 9/page 199 |
| Publication of unaudited financial information | LR 9.8.4R (2) | Not applicable |
| Long-term incentive schemes | LR 9.8.4R (4) | Director remuneration report/ pages 123–147 and note 25, page 220 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 148–151 |
| 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 22 March 2023.

By order of the Board

**Eleftheria Kotsana**
Company Secretary
22 March 2023
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 and the Company 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 are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards (UK-adopted IAS) and have elected to prepare the 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 company law the Directors must not approve the 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 the Group and the Company 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 UK-adopted IAS (and in respect of the 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 and the Company's financial position and financial performance;
- in respect of the Group financial statements, state whether UK-adopted IAS have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the 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; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and/or 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 the 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 safeguarding the assets of the Group and Company and hence for taking reasonable steps 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.

**Directors' responsibility statement Directors:**

The Directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with the Companies Act 2006 and UK-adopted International Accounting Standards, 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; and
- 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 and the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 22 March 2023 and is signed on its behalf by:

**Matthaios Rigas**
Director
22 March 2023

**Panagiotis Benos**
Director
22 March 2023

# 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 2022 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- 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 2022 which comprise:

| Group | Parent company |
|---|---|
| Group statement of financial position as at 31 December 2022 | Company statement of financial position as at 31 December 2022 |
| Group income statement for the year then ended | Company statement of changes in equity for the year then ended |
| Group statement of comprehensive income for the year then ended | Related notes 1 to 15 to the financial statements including a summary of significant accounting policies |
| Group statement of changes in equity for the year then ended | |
| Group 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 UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the group and parent 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.

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.

**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 22 March 2023 to 30 June 2024, a reasonable worst-case scenario and two reverse stress test scenarios.
- We assessed the appropriateness of the duration of the going concern assessment period to 30 June 2024 and considered whether there are any known events or conditions that will occur beyond the period.
- We tested the integrity of the models used to calculate the forecast cash flows underlying the going concern assessment and, where applicable, assessed consistency with information relevant to other areas of our audit, including recent third-party reserves and resources reports and deferred tax asset recoverability assessments.
- We assessed the reasonableness of the key assumptions included in the base case and reasonable worst case cash flow models. Our evaluation of the key assumptions within the models included comparing oil and gas price forecasts to external data, comparing forecast gas prices in Israel to agreed sales contracts, verifying reserves and production estimates to the reserves report prepared by management's external specialist and ensuring consistency of forecast operating costs and capital expenditure against approved budgets. We also searched for potentially contradictory evidence that could indicate that management's assumptions were inappropriate.
- We challenged the amount and timing of mitigating actions available to respond to the reasonable worst case, including deferring capital expenditure and reducing operational expenditure, and assessing whether those actions were feasible and within the Group's control.
- We verified the starting cash position and the available financing facilities, including the two-year $350m financing facility signed subsequent to the year-end date, reflected in the models to the audit work we have performed on those balances, including our understanding of the key terms and financial covenants associated with the facilities.
- We verified any material, non-recurring cash outflows or inflows to and from third parties were reasonable and supported by relevant contractual terms or legal advice.
- We evaluated the appropriateness of management's two reverse stress test scenarios and assessed the likelihood of such conditions arising during the going concern assessment period to be remote.
- We also performed our own further downside stress testing, concluding the likelihood of liquidity being extinguished during the going concern assessment period under this adverse scenario to be remote.
- 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 Directors' assessment process.

**Our key observations**

- The directors' assessment forecasts that the group will retain sufficient liquidity throughout the going concern assessment period in both the base case and an unmitigated reasonable worst-case scenario.
- The group are forecasting compliance with financial covenant ratios across over the going concern assessment period.
- The directors' consider the reverse stress test scenarios to be remote based on forecast commodity prices and production performance to date, forecasts for the period and the additional liquidity provided by the recently secured two-year $350m financing facility available to the group.

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 a period through to 30 June 2024.

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 four components and audit procedures on specific balances for a further six components<br>• The components where we performed full or specific audit procedures accounted for 99% of Total assets, 99% of Revenue, and 99% of group Loss before tax |
| **Key audit matters** | • Risk of inappropriate estimation of oil and gas reserves<br>• Accounting for first production in Israel |
| **Materiality** | • Overall group materiality of $28.2 million which represents 0.5% of group assets, adjusted to remove the amount of goodwill recognised at the time of the group's initial investments in Energean Israel Limited and Edison E&P |

**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, the potential impact of climate change 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 fifteen (2021: sixteen) reporting components of the group, we selected ten (2021: ten) components covering entities within Israel, Italy, Egypt, Greece, Cyprus, and the United Kingdom which represent the principal business units within the group.

Of the ten components selected, we performed an audit of the complete financial information of four components ("**full scope components**") which were selected based on their size or risk characteristics. For the remaining six components ("**specific scope components**"), we performed audit procedures on specific accounts within that 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.

The table below illustrates the coverage obtained from the work performed by our audit teams:

| Reporting components | Number | % of group total assets | % of group revenue | % of group loss before tax |
|---|---|---|---|---|
| Full scope | 4 | 86% | 91% | 74% |
| Specific scope [1] | 6 | 13% | 8% | 25% |
| **Full and specific scope coverage** | **10** | **99%** | **99%** | **99%** |
| Remaining components [2] | 5 | 1% | 1% | 1% |
| **Total reporting components** | **15** | **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.

2 Of the remaining five (2021: six) components, none are individually greater than; 1% of the group's total assets (2021: 1%), 1% of group revenue (2021: 1%) and 1% of group loss before tax (2021: 1%). We performed other procedures to respond to any potential risks of material misstatement to the consolidated financial statements, including the following:

- analytical review procedures on an individual component basis;
- testing of consolidation journals, intercompany eliminations and foreign currency translation calculations;
- making enquiries of management about unusual transactions in these components; and
- reviewed minutes of Board meetings held throughout the period.

### Changes from the prior year

One component previously designated as full scope has been reclassified as specific scope for 2022 and one component previously designated as a review scope has been reclassified as specific scope for 2022 (both presented within the specific scope caption above). These changes were as a result of our current year assessment of the risks of material misstatement in the group's significant accounts. In addition, during the year a specific scope entities merged with a full scope entity seeing the overall number of entities reduce to fifteen in 2022 from sixteen in 2021 (presented within the full scope caption above).

### 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 four full scope components, audit procedures were performed on one of these directly by the primary audit team. For the other three full scope components and for four specific scope components where the work was performed by component auditors, 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 group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits principal business locations of the group on a rotating basis. During the current year's audit cycle, visits were undertaken by the primary audit team to the component teams in Israel (twice), Italy and Egypt. These visits involved discussing the audit approach with component teams including any issues arising from their work, meeting with local management. attending planning and closing meetings and reviewing relevant audit working papers on higher risk areas. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

**Climate change**

Stakeholders are increasingly interested in how climate change will impact Energean plc. The group has determined that the most significant future impacts from climate change on their operations will be from limited access to capital, increasing costs, reputational damage, and the potential for earlier asset retirement, amongst others. These are explained on pages 20 to 32 in the required Task Force on Climate-related Disclosures and on page 90 in the principal risks and uncertainties. They have also explained their climate commitments on pages 20 to 32. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the group's business and any consequential material impact on its financial statements.

The group has explained in note 4.2 of the consolidated financial statements its articulation of how climate change has been reflected in the financial statements including how this aligns with their commitment to the aspirations of the Paris Agreement to achieve net-zero emissions by 2050. Significant judgements and estimates relating to climate change are also included in note 4.2. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining the recoverable amount of the group's cash-generating units in accordance with UK adopted international accounting standards.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks and the significant judgements and estimates disclosed in note 4.2. We considered whether these have been appropriately reflected in management's assessment of impairment indicators, including the estimation of oil and gas reserves, and timing of planned decommissioning activities in accordance with UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have considered the impact of climate change on the financial statements to to impact the key audit matter linked to the risk of inappropriate estimation of oil and gas reserves. Details of our procedures and findings are included in our explanation of the key audit matter below.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, 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.

<table>
<tr><th colspan="2">Risk of inappropriate estimation of oil and gas reserves</th></tr>
<tr><td>Key audit matter description</td><td>Refer to the Audit & Risk Committee Report (pages 110 to 115); Accounting policies (pages 174 to 191); and Notes 3.6, 3.8, 3.11, 4.2, and 12 of the Consolidated Financial Statements<br><br>The estimation and measurement of oil and gas reserves is considered to be a significant risk as it impacts many material elements of the financial statements including impairment, decommissioning, deferred tax asset recoverability and depreciation, depletion and amortisation (DD&A).<br><br>Reserve estimation is complex, requiring technical input based on geological and engineering data. Management's reserves estimates are provided by external specialists (D&M and NSAI).<br><br>Energean's reserve portfolio as at 31 December 2022 included proven and probable reserves (2P) reserves of 1,161 Mmboe and contingent resources (2C) reserves of 217 Mmboe.</td></tr>
<tr><td>Our response to the risk</td><td>We performed the following procedures respect to management's estimation of oil and gas reserves:<ul><li>We confirmed our understanding of Energean's oil and gas reserve estimation process and the control environment implemented by management including both the transfer of source data to the management's reserves specialists and subsequently the input of reserves information from the specialist reports into the accounting system;</li><li>We obtained and reviewed the most recent third-party reserves and resources reports prepared by these specialists and compared these for consistency between other areas of the audit including Energean's reserves models, DD&A, the calculation of the decommissioning provision, deferred tax asset recoverability and the Directors' going concern assessment;</li><li>We assessed the qualifications of management's specialists;</li><li>We held discussions with the specialists to understand their process and any key judgements applied in reaching their conclusions. We established whether they had been placed under any undue pressure by management to achieve certain outcomes; and</li><li>We considered the impact of climate change and the energy transition on the calculation of reserves, including the impact on commodity price assumption forecasts and how this affects the economic limit of the reserves over the forecast production period.</li></ul>The audit procedures to address this risk were principally performed our component teams with oversight by the primary team.</td></tr>
<tr><td>Key observations communicated to the Audit & Risk Committee</td><td>We reported to the Audit & Risk Committee that:<ul><li>Based on our procedures we deem the process of estimating reserves to be appropriate, and no issues were noted when assessing the competency, objectivity and independence of management's internal and external specialists; and</li><li>We noted no issues with the oil and gas reserves estimates used by management as part of the financial reporting process, and the related financial statement impacts of these estimates appear reasonable and appropriate.</li></ul></td></tr>
</table>

<table>
<tr><th colspan="2">Accounting for first production in Israel</th></tr>
<tr><td>Key audit matter description</td><td>Refer to Accounting policies (pages 174 to 191); and Notes 3.5, 3.23 and 12 of the Consolidated Financial Statements<br><br>Energean achieved first gas was from the Karish Main Field on 26 October 2022. This gave rise to various accounting implications which required judgements to be made by management, including:<br><br>• Continued capitalisation of borrowing costs;<br>• Identification of the cash generating unit (CGU) for the purposes of impairment testing;<br>• Unit of account and method of depreciation; and<br>• Presentation of royalties in the income statement.</td></tr>
<tr><td>Our response to the risk</td><td>Our procedures in evaluating these significant judgements made by management included:<br><br>• Testing the appropriateness of borrowing costs capitalised throughout the year with a particular focus on those capitalised after the date of commercial production from Karish Main. We verified that borrowing costs capitalised after this date were attributed to the continued development of Karish North, the Field Support Vessel (FSV) and the 2nd oil train and met the criteria for capitalisation in line with the requirements of IAS 23 Borrowing Costs;<br>• Challenging the conclusion that the Israeli assets represent a single CGU in accordance with IAS 36 Impairment of Assets, by considering whether the cash flows associated with the Karish Main, Karish North and Tanin fields which utilise the common FPSO infrastructure are separately identifiable;<br>• Critically assessing management’s determination of the single unit of account, which impacts the costs which are eligible to be capitalised and the rate of depreciation on the Karish asset. This was done through performing enquiries and inspecting both supporting and contrary evidence. We performed procedures over the depreciation calculation by reconciling management’s assumptions to our work performed over reserves, and testing for clerical accuracy; and<br>• Verifying the presentation of royalties payable to the Israeli state as a gross cost of sale expense (as opposed to a deduction from revenue) within the Group Income Statement is appropriate and in accordance with the requirements of IFRS 15 Revenue from Contracts with Customers.<br>The audit procedures to address this risk were principally performed by the Israeli component team with oversight by the primary team.</td></tr>
<tr><td>Key observations communicated to the Audit & Risk Committee</td><td>We reported to the Audit & Risk Committee that the accounting judgements made by management surrounding first production on Karish Main in 2022 are reasonable with regards to the underlying facts and circumstances and the requirements of the relevant accounting standards.</td></tr>
</table>

In the prior year, our auditor’s report included a key audit matter in relation to revenue recognition and the risk of management override. We have identified this matter as a fraud risk due to the presumed risk of fraud in revenue recognition, but notwithstanding that we did not consider this to be a key audit matter in 2022 as it did not require significant auditor attention proportionally to our group audit procedures.

**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 $28.2 million (2021: $25.6 million), which is 0.5% (2021: 0.5%) of group assets, adjusted to remove the amount of goodwill recognised at the time of the group's initial investments in Energean Israel Limited and Edison E&P. 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. This is consistent with the measurement basis adopted in our 2021 audit.

We determined materiality for the parent company to be $7.9 million (2021: $8.2 million), which is 0.5% (2021: 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% (2021: 50%) of our planning materiality, namely $13.6 million (2021: $12.9 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 $2.7 million to $8.2 million (2021: $2.6 million to $7.8 million).

*Reporting threshold*

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $1.4 million (2021: $1.3 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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 5 to 153 and 248 to 256 including the Strategic Report and the Directors' Report, 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 this gives rise to 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**

We have reviewed 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 by the Listing Rules.

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 150;
- 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 92 to 93;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on pages 92 to 93;
- Directors' statement on fair, balanced and understandable set out on page 153;

- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 78 to 91;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 113; and;
- The section describing the work of the audit committee set out on pages 110 to 115

**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 152 to 153, 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 (UK adopted international accounting standards, 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 laws and regulations relating to health and safety, employee matters, environmental and bribery and corruption practices that may impact upon the financial statements. We understood how the group 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 & 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 also engaged our forensics specialists in assisting our assessment of the susceptibility of the group's financial statements to fraud.
- We determined there to be a risk of fraud associated with management override of the revenue process, specifically from the posting of manual topside journal entries. Our procedures incorporated data analytics and manual journal entry testing into our audit approach.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved that could give rise to a material misstatement in the financial statements; this included the provision of specific instructions to component teams. Our procedures focused on enquires of group management and a review of Board minutes, Audit & Risk Committee papers, Internal Audit reports and correspondence received from regulatory bodies.

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 & Risk Committee, we were appointed by the company on 29 April 2022 to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is six years, covering the years ending 31 December 2017 to 31 December 2022 inclusive.
- The audit opinion is consistent with our report to the Audit & Risk Committee .

**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.

**Paul Wallek (Senior Statutory Auditor)**
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
22 March 2023

# Group Income Statement

Year ended 31 December 2022

| ($'000) | Notes | 2022 | 2021 |
|---|---|---|---|
| Revenue | 6 | **737,081** | 496,985 |
| Cost of sales | 7a | **(358,930)** | (345,112) |
| **Gross profit** | | **378,151** | 151,873 |
| | | | |
| Administrative expenses | 7b | **(45,942)** | (42,973) |
| Exploration and evaluation expenses | 7c | **(71,395)** | (87,678) |
| Impairment of property, plant and equipment | 12/23 | **(27,628)** | – |
| Other expenses | 7d | **(15,161)** | (7,019) |
| Other income | 7e | **14,133** | 17,884 |
| **Operating profit** | | **232,158** | 32,087 |
| | | | |
| Finance income | 9 | **9,572** | 2,950 |
| Finance costs | 9 | **(107,315)** | (97,380) |
| Unrealised loss on derivatives | 26 | **(5,203)** | (21,477) |
| Net foreign exchange gain/(losses) | 9 | **(22,207)** | (6,922) |
| **Profit/ (Loss) before tax** | | **107,005** | (90,742) |
| | | | |
| Taxation expense | 10 | **(89,734)** | (5,412) |
| **Profit/(Loss) for the year** | | **17,271** | (96,154) |
| | | | |
| Attributable to: | | | |
| Owners of the parent | | **17,271** | (96,046) |
| Non-controlling interests | | **–** | (108) |
| | | **17,271** | (96,154) |

| Basic and diluted earnings/(loss) per share (cents per share) | | | |
|---|---|---|---|
| Basic | 11 | $0.10 | ($0.54) |
| Diluted | 11 | $0.12 | ($0.54) |

# Group Statement of Comprehensive Income

Year ended 31 December 2022

| ($'000) | 2022 | 2021 |
|---|---|---|
| **Profit/ (Loss) for the year** | **17,271** | (96,154) |
| | | |
| Other comprehensive profit/(loss): | | |
| Items that may be reclassified subsequently to profit or loss | | |
| Cash Flow hedges | | |
| Gain/(loss) arising in the period | **11,665** | (6,182) |
| Income tax relating to items that may be reclassified to profit or loss | **(2,799)** | 1,546 |
| Exchange difference on the translation of foreign operations, net of tax | **6,996** | (12,781) |
| | **15,862** | (17,417) |
| | | |
| Items that will not be reclassified subsequently to profit or loss | | |
| Remeasurement of defined benefit pension plan | **267** | (165) |
| Income taxes on items that will not be reclassified to profit or loss | **(64)** | 40 |
| | **203** | (125) |
| **Other comprehensive profit/(loss) after tax** | **16,065** | (17,542) |
| | | |
| **Total comprehensive profit/(loss) for the year** | **33,336** | (113,696) |
| | | |
| Total comprehensive profit/(loss) attributable to: | | |
| Owners of the parent | **33,336** | (113,590) |
| Non-controlling interests | **–** | (106) |
| | **33,336** | (113,696) |

# Group Statement of Financial Position

Year ended 31 December 2022

| ($'000) | Notes | 2022 | 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | **4,231,904** | 3,499,473 |
| Intangible assets | 13 | **296,378** | 228,141 |
| Equity-accounted investments | | **4** | 4 |
| Other receivables | 18 | **26,940** | 52,639 |
| Deferred tax asset | 14 | **242,226** | 154,798 |
| Restricted cash | 16 | **2,998** | 100,000 |
| | | **4,800,450** | 4,035,055 |
| **Current assets** | | | |
| Inventories | 17 | **93,347** | 87,203 |
| Trade and other receivables | 18 | **337,964** | 288,526 |
| Restricted cash | 16 | **71,778** | 99,729 |
| Cash and cash equivalents | 15 | **427,888** | 730,839 |
| | | **930,977** | 1,206,297 |
| **Total assets** | | **5,731,427** | 5,241,352 |
| | | | |
| **Equity and Liabilities** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 19 | **2,380** | 2,374 |
| Share premium | 19 | **415,388** | 915,388 |
| Merger reserve | 19 | **139,903** | 139,903 |
| Other reserves | | **16,557** | 7,488 |
| Foreign currency translation reserve | | **(5,827)** | (12,823) |
| Share-based payment reserve | | **25,589** | 19,352 |
| Retained earnings | | **56,208** | (354,559) |
| **Total equity** | | **650,198** | 717,123 |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 21 | **2,975,346** | 2,947,126 |
| Deferred tax liabilities | 14 | **56,114** | 67,425 |
| Retirement benefit liability | 22 | **1,675** | 2,767 |
| Provisions | 23 | **809,727** | 801,026 |
| Other payables | 24 | **318,058** | 225,987 |
| | | **4,160,920** | 4,044,331 |
| **Current liabilities** | | | |
| Trade and other payables | 24 | **756,874** | 449,707 |
| Current portion of borrowings | 21 | **45,550** | – |
| Derivative financial instruments | | **–** | 12,546 |
| Current tax liability | 10 | **109,509** | 5,279 |
| Provisions | 23 | **8,376** | 12,366 |
| | | **920,309** | 479,898 |
| **Total liabilities** | | **5,081,229** | 4,524,229 |
| **Total equity and liabilities** | | **5,731,427** | 5,241,352 |

Approved by the Board on the 22 March 2023

**Matthaios Rigas**
Chief Executive Officer

**Panos Benos**
Chief Financial Officer

# Group Statement of Changes in Equity

Year ended 31 December 2022

| ($'000) | Share capital | Share premium | Hedges and Defined Benefit Plans reserve[80] | Equity component of convertible bonds[81] | Share based payment reserve[82] | Translation reserve[83] | Retained earnings | Merger reserves | Total | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2021 | **2,367** | 915,388 | 1,792 | – | 13,419 | (42) | (144,734) | 139,903 | 928,093 | 266,299 | 1,194,392 |
| Loss for the period | – | – | – | – | – | – | (96,046) | – | (96,046) | (108) | (96,154) |
| Remeasurement of defined benefit pension plan, net of tax | | (125) | – | – | | – | – | (125) | – | (125) | |
| Hedges net of tax | – | – | (4,638) | – | – | – | – | – | (4,638) | 2 | (4,636) |
| Exchange difference on the translation of foreign operations | – | – | – | – | – | (12,781) | – | – | (12,781) | – | (12,781) |
| Total comprehensive income | **–** | **–** | **(4,763)** | **–** | **–** | **(12,781)** | **(96,046)** | **–** | **(113,590)** | **(106)** | **(113,696)** |
| *Transactions with owners of the company* | | | | | | | | | | | |
| Share based payment charges (note 25) | – | – | – | – | 5,940 | – | – | – | 5,940 | – | 5,940 |
| Exercise of Employee Share Options | 7 | – | – | | (7) | – | – | – | – | – | – |
| Acquisition of non-controlling interests (note 21) | – | – | – | 10,459 | – | – | (113,779) | – | (103,320) | (266,193) | (369,513) |
| At 1 January 2022 | **2,374** | **915,388** | **(2,971)** | **10,459** | **19,352** | **(12,823)** | **(354,559)** | **139,903** | **717,123** | **–** | **717,123** |
| Profit for the period | – | – | – | – | – | – | 17,271 | – | 17,271 | – | 17,271 |
| Remeasurement of defined benefit pension plan, net of tax | – | – | 203 | – | – | – | – | – | 203 | – | 203 |

80 Reserve is used to recognise remeasurement gain or loss on cash flow hedges and actuarial gain or loss from the defined benefit pension plan. In the Statement of Financial Position this reserve is combined with the 'Equity component of convertible bonds' reserve.

81 Refers to the Equity component of $50million of convertible loan notes, which were issued in February 2021 and have a maturity date of 29 December 2023.

82 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.

83 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.

# Group Statement of Changes in Equity (continued)

Year ended 31 December 2022

| ($'000) | Share capital | Share premium | Hedges and Defined Benefit Plans reserve[80] | Equity component of convertible bonds[81] | Share based payment reserve[82] | Translation reserve[83] | Retained earnings | Merger reserves | Total | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Hedges, net of tax | – | – | 8,866 | – | – | – | – | – | 8,866 | – | 8,866 |
| Exchange difference on the translation of foreign operations | – | – | – | – | – | 6,996 | – | – | 6,996 | – | 6,996 |
| Total comprehensive income | – | – | 9,069 | – | – | 6,996 | 17,271 | – | 33,336 | – | 33,336 |
| *Transactions with owners of the company* | | | | | | | | | | | |
| Share based payment charges (note 25) | – | – | – | – | 6,243 | – | – | – | 6,243 | – | 6,243 |
| Exercise of Employee Share Options | 6 | – | – | – | (6) | – | – | – | – | – | – |
| Share premium reduction (note 19) | – | (500,000) | – | – | – | – | 500,000 | – | – | – | – |
| Dividends (note 20) | – | – | – | – | – | – | (106,504) | – | (106,504) | – | (106,504) |
| At 31 December 2022 | **2,380** | **415,388** | **6,098** | **10,459** | **25,589** | **(5,827)** | **56,208** | **139,903** | **650,198** | **–** | **650,198** |

# Group Statement of Cash Flows

Year ended 31 December 2022

| ($'000) | Note | 2022 | 2021 |
|---|---|---|---|
| Operating activities | | | |
| **Profit/ (Loss) before taxation** | | **107,005** | (90,742) |
| Adjustments to reconcile profit/(loss} before taxation to net cash provided by operating activities: | | | |
| Depreciation, depletion and amortisation | 12,13 | 83,360 | 97,451 |
| Impairment loss on property, plant and equipment[84] | 12,23 | 27,628 | – |
| Loss from the sale of property, plant and equipment | 12 | 1,102 | 36 |
| Impairment loss on exploration and evaluation assets | 13 | 65,550 | 82,125 |
| Defined benefit (gain) | 22 | (351) | (4,062) |
| Movement in provisions | 23 | (4,742) | (4,465) |
| Compensation to gas buyers | 6 | 18,029 | (22,958) |
| Change in decommissioning provision estimates | 23 | – | (10,198) |
| Finance income | 9 | (9,572) | (2,950) |
| Finance costs | 9 | 107,315 | 97,380 |
| Unrealised loss on derivatives | | 5,203 | 21,477 |
| ECL on trade receivables | | 565 | (1,853) |
| Non-cash revenues from Egypt[85] | | (57,766) | (39,100) |
| Impairment loss on inventory | | 1,207 | – |
| Share-based payment charge | 25 | 6,044 | 5,732 |
| Net foreign exchange loss | 9 | 22,207 | 8,775 |
| **Cash flow from operations before working capital adjustments** | | **372,784** | 136,648 |
| (Increase) in inventories | | (10,278) | (16,484) |
| (Increase)/Decrease in trade and other receivables | | (74,454) | 46,351 |
| Increase/(Decrease) in trade and other payables | | 23,405 | (34,726) |
| **Cash flow from operations** | | **311,457** | 131,789 |
| Income tax (paid)/ received | | (39,304) | 715 |
| **Net cash inflow from operating activities** | | **272,153** | 132,504 |

[84] The impairment of property, plant and equipment is a result of changes in the decommissioning provision.
[85] Non-cash revenues from Egypt arise due to taxes being deducted at source from invoices as such revenue and tax charges are grossed up to reflect this deduction but no cash inflow or outflow results.

# Group Statement of Cash Flows (continued)

Year ended 31 December 2022

| ($'000) | Note | 2022 | 2021 |
|---|---|---|---|
| Investing activities | | | |
| Payment for purchase of property, plant and equipment | 12 | **(395,753)** | (403,503) |
| Payment for exploration and evaluation, and other intangible assets | 13 | **(64,414)** | (48,674) |
| Acquisition of a subsidiary, net of cash acquired | | **–** | 841 |
| Movement in restricted cash | | **124,953** | (199,729) |
| Proceeds from disposal of property, plant and equipment | | **227** | – |
| Amounts received from INGL related to the future transfer of property, plant & equipment | 24 | **17,371** | 5,673 |
| Interest received | | **9,675** | 2,609 |
| **Net cash outflow for investing activities** | | **(307,941)** | (642,783) |
| **Financing activities** | | | |
| Drawdown of borrowings | 21 | **63,463** | 175,000 |
| Repayment of borrowings | 21 | **–** | (1,807,140) |
| Senior secured notes Issuance | 21 | **–** | 3,068,000 |
| Acquisition of-non-controlling interests | 21 | **(30,000)** | (175,000) |
| Transaction costs related to acquisition of non-controlling interest | | **–** | (1,677) |
| Repayment of obligations under leases | | **(14,023)** | (10,852) |
| Debt arrangement fees paid | | **–** | (48,377) |
| Finance cost paid for deferred license payments | | **(1,501)** | (3,494) |
| Finance costs paid | | **(178,914)** | (136,695) |
| Dividend Paid | | **(106,504)** | – |
| **Net cash (outflow)/ inflow from financing activities** | | **(267,479)** | 1,059,765 |
| **Net (decrease) / increase in cash and cash equivalents** | | **(303,267)** | 549,486 |
| Cash and cash equivalents at beginning of the period | | **730,839** | 202,939 |
| Effect of exchange rate fluctuations on cash held | | **316** | (21,586) |
| **Cash and cash equivalents at end of the period** | 15 | **427,888** | 730,839 |

# Group Accounting Policies and Notes

## 1 Corporate Information

Energean plc (the 'Company') was incorporated in England & Wales on 8 May 2017 as a public company limited by shares, 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.

The Group's core assets and subsidiaries as of 31 December 2022 are presented in note 30.

## 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 UK-adopted International Accounting Standards (UK-adopted IAS).

The consolidated financial information is presented in US Dollars and all values are rounded to the nearest thousand dollars except where otherwise indicated.

The statement of financial position as at 31 December 2022 presents current tax liabilities separately from the current portion of trade and other payables. Comparative amounts of $5,279,000 have been reclassified accordingly.

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 the risk of a shortage of funds by closely monitoring its funding position and its liquidity risk. The going concern assessment covers the period from the date of approval of the Group Financial Statements on 22 March 2023 to 30 June 2024 'the Assessment Period'. The Assessment Period has been extended such that it includes the $625 million bond repayment due in March 2024.

As of 31 December 2022 the Group's available liquidity was approximately $720 million. This available liquidity figure includes: (i) c. $43 million of undrawn facility under the €100 million loan backed by the Greek State signed in December 2021 for the development of the Prinos Area in Greece, including the Epsilon development; and (ii) c. $174 million available under the $275 million Revolving Credit Facility ('RCF') signed by the Group in September 2022 (with the remainder being utilized to issue Letters of Credit for the Group's operations). Subsequent to 31 December 2022, the Group signed a $350 million Term Loan Facility. The Group has a $625 million bond, at the Energean Israel level, maturing in March 2024. Management expects to refinance this bond during 2023; however, for the purposes of the Going Concern assessment it has been assumed that the bond is repaid in full and not refinanced.

The going concern assessment is founded on a cashflow forecast prepared by management, which is based on a number of assumptions, most notably the Group's latest life of field production forecasts, budgeted expenditure forecasts, estimated of future commodity prices (based on recent published forward curves) and available headroom under the Group's debt facilities. The going concern assessment contains a 'Base Case' and a 'Reasonable Worst Case' ('RWC') scenario.

The Base Case scenario assumes Brent at $80/bbl in 2023 and $75/bbl in 2024 and PSV (Italian gas price) at €50/MWH in 2023 and €45/MWH in 2024. A reasonable ramp-up of production from the Karish Field is assumed throughout the going concern assessment period, with prices for gas sold assumed at contractually agreed prices. Under the Base Case, sufficient liquidity is maintained throughout the going concern period.

The Group also routinely performs sensitivity tests of its liquidity position to evaluate adverse impacts that may result from changes to the macro-economic environment, such as a reduction in commodity prices. These downsides are considered in the RWC going concern assessment scenario. The Group is not materially exposed to floating interest rate risk since the majority of its borrowings are fixed-rate. The Group also looks at the impact of changes or deferral of key projects and downside scenarios to budgeted production forecasts in the RWC.

The two primary downside sensitivities considered in the RWC are: (i) reduced commodity prices; (ii) reduced production – these downsides are applied to assess the robustness of the Group's liquidity position over the Assessment Period. In a RWC downside case, there are appropriate and timely mitigation strategies, within the Group's control, to manage the risk of funding shortfalls and to ensure the Group's ability to continue as a going concern. Mitigation strategies, within management's control, modelled in the RWC include deferral of capital expenditure on operated assets, deferral or cancellation of exploration and/or discretionary spend and exercise of rights under contractual arrangements to improve liquidity. Under the RWC scenario, after considering mitigation strategies, liquidity is maintained throughout the going concern period.

Reverse stress testing was also performed to determine what commodity price or production shortfall would need to occur for liquidity headroom to be eliminated. The conditions necessary for liquidity headroom to be eliminated are judged to have a remote possibility of occurring, given the diversified nature of the Group's portfolio and the 'natural hedge' provided by virtue of the Group's fixed-price gas contracts in Israel and Egypt. In the event a remote downside scenario occurred, prudent mitigating strategies, consistent with those described above, could also be executed in the necessary timeframe to preserve liquidity. There is no material impact of climate change within the Assessment Period and therefore it does not form part of the reverse stress testing performed by management.

In forming its assessment of the Group's ability to continue as a going concern, including its review of the forecasted cashflow of the Group over the Forecast Period, the Board has made 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 within the Group's control, in the event these actions were required.

After careful consideration, the Directors are satisfied that the Group and Company has sufficient financial resources to continue in operation for the foreseeable future, for the Assessment Period from the date of approval of the Group Financial Statements on 22 March 2023 to 30 June 2024. 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

The following amendments became effective as at 1 January 2022:

- Annual improvements to IFRS 2018-2020
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

None of the above amendments had a significant impact on the consolidated financial statements of the Group.

**New and amended standards and interpretations in issue but not yet effective for the 2022 year end**

New standards and interpretations that are in issue but not yet effective are listed below:

- IFRS 17 Insurance Contracts – 1 January 2023
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information – 1 January 2023

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – 1 January 2023
- Definition of Accounting Estimates (Amendments to IAS 8) – 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – 1 January 2023
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – 1 January 2024
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) – 1 January 2024

The adoption of the above standard and interpretations is not expected to lead to any material 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.

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$). The US Dollar is the currency that mainly influences sales prices, revenue estimates and has a significant effect on its operations. The functional currencies of the Group's main subsidiaries are Euro for Energean Italy Spa, Energean International E&P Spa, Energean Oil & Gas S.A., and US$ for Energean Israel Limited, Energean Egypt 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 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 as at the date of acquisition are recognised and measured at fair value in accordance with the requirements of *IFRS 3 Business Combinations*

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.

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 fair value of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values 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. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

## 3.3 Investments in Associates and 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. A joint arrangement is either a joint operation or a joint venture.

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.

**Investments in Associates and Joint Ventures**

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 investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Any goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised 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.

After application of the equity method, the Group determines whether it is necessary to recognise 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 recognises 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 recognises 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 recognised 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.

The Group is engaged in oil and gas exploration, development and production through unincorporated joint arrangements particularly in Italy and the UK. These are classified as joint operations in accordance with IFRS 11 *Joint Arrangements*. The Group accounts for its share of the results and assets and liabilities of these joint operations. In addition, where the Energean acts as operator to the joint operation, the gross liabilities and receivables (including amounts due to or from non-operated partner) of the joint operation are included in the Group's balance sheet. Where another party acts as operator, the Group's share of the working capital (inventory, receivables and payables) of those non-operated fields is recognised within trade and other payables/receivables. A list of the Group's joint operations and its working interest in each is disclosed in note 31.

## 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'. Proceeds from any oil and gas produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly) is recognised in profit or loss in accordance with IFRS 15 *Revenue Recognition*. The Group measures the cost of those items applying the measurement requirements of IAS 2 *Inventories*. 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. Commercial reserves have a 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50% 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 utilisation, 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 interdependency between fields due to shared infrastructure, the related cash inflows of each field are not largely independent and therefore the relevant 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 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 it is probable that these products will 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 (such as S4/HANA Cloud Services) 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 Convertible bonds

Convertible bonds are separated into liability and equity components based on the terms of the contract. The fair value of the liability component on initial recognition is calculated by discounting the contractual cash flows using a market interest rate for an equivalent non-convertible instrument. The difference between the fair value of the liability component and the proceeds received on issue is recorded as equity.

Transaction costs are apportioned between the liability and the equity components of the instrument based on the amounts initially recognised. The liability component is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or settlement. The equity component is not remeasured.

## 3.13 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. With the exception of leases in joint operations (see below), 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, leases of low-value assets and leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources. 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).

The right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Cost comprises the initial amount of the lease liability and any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs required to remove or restore the underlying asset, 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.

***iv) Other leases outside the scope of IFRS 16***

Leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources are outside the scope of IFRS 16 and are recognised as exploration and evaluation costs or as oil and gas assets, as appropriate. Please refer to notes 3.4 and 3.5.

**Accounting for leases in joint operations**

Where the Group enters into lease agreements as operator of a joint operation and is sole signatory to a lease contract, it recognises its obligations under the lease in full to reflect the legal position of the Group as the contracting counterparty for such leases. Where the obligations of the non-operator parties under the joint operating agreement give rise to a sub-lease, the related proportion of the right-of-use asset is derecognised and a finance lease receivable recorded to reflect the proportion of the lease liability recoverable from the non-operator parties to the joint operating agreement.

## 3.14 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 amortised 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 amortised 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 amortised cost include trade receivables.

*Financial assets at fair value through profit or loss*

The Group's financial assets at fair value through profit or loss include 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 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.

***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 *Financial Instruments*. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities recognised at fair value through profit and loss are recognised in the statement of profit or loss. The Group discloses the unwinding of the discount separately, in finance costs, from the mark to market gain 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 hedging instrument and the hedged item 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.

***Ordinary shares***

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.

## 3.15 Share-based payment

**Equity-settled transactions**

***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 recognised 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 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.

## 3.16 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.

## 3.17 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 deposits in escrow and held in designated bank deposits accounts to be released when the Group meet the specified expenditure milestones.

Restricted cash comprises balances retained in respect of the Group’s Senior Secured Notes and cash collateral provided under a letter of credit facility for issuing bank guarantees for Group’s activities in Israel (see Note 16). The nature of the restrictions on these balances mean that they do not qualify for classification as cash equivalents.

## 3.18 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 is 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.

## 3.19 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.

## 3.20 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 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 recognised in full when the related facilities are installed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment.

The amount recognised 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.

## 3.21 Revenue

Revenue from contracts with customers is recognised when control of the gas/crude oil/by-products or rendering of 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. In certain jurisdictions in which the Group operates royalties are levied by the government. The government can request that these royalty payments be made in cash or in kind. In the current year and in prior years the government has requested cash payments be made and therefore the Group has not made any royalty payments in kind. As such the Group obtains control of all the underlying reserves once extracted, sells the production to its customers and then remits the proceeds to the royalty holder and is therefore considered to be acting as the principal.

**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 realisation 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 recognises 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.

## 3.22 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.

## 3.23 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 and any Exploration and Evaluation assts which have not resulted in the classification of commercial reserves.

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

## 3.24 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.

## 3.25 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 3.22)
- 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 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:

**Carrying value of intangible exploration and evaluation assets (note 13)**

Amounts carried under intangible exploration and evaluation assets represent active exploration projects. Capitalised 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 impairment reversal and quantifying the amount requires critical judgement. The key areas in which management has applied judgement 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.

**Identification of cash generating units**

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 gas field 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 determined that the related cash inflows are interdependent and therefore identified five cash generating units in Italy being Italy Gas and then the oil fields (Vega, Sarago Mare, Rospo and Other Oil fields) which is consistent with how the Group monitors the business.

## 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 within the next financial year, are discussed below:

**Impairment of property, plant and equipment**

The Group assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. 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 recoverable amount are: commodity price assumptions, production profiles, the future impact of risks associated with climate change, discount rates and commercial reserves and the related cost profiles. Commercial (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's impairment assessment did not identify any cash generating units for which a reasonably possible change in a key assumption would result in impairment or impairment reversal, except for the Vega oil field in Italy. A 8% decrease in Brent would eliminate the current headroom of the Vega CGU.

Management has considered how the Group's identified climate risks and climate related goals (as discussed in the Strategic Report) may impact the estimation of the recoverable amount of cash-generating units in the impairment assessments. The anticipated extent and nature of the future impact of climate on the Group's operations and future investment, and therefore estimation of recoverable value, is not uniform across all cash-generating units. There is a range of inherent uncertainties in the extent that responses to climate change may impact the recoverable value of the Group's cash-generating units, with many of these being outside the Group's control. These include the impact of future changes in government policies, legislation and regulation, societal responses to climate change, the future availability of new technologies and changes in supply and demand dynamics.

The Group has incorporated carbon pricing when preparing discounted cash flow valuations. Carbon prices are incorporated based on currently enacted legislation (where relevant). Carbon costs are based on the forecast carbon price per tonne/$CO_2e$, multiplied by estimated Scope 1 and 2 emissions for the relevant operation. As part of the impairment assessment the Group has run sensitivity scenarios for the IEA's 2022 WEO climate scenarios (Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS) and Net-Zero Emissions by 2050 Scenario (NZE)). Specific scenarios are not used as an input to asset valuations for financial reporting purposes as no single scenario is representative of management's best estimate of the likely assumptions that would be used by a market participant when valuing the Group's assets. The Groups CGUs in Italy and Greece are most impacted by the scenarios, specifically the Vega field which as noted above is sensitive to changes in Brent prices.

Further details about the carrying value of property, plant and equipment are shown in Note 12 of the consolidated financial statements.

**Measurement of Contingent consideration (note 26.1)**

The acquisition of Edison Exploration & Production S.p.A completed in 2020 included a contingent consideration of up to $100.0 million for which the fair value has been estimated at $86.3 million at 31 December 2022, based on pricing simulations. The final consideration amount will be determined on the basis of future gas prices (PSV) recorded at the time of at the time of first gas production at Cassiopea, 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 and gas in place, recovery factors and future 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, including the impact of climate change, 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 (if any) and the aggregate depletion charge for the year of a fluctuation of the forward Brent oil price and PSV price assumption as well as the Group's carrying amount of oil and gas properties for the current and prior period are presented in note 12. Management monitors the impact on the commercial reserves and the depletion charge on a Group level.

**Decommissioning liabilities (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.

The Group considers the impact of climate change on environmental restoration and decommissioning provisions, specifically the timing of future cash flows, and has concluded that it does not currently represent a key source of estimation uncertainty. Changes to legislation, including in relation to climate change, are factored into the provisions when the legislation becomes enacted.

## 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.

**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:

| ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| **Year ended 31 December 2022** | | | | | |
| Revenue from Oil | 206,959 | – | – | – | 206,959 |
| Revenue from Gas | 328,506 | 45,153 | 156,264 | – | 529,923 |
| Other | (31,298) | (18,031) | 57,131 | (7,603) | 199 |
| **Total revenue** | **504,167** | **27,122** | **213,395** | **(7,603)** | **737,081** |
| **Adjusted EBITDAX**[86] | **262,655** | **(4,498)** | **164,581** | **(1,125)** | **421,613** |
| *Reconciliation to profit before tax:* | | | | | |
| Depreciation and amortisation expenses | (27,199) | (12,112) | (43,266) | (783) | (83,360) |
| Share-based payment charge | (1,423) | (214) | (89) | (4,318) | (6,044) |
| Exploration and evaluation expenses | (61,071) | (1,819) | – | (8,505) | (71,395) |
| Impairment loss on property, plant and equipment | (27,628) | – | – | – | (27,628) |
| Other expense | (5,742) | (1,102) | – | (8,317) | (15,161) |
| Other income | 1,284 | 54 | 12,067 | 728 | 14,133 |
| Finance income | 3,777 | 6,379 | 1,705 | (2,289) | 9,572 |
| Finance costs | (32,395) | (29,811) | (858) | (44,251) | (107,315) |
| Unrealised loss on derivatives | (5,203) | – | – | – | (5,203) |
| Net foreign exchange gain/(loss) | 4,065 | (3,085) | (7,498) | (15,689) | (22,207) |
| **Profit/(loss) before income tax** | **111,120** | **(46,208)** | **126,642** | **(84,549)** | **107,005** |
| Taxation income / (expense) | (42,283) | 10,951 | (57,766) | (636) | (89,734) |
| **Profit/(loss) from continuing operations** | **68,837** | **(35,257)** | **68,876** | **(85,185)** | **17,271** |
| **Year ended 31 December 2021** | | | | | |
| Revenue from oil | 165,496 | – | – | 144 | 165,640 |
| Revenue from Gas | 137,468 | – | 133,503 | (2) | 270,969 |
| Other | 13,156 | – | 55,446 | (8,226) | 60,376 |
| Total revenue | 316,120 | – | 188,949 | (8,084) | 496,985 |
| Adjusted EBITDAX[6] | 88,288 | (4,969) | 130,634 | (1,881) | 212,072 |
| *Reconciliation to profit before tax:* | | | | | |
| Depreciation and amortisation expenses | (55,001) | (93) | (41,626) | (731) | (97,451) |
| Share-based payment charge | (967) | (231) | – | (4,523) | (5,721) |

[86] 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.

| ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| Exploration and evaluation expenses | (86,490) | (50) | – | (1,138) | (87,678) |
| Other expense | (2,150) | (461) | (1,543) | (2,865) | (7,019) |
| Other income | 16,065 | 19 | 1,851 | (51) | 17,884 |
| Finance income | 13,450 | 7,849 | 985 | (19,334) | 2,950 |
| Finance costs | (28,318) | (18,526) | (9,059) | (41,477) | (97,380) |
| Unrealised loss on derivatives | (21,477) | – | – | – | (21,477) |
| Net foreign exchange gain/(loss) | 31,000 | 520 | 479 | (38,921) | (6,922) |
| **Profit/(Loss) before income tax** | **(45,600)** | **(15,942)** | **81,721** | **(110,921)** | **(90,742)** |
| Taxation income / (expense) | 29,026 | 5,017 | (39,100) | (355) | (5,412) |
| **Profit/(Loss) from continuing operations** | **(16,574)** | **(10,925)** | **42,621** | **(111,276)** | **(96,154)** |

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2022 and 31 December 2021, respectively:

| Year ended 31 December 2022 ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| Oil & Gas properties | 536,874 | 3,264,364 | 409,732 | (14,440) | 4,196,530 |
| Other fixed assets | 13,365 | 4,750 | 17,325 | (65) | 35,375 |
| Intangible assets | 48,249 | 219,354 | 20,639 | 8,136 | 296,378 |
| Trade and other receivables | 141,509 | 82,611 | 131,453 | (17,609) | 337,964 |
| Deferred tax asset | 244,394 | – | – | (2,168) | 242,226 |
| Other assets | 883,576 | 24,933 | 96,942 | (382,497) | 622,954 |
| **Total assets** | **1,867,967** | **3,596,012** | **676,091** | **(408,643)** | **5,731,427** |
| Trade and other payables | 220,706 | 540,459 | 50,563 | 114,506 | 926,234 |
| Borrowings | 61,437 | 2,471,030 | – | 488,429 | 3,020,896 |
| Decommissioning provision | 724,458 | 84,299 | – | – | 808,757 |
| Current tax payable | 109,468 | – | – | 41 | 109,509 |
| Other liabilities | 124,201 | 40,882 | 18,498 | 32,252 | 215,833 |
| **Total liabilities** | **1,240,270** | **3,136,670** | **69,061** | **635,228** | **5,081,229** |
| **Other segment information** | | | | | |
| Capital Expenditure[87]: | | | | | |
| Property, plant and equipment | 85,840 | 537,527 | 105,792 | (368) | 728,791 |
| Intangible, exploration and evaluation assets | 12,143 | 124,718 | 193 | 3,970 | 141,024 |

[87] 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.

| Year ended 31 December 2022 ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| Oil & Gas properties | 537,600 | 2,584,828 | 342,528 | (9,694) | 3,455,262 |
| Other fixed assets | 16,578 | 3,917 | 24,076 | (360) | 44,211 |
| Intangible assets | 74,868 | 95,941 | 20,484 | 36,848 | 228,141 |
| Trade and other receivables | 164,131 | 22,769 | 102,605 | (979) | 288,526 |
| Deferred tax asset | 154,798 | – | – | – | 154,798 |
| Other assets | 674,157 | 379,248 | 98,720 | (81,711) | 1,070,414 |
| **Total assets** | **1,622,132** | **3,086,703** | **588,413** | **(55,896)** | **5,241,352** |
| Trade and other payables | 197,865 | 74,115 | 25,511 | 152,216 | 449,706 |
| Current tax payable | 4,932 | – | – | 347 | 5,279 |
| Borrowings | – | 2,463,524 | – | 483,602 | 2,947,126 |
| Decommissioning provision | 766,573 | 35,525 | – | | 802,098 |
| Other liabilities | 113,808 | 180,689 | 24,663 | 858 | 320,018 |
| **Total liabilities** | **1,083,178** | **2,753,853** | **50,174** | **637,024** | **4,524,229** |
| **Other segment information** | | | | | |
| Capital Expenditure: | | | | | |
| Property, plant and equipment | 72,782 | 247,463 | 52,085 | (14,330) | 358,000 |
| Intangible, exploration and evaluation assets | 40,523 | 6,342 | 215 | 3,329 | 50,409 |

### Segment cash flows

| Year ended 31 December 2022 ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| Net cash from / (used in) operating activities | 225,780 | (7,850) | 66,946 | (12,723) | 272,153 |
| Cash outflow for investing activities | (287,490) | (180,040) | (54,229) | 213,818 | (307,941) |
| Net cash from financing activities | 54,977 | (133,953) | (2,528) | (185,975) | (267,479) |
| **Net increase/(decrease) in cash and cash equivalents** | **(6,733)** | **(321,843)** | **10,189** | **15,120** | **(303,267)** |
| Cash and cash equivalents at beginning of the period | 71,312 | 349,827 | 19,254 | 290,446 | 730,839 |
| Effect of exchange rate fluctuations on cash held | (6,451) | (3,159) | (2,617) | 12,543 | 316 |
| **Cash and cash equivalents at end of the period** | **58,128** | **24,825** | **26,826** | **318,109** | **427,888** |

| Year ended 31 December 2021 ($'000) | | | | | |
|---|---|---|---|---|---|
| Net cash from / (used in) operating activities | 43,394 | (28,764) | 128,659 | (10,785) | 132,504 |
| Cash outflow from investing activities | (99,040) | (490,381) | (53,553) | 191 | (642,783) |
| Net cash from financing activities | 120,446 | 831,677 | (132,414) | 240,056 | 1,059,765 |
| **Net increase/(decrease) in cash and cash equivalents** | **64,800** | **312,532** | **(57,308)** | **229,462** | **549,486** |
| Cash and cash equivalents at beginning of the period | 13,609 | 37,421 | 76,240 | 75,669 | 202,939 |
| Effect of exchange rate fluctuations on cash held | (7,093) | (125) | 322 | (14,690) | (21,586) |
| **Cash and cash equivalents at end of the period** | **71,316** | **349,828** | **19,254** | **290,441** | **730,839** |

## 6 Revenue

| ($'000) | 2022 | 2021 |
|---|---|---|
| Revenue from crude oil sales | **206,959** | 165,924 |
| Revenue from gas sales | **529,923** | 270,969 |
| Revenue from LPG sales | **21,747** | 20,945 |
| Revenue from condensate sales | **35,384** | 34,126 |
| Compensation to gas buyers | **(18,031)** | – |
| Gain/(Loss) on forward transactions | **(55,189)** | (285) |
| Petroleum product sales | **2,697** | 4,618 |
| Rendering of services | **1,001** | 688 |
| **Revenue from contracts with customers** | **724,491** | 496,985 |
| Other operating income-lost production insurance proceeds | **12,590** | – |
| **Total Revenue** | **737,081** | 496,985 |

During August 2021 and in accordance with the GSPAs signed with a group of gas buyers, the Group agreed to pay compensation to these counterparties due to the fact the gas supply date is taking place beyond a certain date as defined in the GSPAs (being 30 June 2021). The compensation is accounted as variable purchase consideration and deducted from revenue as gas is delivered to the offtakers.

Proceeds related to lost production under the business interruption insurance policy of $12.6 million (2021: $0 million).

100% of the gas produced at Abu Qir (Egypt) is sold to EGPC under a Brent-linked gas price. The gas price is determined based on Brent prices trading within a certain range, as set out in the agreement, and contains both a floor price and a cap; limiting volatility and exposure to commodity price fluctuations

| Sales for the year ended 31 December (Kboe) | 2022 | 2021 |
|---|---|---|
| **Egypt (net entitlement)** | | |
| Gas | **3,698** | 6,351 |
| LPG | **244** | 394 |
| Condensate | **286** | 553 |
| **Italy** | | |
| Oil | **2,440** | 2,083 |
| Gas | **1,406** | 1,474 |
| **Israel** | | |
| Gas | **1,781** | |
| **UK** | | |
| Gas | **73** | 40 |
| Oil | **245** | 271 |
| **Croatia** | | |
| Gas | **38** | 57 |
| **Greece** | | |
| Oil | **–** | 403 |
| **Total** | **10,211** | 11,626 |

## 7 Operating profit/(loss)

| | ($'000) | 2022 | 2021 |
|---|---|---|---|
| (a) | ***Cost of sales*** | | |
| | Staff costs (note 8) | **52,904** | 64,564 |
| | Energy cost | **15,947** | 11,578 |
| | Flux Cost | **36,970** | 11,561 |
| | Royalty payable | **45,770** | 24,759 |
| | Other operating costs[88] | **132,688** | 149,133 |
| | Depreciation and amortisation (note 12 and 13) | **79,362** | 94,647 |
| | Oil stock movement | **(1,707)** | (15,501) |
| | Stock (underlift)/overlift movement | **(3,004)** | 4,371 |
| | ***Total cost of sales*** | **358,930** | 345,112 |
| (b) | ***Administration expenses*** | | |
| | Staff costs (note 8) | **17,977** | 16,839 |
| | Other General & Administration expenses | **15,960** | 15,667 |
| | Share-based payment charge included in administrative expenses | **6,044** | 5,714 |
| | Depreciation and amortisation (note 12, 13) | **3,889** | 2,480 |
| | Auditor fees (note 7f) | **2,072** | 2,273 |
| | | **45,942** | 42,973 |
| (c) | ***Exploration and evaluation expenses*** | | |
| | Staff costs for Exploration and evaluation activities (Note 8) | **3,012** | 3,695 |

[88] Other operating costs comprise of insurance costs, gas transportation and treatment fees concession fees and planned maintenance costs.

| | ($'000) | 2022 | 2021 |
|---|---|---|---|
| | Exploration costs written off (Note 13) | **65,550** | 82,125 |
| | Other exploration and evaluation expenses | **2,833** | 1,858 |
| | | **71,395** | 87,678 |
| (d) | ***Other expenses*** | | |
| | Transaction costs in relation to Edison E&P acquisition[89] | **–** | 2,052 |
| | Intra-group merger costs | **3,212** | 605 |
| | Loss from disposal of Property plant & Equipment | **1,102** | 36 |
| | Write-down of inventory | **1,207** | 581 |
| | Expected credit losses | **3,043** | – |
| | Provision for litigation and claims | **1,198** | 520 |
| | Write down of property, plant and equipment costs | **–** | 779 |
| | Other expenses | **5,399** | 2,446 |
| | | **15,161** | 7,019 |
| (e) | ***Other income*** | | |
| | Reversal of expected credit loss allowance | **10,970** | 1,853 |
| | Profit from sale of inventory | **1,643** | – |
| | Change in estimates of decommissioning provisions | **–** | 7,836 |
| | Change in estimate of defined benefit obligation | **–** | 3,463 |
| | Reversal of provision for litigation and claims | **–** | 4,494 |
| | Other income | **1,520** | 238 |
| | | **14,133** | 17,884 |
| (f) | ***Fees to the Company's auditor for:*** | | |
| | The audit of the Company's annual accounts | **770** | 748 |
| | The audit of the Company's subsidiaries pursuant to legislation | **777** | 783 |
| | **Total audit services** | **1,547** | 1,531 |
| | Audit-related assurance services – half-year review | **378** | 242 |
| | Reporting accountant services | **–** | 1,008 |
| | Other services | **147** | 75 |
| | | **2,072** | 2,856 |

[89] Direct costs incurred in 2021 relating to the acquisition of Edison's E&P business.

## 8 Staff costs

The average monthly number of employees (including Executive Directors) employed by the Group worldwide was:

| Number | 2022 | 2021 |
|---|---|---|
| Administration | **187** | 167 |
| Technical | **320** | 437 |
| | **507** | 604 |

In addition, the Group consolidates the personnel costs of its Operating Company, Abu Qir Petroleum Company ('AQP'), owned at 100%. The table below details the average number of employees related to AQP employees:

| Number | 2022 | 2021 |
|---|---|---|
| AQP employee (excluding Energean employees) | **626** | 640 |
| | **626** | 640 |

| ($'000) | 2022 | 2021 |
|---|---|---|
| Salaries[90] | **85,056** | 94,624 |
| Social security costs | **8,706** | 11,995 |
| Share-based payments (note 25) | **6,243** | 5,933 |
| | **100,005** | 112,552 |
| Payroll cost capitalised in oil & gas assets and exploration & evaluation costs | **(16,694)** | (20,218) |
| **Payroll cost expensed** | **83,311** | 92,334 |
| *Included in:* | | |
| Cost of sales (note 7a) | **52,904** | 64,564 |
| Administration expenses (note 7b) | **24,021** | 22,553 |
| Exploration & evaluation expenses (note 7c) | **3,012** | 3,695 |
| Intra-group merger costs (note 7d) | **3,212** | 605 |
| Other | **162** | 917 |
| | **83,311** | 92,334 |

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 Consolidated Financial Statements.

[90] Including pension costs incurred.

## 9 Net finance cost

| ($'000) | Notes | 2022 | 2021 |
|---|---|---|---|
| Interest on bank borrowings | 21 | **1,527** | 96,678 |
| Interest on Senior Secured Notes | 21 | **167,372** | 106,993 |
| Interest expense on long term payables | 24 | **14,660** | 4,101 |
| Interest expense on short term liabilities | | **54** | 55 |
| Less amounts included in the cost of qualifying assets | 12,13 | **(123,635)** | (174,153) |
| | | **59,978** | 33,674 |
| Finance and arrangement fees | | **11,334** | 12,420 |
| Commission charges for bank guarantees | | **2,118** | 2,404 |
| Unamortised financing costs related to Greek RBL and Egypt RBL[91] | | **–** | 18,108 |
| Other finance costs and bank charges | | **2,136** | 2,972 |
| Loss on interest rate hedges | | **–** | 7,002 |
| Unwinding of discount on right of use asset | | **2,159** | 1,316 |
| Unwinding of discount on provision for decommissioning | | **21,495** | 8,722 |
| Unwinding of discount on deferred consideration | | **7,098** | 12,854 |
| Unwinding of discount on convertible loan | | **4,054** | 3,159 |
| Mark-to-market on contingent consideration | | **2,667** | 1,626 |
| Less amounts included in the cost of qualifying assets | | **(5,724)** | (6,877) |
| **Total finance costs** | | **107,315** | 97,380 |
| Interest income from time deposits | | **(9,572)** | (2,950) |
| **Total finance income** | | **(9,572)** | (2,950) |
| Foreign exchange losses | | **22,207** | 6,922 |
| **Net financing costs** | | **119,950** | 101,352 |

[91] On 18 November 2021 the Group fully repaid the Prinos Project Finance (Greek RBLs) before the maturity date of 31 December 2024 and, as such, the unamortised financing costs have been expensed in the period.

## 10 Taxation

### (a) Taxation charge

| ($'000) | 2022 | 2021 |
|---|---|---|
| Corporation tax – current year | **(199,563)** | (44,922) |
| Corporation tax – prior years | **(583)** | 353 |
| Deferred tax (Note 14) | **110,412** | 39,157 |
| Total taxation (expense) | **(89,734)** | (5,412) |

### (b) Reconciliation of the total tax charge

The Group calculates its income tax expense by applying a weighted average tax rate calculated based on the statutory tax rates of each country weighted according to the profit or loss before tax earned by the Group in each jurisdiction where deferred tax is recognised or material current tax charge arises.

The effective tax rate for the period is 84% (31 December 2021: -6%).

The tax (charge) for the period can be reconciled to the loss per the consolidated income statement as follows:

| ($'000) | 2022 | 2021 |
|---|---|---|
| **Profit/(Loss) before tax** | **107,005** | (90,742) |
| Tax calculated at 27.5% weighted average rate (2021: 29.5%)[92] | **(29,453)** | 29,721 |
| Impact of different tax rates[93] | **(9,960)** | (5,176) |
| Utilisation of unrecognised deferred tax/ (Non recognition of deferred tax) | **83,737** | 2,953 |
| Permanent differences[94] | **(16,341)** | (34,470) |
| Foreign taxes | **(54)** | (244) |
| Windfall tax[95] | **(119,425)** | – |
| Tax effect of non-taxable income & allowances | **2,217** | 1,348 |
| Other adjustments | **128** | 103 |
| Prior year tax | **(583)** | 353 |
| **Taxation (expense)** | **(89,734)** | (5,412) |

92 For the reconciliation of the tax rate, the weighted average rate of the statutory tax rates in Greece (25%), Cyprus (12.5%) Israel (23%), Italy (24%), United Kingdom (19%/40%/55.07%) and Egypt (40.55%) was used weighted according to the profit or loss before tax earned by the Group in each jurisdiction, excluding fair value uplifts profits.

93 "Impact of different tax rates" mainly consisted of the Italian regional taxes (IRAP).

94 Permanent differences mainly consisted of non-deductible expenses (-$15.0m), consolidation differences ($2.8m) and foreign exchange differences (-$4.1m).

95 During 2022, Italy introduced: 1) a windfall tax in the form of a law decree which imposed a 25% one-off tax on profit margins that rose by more than $5.26 million (€5.0 million) between October 2021 and April 2022 compared to the same period a year earlier. The amount of the windfall tax paid by Energean Italy was $29.3mil and 2) In November 2022, Italy introduced a new windfall tax that imposed a 50% one-off tax, calculated on 2022 taxable profits that are 10% higher than the average taxable profits between 2018-2021. This amount has a ceiling equal to 25% of the value of the net assets at end-2021. Based on this, Energean would be required to pay an additional one-off tax of $92.8 million ( €87.0 million) in June 2023. In addition, the Energy (Oil and Gas) Profits Levy (EPL) was announced by the UK Government on 26 May 2022 and legislated for in July 2022. This was a new, temporary 25% (to be increased to 35% from 1st January 2023) levy on ring fence profits of oil and gas companies. This was in addition to Ring Fence Corporation Tax which is charged at 30% and the Supplementary Charge which is charged at 10%. The Group's exposure to the EPL is de minimis.

## 11 Earnings/(Loss) 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.

| ($'000) | 2022 | 2021 |
|---|---|---|
| Total profit/(loss) attributable to equity shareholders | **17,271** | (96,046) |
| Effect of dilutive potential ordinary shares[96] | **4,054** | – |
| | **21,325** | (96,046) |

| | 2022 | 2021 |
|---|---|---|
| Basic weighted average number of shares | **177,931,019** | 177,278,840 |
| Dilutive potential ordinary shares | **6,714,731** | – |
| **Diluted weighted average number of shares** | **184,645,750** | **177,278,840** |
| **Basic earnings/(loss) per share** | **$0.10/share** | **$(0.54)/share** |
| **Diluted earnings/ (loss) per share** | **$0.12/share** | **$(0.54)/share** |

[96] The $4.1million is the unwinding of the discount on the convertible loan notes (as disclosed in note 9) that will no longer be incurred on conversion to shares. For further details on the convertible loan notes refer to note 21

## 12 Property, plant & equipment

| Property, Plant & Equipment at Cost ($'000) | Oil and gas assets[97] | Leased assets[98] | Other property, plant and equipment | Total |
|---|---|---|---|---|
| **At 1 January 2021** | **3,430,329** | **50,841** | **60,237** | **3,541,407** |
| Additions | 345,180 | 6,428 | 1,623 | 353,231 |
| Lease modification | – | 2,261 | – | 2,261 |
| Disposal of assets | (23) | – | (34) | (57) |
| Capitalised borrowing cost | 178,891 | – | – | 178,891 |
| Capitalised depreciation | 227 | – | – | 227 |
| Change in decommissioning provision | (13,174) | – | – | (13,174) |
| Transfer from Intangible assets | 14,317 | – | 26 | 14,343 |
| Foreign exchange impact | (57,960) | (2,285) | (2,806) | (63,051) |
| **At 31 December 2021** | **3,897,787** | **57,245** | **59,046** | **4,014,078** |
| Additions | 742,665 | 1,195 | 1,534 | 745,394 |
| Lease modification | – | 831 | – | 831 |
| Disposal of assets | (900) | | – | (900) |
| Capitalised borrowing cost | 109,184 | – | – | 109,184 |
| Capitalised depreciation | 632 | – | – | 632 |
| Change in decommissioning provision | 21,685 | – | – | 21,685 |
| Other movements | (241) | 37 | (74) | (278) |
| Foreign exchange impact | (31,388) | (596) | (388) | (32,372) |
| **At 31 December 2022** | **4,739,424** | **58,712** | **60,118** | **4,858,254** |
| Accumulated Depreciation and Impairment | | | | |
| **At 1 January 2021** | **376,643** | **6,979** | **50,513** | **434,135** |
| Charge for the period | | | | |
| Expensed | 81,234 | 12,274 | 1,998 | 95,506 |
| Impairments | 774 | | | 774 |
| Disposal of assets | – | – | 21 | 21 |
| Foreign exchange impact | (16,129) | (151) | 449 | (15,831) |
| **At 31 December 2021** | **442,522** | **19,102** | **52,981** | **514,605** |
| Charge for the period | | | | |
| Expensed | 71,464 | 10,091 | 1,171 | 82,726 |
| Impairment | 27,878 | – | – | 27,878 |
| Disposal of assets | – | | – | – |
| Foreign exchange impact | 1,030 | 105 | 6 | 1,141 |
| **At 31 December 2022** | **542,894** | **29,298** | **54,158** | **626,350** |

[97] Included within the carrying amount of Oil & Gas assets are development costs of the Karish field related to the Sub Sea and On-shore construction. In line with the agreement with Israel Natural Gas Lines ("**INGL**"), the transfer of title ("**hand over**") of these assets to INGL is expected to occur in Q1 2023. For further details refer to note 24.

[98] Included in the carrying amount of leased assets at 31 December 2022 are right of use assets related to Oil and gas properties and Other property, plant and equipment of $21.3 million and $8.1 million respectively. The depreciation charged on these classes for the year ending 31 December 2022 was $7.9 million and $2.1 million respectively.

| Property, Plant & Equipment at Cost ($'000) | Oil and gas assets[97] | Leased assets[98] | Other property, plant and equipment | Total |
|---|---|---|---|---|
| Net carrying amount | | | | |
| **At 31 December 2021** | **3,455,265** | **38,143** | **6,065** | **3,499,473** |
| **At 31 December 2022** | **4,196,530** | **29,414** | **5,960** | **4,231,904** |

Borrowing costs capitalised for qualifying assets during the year are calculated by applying a weighted average interest rate of 5.16% for the year ended 31 December 2022 (for the year ended 31 December 2021: 5.49%).

The additions to Oil & Gas properties for the year ended 31 December 2022 are mainly due to development costs of Karish field related to the EPCIC contract (FPSO, Sub Sea and On-shore construction cost) at the amount of $534.5 million, development cost for Cassiopea project in Italy at the amount of $56.7 million and NEA/NI project in Egypt at the amount of $107.9 million.

The impairment recognised above of $27.9 million (2021: $0 million) was a result of a change to the decommissioning estimate on certain fields in Italy and the UK where the recoverable amount was lower than the carrying value, subsequent to recognising the change in estimate. The remaining change in decommissioning provision of $21.7 million was in relation to fields across the group whereby the recoverable amount exceeded the carrying value.

Depreciation and amortisation for the year has been recognised as follows:

| ($'000) | 2022 | 2021 |
|---|---|---|
| Cost of sales (note 7a) | **79,362** | 94,647 |
| Administration expenses (note 7b) | **3,889** | 2,480 |
| Other operating (income)/expenses | **109** | 97 |
| Capitalised depreciation in oil & gas properties | **632** | 227 |
| **Total** | **83,992** | 97,451 |

Cash flow statement reconciliations:

| Payment for additions to property, plant and equipment ($'000) | 2022 | 2021 |
|---|---|---|
| Additions to property, plant and equipment | **877,726** | 521,435 |
| **Associated cash flows** | | |
| Payment for additions to property, plant and equipment | **(395,753)** | (403,503) |
| **Non-cash movements/presented in other cash flow lines** | | |
| Borrowing cost capitalised | **(109,184)** | (178,891) |
| Impairment | **(27,878)** | |
| Right-of-use asset additions/modifications | **(2,027)** | (8,689) |
| Lease payments related to capital activities | **12,669** | 10,852 |
| Capitalised share-based payment charge | **(199)** | (200) |
| Capitalised depreciation | **(632)** | (227) |
| Change in decommissioning provision | **(21,685)** | 13,174 |
| Movement in working capital | **(333,037)** | 46,049 |

## 13 Intangible assets

| ($'000) | Exploration and evaluation assets | Goodwill | Other Intangible assets | Total |
|---|---|---|---|---|
| Intangibles at Cost | | | | |
| **At 1 January 2021** | **158,213** | **101,146** | **22,355** | **281,714** |
| Additions | 47,995 | – | 2,413 | 50,408 |
| Capitalised borrowing costs | 2,202 | – | – | 2,202 |
| Change in decommissioning provision | 2,141 | | | 2,141 |
| Transfers to property, plant and equipment | (265) | – | (14,078) | (14,343) |
| Exchange differences | (4,953) | – | (983) | (5,936) |
| **31 December 2021** | **205,333** | **101,146** | **9,707** | **316,186** |
| Additions | 139,911 | – | 1,113 | 141,024 |
| Other movements | – | – | 280 | 280 |
| Exchange differences | (6,890) | – | (125) | (7,015) |
| **At 31 December 2022** | **338,354** | **101,146** | **10,975** | **450,475** |
| Accumulated amortisation and impairments | | | | |
| **At 1 January 2021** | **3,004** | **–** | **2,894** | **5,898** |
| Charge for the period | – | – | 1,946 | 1,946 |
| Impairment | 82,125 | – | – | 82,125 |
| Exchange differences | (1,850) | – | (74) | (1,924) |
| **31 December 2021** | **83,279** | **–** | **4,766** | **88,045** |
| Charge for the period | 39 | – | 595 | 634 |
| Impairment | 47,240 | 18,310 | – | 65,550 |
| Exchange differences | (110) | – | (22) | (132) |
| **31 December 2022** | **130,448** | **18,310** | **5,339** | **154,097** |
| Net carrying amount | | | | |
| **At 31 December 2021** | **122,054** | **101,146** | **4,941** | **228,141** |
| **At 31 December 2022** | **207,906** | **82,836** | **5,636** | **296,378** |

Cash flow statement reconciliations:

| Payment for additions to intangible assets ($'000) | 2022 | 2021 |
|---|---|---|
| Additions to intangible assets | **141,024** | 54,750 |
| **Associated cash flows** | | |
| Payment for additions to intangible assets | **(64,414)** | (48,674) |
| **Non-cash movements/presented in other cash flow lines** | | |
| Borrowing cost capitalised | **–** | (2,141) |
| Change in decommissioning provision | **–** | (2,202) |
| Movement in working capital | **(76,610)** | (1,733) |

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. Total impairment of $65.6 million was recognised in the period for projects that will not progress to development, primarily Glengorm. Energean will exit the Glengorm licence within 2023 and as a result the related exploration asset ($33.8 million) and goodwill ($18.3 million) have been impaired. The remaining goodwill balance is in relation to the Israel CGU ($76.0 million), and UK ($7.0 million). We have performed the annual goodwill impairment test and note that no reasonably possible change would result in impairment.

## 14 Net deferred tax (liability)/asset

| Deferred tax (liabilities)/assets ($'000) | Property, plant and equipment | Right of use asset IFRS 16 | Decom-missioning | Prepaid expenses and other receivables | Inventory | Tax losses | Deferred expenses for tax | Retirement benefit liability | Accrued expenses and other short-term liabilities | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2021** | **(123,543)** | **(292)** | **8,877** | **(4,651)** | **695** | **165,841** | **–** | **1,050** | **9,470** | **57,447** |
| Increase / (decrease) for the period through: | | | | | | | | | | |
| Profit or loss (Note 10) | 9,848 | (718) | 50,808 | 890 | (254) | (32,501) | 5,020 | (932) | 6,996 | 39,157 |
| Other comprehensive income | – | – | – | – | – | – | – | – | 1,586 | 1,586 |
| Reclassifications in the current period[99] | (28,442) | | 33,644 | 2,025 | (233) | (4,903) | 6, 010 | 200 | (8,301) | – |
| Exchange difference | 1,584 | 20 | (3,889) | 165 | (25) | (8,257) | – | (52) | (363) | (10,817) |
| **31 December 2021** | **(140,553)** | **(990)** | **89,440** | **(1,571)** | **183** | **120,180** | **11,030** | **266** | **9,388** | **87,373** |
| Increase / (decrease) for the period through: | | | | | | | | | | |
| Profit or loss (Note 10) | (11,836) | (103) | 41,688 | 1,642 | 265 | 83,814 | (4,822) | (22) | (214) | 110,412 |
| Other comprehensive income | | | | | | | | (64) | (2,799) | (2,863) |
| Exchange difference | 3,466 | 15 | (4,882) | 115 | (8) | (6,986) | | (15) | (515) | (8,810) |
| **31 December 2022** | **(148,923)** | **(1,078)** | **126,246** | **186** | **440** | **197,008** | **6,208** | **165** | **5,860** | **186,112** |

[99] These reclassifications primarily relate to the assets and liabilities acquired in the Edison E&P acquisition which completed in December 2020 and reflect updated information on the allocation of the deferred taxes across the relevant categories.

| ($'000) | 2022 | 2021 |
|---|---|---|
| Deferred tax liabilities | **(56,114)** | (67,425) |
| Deferred tax assets | **242,226** | 154,798 |
| | **186,112** | 87,373 |

At 31 December 2022 the Group had gross unused tax losses of $1,093.8 million (as of 31 December 2021: $1,123.8 million) available to offset against future profits and other temporary differences. A deferred tax asset of $197.0 million (2021: $120.2 million) has been recognised on tax losses of $799.2 million, based on the forecasted profits. The Group did not recognise deferred tax on tax losses and other differences of total amount of $546.3 million.

In Greece, Italy and the UK, the net DTA for carried forward losses recognised in excess of the other net taxable temporary differences was $69.2 million, $33.0 million and $16.7 million (2021: $59.3 million, $0.19 million and $13.8 million) respectively. An additional DTA of $124.6 million (2021: $81.4 million) arose primarily in respect of deductible temporary differences related to property, plant and equipment, decommissioning provisions and accrued expenses, resulting in a total DTA of $242.3 million (2021: $154.9 million). During the period, Italy recognised a DTA of $33.4 million on tax losses of $139.0million in accordance with its latest tax losses utilisation forecast.

Greek tax losses (Prinos area) can be carried forward without limitation up until the relevant concession agreement expires (by 2039), whereas the tax losses in Israel, Italy and the United Kingdom can be carried forward indefinitely. Based on the Prinos area forecasts (including the Epsilon development), the deferred tax asset is fully utilised by 2030. In Italy, deferred tax asset of $111.2 million recognised on decommissioning costs scheduled up to the year the Italian assets expect to enter into a declining phase assuming available profits from Cassiopea and other long lived assets. In the UK, decommissioning losses are expected to benefit from tax relief up until 2027 in accordance with the latest taxable profits forecasts.

On 3 March 2021 it was announced in the UK budget that the UK non-ring fence corporation tax rate will increase from 19% to 25% with effect from April 2023. The Group does not currently recognise any deferred tax assets in respect of UK non-ring fence tax losses and therefore this rate change did not impact the tax disclosures.

Energean UK Limited with activities in the UKCS is subject to the newly introduced UK Energy Profits Levy (EPL) with effect from the 26 May 2022. For the tax reconciliation of Energean UK the weighted average tax rate of 55.07% (40% for the RFCT and 15.07% for the weighted average EPL rate) was used. The company generated EPL losses during 2022.

## 15 Cash and cash equivalents

| ($'000) | 2022 | 2021 |
|---|---|---|
| Cash at bank | **427,888** | 729,390 |
| Deposits in escrow | **–** | 1,449 |
| | **427,888** | 730,839 |

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 1.716% for the year ended 31 December 2022 (year ended 31 December 2021: 0.386%).

Deposits in escrow comprise mainly cash retained as a bank security pledge for the Group's performance guarantees in its exploration blocks. These deposits can be used for funding the exploration activities of the respective blocks.

## 16 Restricted cash

Restricted cash comprises cash retained under the Israel Senior Secured Notes and the Greek State Loan requirement as follows:

**Current**

Total short-term restricted cash at 31 December 2022 was $71.8 million. $3 million for bank guarantees and $68.8 million for the debt payment fund which will be used for the March 2023 coupon payment of $64.4 million.

**Non-Current**

$2.8 million: $2.2 million required to be restricted in Interest Service Reserve Account ('ISRA') in relation to the Greek Loan Notes and $0.6 million for Prinos Guarantee.

## 17 Inventories

| ($'000) | 2022 | 2021 |
|---|---|---|
| Crude oil | **38,048** | 32,832 |
| Gas | **383** | – |
| Raw materials and supplies | **54,916** | 54,371 |
| **Total inventories** | **93,347** | 87,203 |

The Group's raw materials and supplies consumption for the year ended 31 December 2022 was $6.4 million (year ended 31 December 2021: $6.5 million).

The Group recorded impairment and write-off charges on inventory of $1.2 million for the year ended 31 December 2022 (year ended 31 December 2021: $0.6 million) related to materials written off (note 7d).

## 18 Trade and other receivables

| ($'000) | 2022 | 2021 |
|---|---|---|
| **Trade and other receivables – Current** | | |
| Financial items: | | |
| Trade receivables | **215,215** | 178,804 |
| Receivables from partners under JOA | **4,539** | 5,138 |
| Other receivables | **2,344** | 38,683 |
| Government subsidies[100] | **3,025** | 3,212 |
| Refundable VAT | **89,400** | 42,376 |
| Receivables from related parties (note 27) | **–** | 1 |
| | **314,523** | 268,214 |
| Non-financial items: | | |
| Deposits and prepayments[101] | **15,084** | 17,139 |
| Deferred insurance expenses | **1,983** | 2,095 |
| Other deferred expenses[102] | **4,929** | |
| Accrued interest income | **1,445** | 1,078 |
| | **23,441** | 20,312 |
| | **337,964** | 288,526 |
| **Trade and other receivables – Non-Current** | | |
| Financial items: | | |
| Other tax recoverable | **14,701** | 16,478 |
| | **14,701** | 16,478 |
| Non-financial items: | | |
| Deposits and prepayments[101] | **11,726** | 12,337 |
| Other deferred expenses[102] | **–** | 22,958 |
| Other non-current assets | **513** | 866 |
| | **12,239** | 36,161 |
| | **26,940** | 52,639 |

[100] Government subsidies 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. In September 2020, the Greek Government issued a law and a subsequent ministerial decision whereby any legal person who has launched legal proceedings in relation to the aforementioned employment costs, may set off such receivables against tax liabilities provided the judicial proceedings already commenced are abandoned. Energean investigated the process and potential benefits of this approach decided to apply for the set off which has been approved and the first offset was in January 2023 of €587k ($626k).

[101] 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.

[102] In accordance with the GSPAs signed with a group of gas buyers, the Company has agreed to pay compensation to these counterparties due to the fact the gas supply date is taking place beyond a certain date as defined in the GSPAs (being 30 June 2021). The compensation, amounting to $23 million) has been fully paid in 2021. The compensation presented as a non-current asset (under the caption deferred expenses) and will be accounted for as variable consideration and deducted from revenue as gas is delivered to the offtakers.

The table below summarises the maturity profile of the Group receivables:

| 31 December 2022 ($'000) | Carrying amounts | Contractual cash flows | 3 months or less | 3-12 months | 1-2 years | 2-5 years |
|---|---|---|---|---|---|---|
| Trade receivables | **215,214** | **218,709** | **198,665** | **13,949** | **6,095** | **-** |
| Government subsidies | **3,025** | **3,025** | **–** | **3,025** | **-** | **-** |
| Refundable VAT | **89,400** | **89,400** | **19,487** | **50,061** | **19,852** | **-** |
| Receivables from partners under JOA | **4,539** | **4,539** | **4,539** | **-** | **-** | **-** |
| Other receivables | **2,344** | **2,344** | **1,027** | **1,317** | **-** | **-** |
| Other tax recoverable | **14,701** | **14,701** | **–** | **-** | **14,701** | |
| **Total** | **329,223** | **332,718** | **223,718** | **68,352** | **40,648** | **-** |

| 31 December 2021 ($'000) | Carrying amounts | Contractual cash flows | 3 months or less | 3-12 months | 1-2 years | 2-5 years |
|---|---|---|---|---|---|---|
| Trade receivables | 178,804 | 178,804 | 2,832 | 175,972 | – | – |
| Government subsidies | 3,212 | 3,212 | | 3,212 | – | – |
| Refundable VAT | 42,376 | 42,376 | 1,774 | 40,602 | – | – |
| Receivables from partners under JOA | 5,138 | 5,138 | 5,138 | – | – | – |
| Other receivables | 38,683 | 38,683 | 36,105 | 2,578 | – | – |
| Other tax recoverable | 16,478 | 16,478 | – | – | – | 16,478 |
| **Total** | **284,691** | **284,691** | **45,849** | **222,364** | **–** | **16,478** |

## 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 $139.9 million. The below tables outline the share capital of the Company.

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.

On 14 June 2022, Energean plc by special resolution reduced its share premium account, as confirmed by an Order of the High Court of Justice.

| Issued and authorised | Equity share capital allotted and fully paid | Share capital ($'000) | Share premium ($'000) |
|---|---|---|---|
| **At 1 January 2021 and at 31 December 2021** | **177,602,560** | **2,374** | **915,388** |
| Issued during the year | | | |
| – New shares | – | – | – |
| – Share based payment | 437,945 | 6 | – |
| Share Premium Reduction | – | – | (500,000) |
| **At 31 December 2022** | **178,040,505** | **2,380** | **415,388** |

## 20 Dividends

In September 2022, Energean declared its maiden quarterly dividend. In total, Energean returned US$0.60/share to shareholders in 2022, representing two-quarters of dividend payments. No dividend was proposed in respect of the year ended 31 December 2021.

| | US$ cents per share | | $' 000 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Dividends announced and paid in cash** | | | | |
| Ordinary shares | | | | |
| September | **30** | – | **53,252** | – |
| December | **30** | – | **53,252** | – |
| | **60** | – | **106,504** | – |

## 21 Borrowings

| ($'000) | 2022 | 2021 |
|---|---|---|
| **Non-current** | | |
| *Bank borrowings – after one year but within five years* | | |
| 4.5% Senior Secured notes due 2024 ($625 million) | **620,461** | 617,060 |
| 4.875% Senior Secured notes due 2026 ($625 million) | **617,912** | 615,966 |
| Convertible loan notes ($50 million) | **–** | 41,495 |
| *Bank borrowings – more than five years* | | |
| 6.5% Senior Secured notes due 2027 ($450 million) | **442,879** | 442,107 |
| 5.375% Senior Secured notes due 2028 ($625 million) | **616,767** | 615,451 |
| 5.875% Senior Secured notes due 2031 ($625 million) | **615,890** | 615,047 |
| BSTDB Loan and Greek State Loan Notes | **61,437** | – |
| **Carrying value of non-current borrowings** | **2,975,346** | 2,947,126 |
| | | |
| **Current** | | |
| Convertible loan notes ($50 million) | **45,550** | – |
| **Carrying value of current borrowings** | **45,550** | – |
| **Carrying value of total borrowings** | **3,020,896** | 2,947,126 |

The Group has provided security in respect of certain borrowings in the form of share pledges, as well as fixed and floating charges over certain assets of the Group.

**$2,500,000,000 senior secured notes:**

On 24 March 2021, the Group completed the issuance of $2.5 billion aggregate principal amount of senior secured notes.

The Notes have been issued in four series as follows:

- Notes in an aggregate principal amount of $625 million, maturing on 30 March 2024, with a fixed annual interest rate of 4.500%.
- Notes in an aggregate principal amount of $625 million, maturing on 30 March 2026, with a fixed annual interest rate of 4.875%.
- Notes in an aggregate principal amount of $625 million, maturing on 30 March 2028, with a fixed annual interest rate of 5.375%.
- Notes in an aggregate principal amount of $625 million, maturing on 30 March 2031, with a fixed annual interest rate of 5.875%.

The Notes are listed for trading on the TACT Institutional of the Tel Aviv Stock Exchange Ltd. (the "TASE").

The Company had undertaken to provide the following collateral in favour of the Trustee:

- First rank Fixed charges over the shares of Energean Israel Limited, Energean Israel Finance Ltd and Energean Israel Transmission Ltd, the Karish & Tanin Leases, the gas sales purchase agreements ("**GSPAs**"), several bank accounts, Operating Permits (once issued), Insurance policies, the Company exploration licenses (Block 12, Block 21, Block 23, Block 31) and the INGL Agreement.
- Floating charge over all of the present and future assets of Energean Israel Limited and Energean Israel Finance Ltd.
- Energean Power FPSO (subject to using commercially reasonable efforts, including obtaining Israel Petroleum Commissioner approval and any other applicable governmental authority).

**Kerogen Convertible Loan**

On 25 February 2021, the Group completed the acquisition of the remaining 30% minority interest in Energean Israel Limited from Kerogen Investments No.38 Limited, Energean now owns 100% of Energean Israel Limited. This resulted in a reduction of the Group's reported non-controlling interest balance to $nil at 31 December 2021.

The total consideration includes

- An up-front payment of $175 million paid at completion of the transaction
- Deferred cash consideration amounts totalling $180 million (out of which $30 million paid in December 2022). The deferred consideration is discounted at the selected unsecured liability rate of 9.77%.(please refer to note 24)
- $50 million of convertible loan notes (the "Convertible loan notes"), which have a maturity date of 29 December 2023, a strike price of £9.50, adjusted for dividend payment up to maturity date, and a zero-coupon rate.

**$450,000,000 senior secured notes:**

On 18th November 2021, the Group completed the issuance of $450 million of senior secured notes, maturing on 30 April 2027 and carrying a fixed annual interest rate of 6.5%.

The interest on the notes is paid semi-annually on 30 April and 30 October of each year, beginning on 30 April 2022.

The notes are listed for trading on the Official List of the International Stock Exchange ("**TISE**").

The issuer is Energean plc and the Guarantors are Energean E&P Holdings, Energean Capital Ltd and Energean Egypt Ltd

The company undertook to provide the following collateral in favour of the Security Trustee:

- Share pledge of Energean Capital Ltd, Energean Egypt Ltd, Energean Italy Ltd
- Fixed charges over the material bank accounts of the Company and the Guarantors (other than Energean Egypt Services JSC)
- Floating charge over the assets of Energean plc (other than the shares of Energean E&P Holdings)

**Energean Oil and Gas SA ('EOGSA') loan for Epsilon/ Prinos Development:**

On 27 December 2021 EOGSA entered into a loan agreement with Black Sea Trade and Development Bank for €90.5 million to fund the development of Epsilon Oil Field. The loan is subject to an interest rate of EURIBOR plus a margin of 2% on 90% of the loan (guaranteed portion) and 4.9% margin on 10% of the loan (unguaranteed portion). The loan has a final maturity date 7 years and 11 months after first disbursement.

On 27 December 2021 EOGSA entered into an agreement with Greek State to issue €9.5 million of notes maturing in 8 years with fixed rate -0.31% plus margin. The margin commences at 3.0% in year 1 with annual increases, reaching 6.5% in year 8.

At 31 December 2022, $43 million (€40million) remains undrawn.

**Revolving Credit Facility ('RCF')**

On 8 September 2022, Energean signed a three-year $275 million RCF with a consortium of four banks, led by ING Bank N.V. The RCF provides additional liquidity for general corporate purposes, if required. Under its current business plan, Energean expects the RCF to remain undrawn, apart from $101 million (as at 31 December 2022) of Letters of Credit ("**LCs**"), which replace the LCs that relate to certain assets in the UK, Italy, Egypt and Greece that were issued under the previous facility with ING on a one-for-one basis. The interest rate, if drawn by way of loans, is 5% + SOFR.

***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.

| ($'000) | 2022 | 2021 |
|---|---|---|
| **Net Debt** | | |
| Current borrowings | **45,550** | – |
| Non-current borrowings | **2,975,346** | 2,947,126 |
| Total borrowings | **3,020,896** | 2,947,126 |
| Less: Cash and cash equivalents | **(427,888)** | (730,839) |
| Restricted cash | **(74,776)** | (199,729) |
| **Net Debt (1)** | **2,518,232** | 2,016,558 |
| Total equity (2) | **650,198** | 717,123 |
| **Gearing Ratio (1)/(2):** | **387.3%** | 281.2% |

## Reconciliation of liabilities arising from financing activities

| ($'000) | 1 January | Cash inflows | Cash outflows | Reclass-ification | Acquisition of subsidiary | Additions | Lease modification | Borrowing costs including amortisation of arrangement fees | Derivatives de-designated as cash flow hedges during the period | Foreign exchange impact | Fair value changes | 31 December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2022** | **3,294,460** | **63,463** | **(213,068)** | **(122)** | **–** | **949** | **(66)** | **194,984** | **–** | **(4,954)** | **–** | **3,335,646** |
| Senior Secured Notes | 2,905,631 | – | (156,694) | – | – | – | – | 164,972 | – | – | – | 2,913,909 |
| Convertible loan notes | 41,496 | – | – | – | – | – | – | 4,054 | – | – | – | 45,550 |
| Long -term borrowings | – | 63,463 | – | – | – | – | – | 1,743 | – | (3,769) | – | 61,437 |
| Lease liabilities | 44,425 | – | (14,023) | (122) | – | 949 | (66) | 2,294 | – | (1,185) | – | 32,272 |
| Deferred licence payments | 57,230 | – | (12,351) | – | – | – | – | 6,953 | – | – | – | 51,832 |
| Contingent Consideration | 78,450 | – | – | – | – | – | – | 7,870 | – | – | – | 86,320 |
| Deferred consideration of acquisition of minority | 167,228 | – | (30,000) | – | – | – | – | 7,098 | – | – | – | 144,326 |
| **2021** | **1,622,354** | **3,243,000** | **(2,006,761)** | **(35,373)** | **–** | **187,778** | **2,261** | **251,471** | **4,641** | **8,691** | **28,843** | **3,307,005** |
| Senior Secured Notes | – | 2,950,000 | (115,717) | (35,640) | – | – | – | 106,988 | – | – | – | 2,905,631 |
| Convertible loan notes | – | – | – | – | – | 38,337 | – | 3,158 | – | | | 41,495 |
| Long -term borrowings | 330,092 | 175,000 | (537,873) | (1,713) | – | – | – | 35,277 | – | (783) | – | – |
| Current borrowings | 1,112,984 | 118,000 | (1,320,989) | 2,080 | – | – | – | 87,460 | – | 465 | – | – |
| Lease liabilities | 47,623 | – | (10,852) | – | – | 6,304 | 2,261 | 1,316 | – | (2,227) | | 44,425 |
| Deferred licence payments | 69,518 | – | (14,344) | – | – | – | – | 2,056 | – | – | – | 57,230 |
| Contingent consideration | 55,222 | | | | | | | | – | | 23,228 | 78,450 |
| Deferred consideration of acquisition of minority | – | – | – | – | – | 143,137 | – | 12,855 | – | 11,236 | – | 167,228 |
| Derivatives not designated as hedging instruments | 6,915 | – | (6,986) | – | – | – | – | 2,361 | 4,641 | – | (6,931) | – |

## 22 Retirement benefit liability

The Group operates defined benefit pension plans in Greece and Italy.

Under Italian law, Energean Italy Spa 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

| ($'000) | 2022 | 2021 |
|---|---|---|
| Defined benefit obligation | **1,675** | 2,767 |
| **Provision for retirement benefits recognised** | **1,675** | 2,767 |
| Allocated as: | | |
| Non-current portion | **1,675** | 2,767 |
| | **1,675** | 2,767 |

### 22.2 Defined benefit obligation

| ($'000) | 2022 | 2021 |
|---|---|---|
| At 1 January | **2,766** | 7,839 |
| Change in estimate[103] | **–** | (3,463) |
| Current service cost | **163** | 191 |
| Interest cost | **52** | 13 |
| Extra payments or expenses | **3,233** | 775 |
| Actuarial losses – from changes in financial assumptions | **(267)** | 162 |
| Benefits paid | **(4,100)** | (2,314) |
| Transfer in/(out) | **–** | (34) |
| Exchange differences | **(172)** | (402) |
| **At 31 December** | **1,675** | 2,767 |

[103] During the year there was a change in the defined benefit estimate in Greece, specifically in relation to the periods of service to which an entity attributes benefit.

## 22.3 Actuarial assumptions and risks

The most recent actuarial valuation was carried out as of 31 December 2022 and it was based on the following key assumptions:

| | 2022 | 2021 |
|---|---|---|
| **Greece** | | |
| Discount rate | **4.10%** | 2.00% |
| Expected rate of salary increases | **3.54%** | 3.84% |
| Average life expectancy over retirement age | **19.7 years** | 19.4 years |
| Inflation rate | **2.20%** | 2.00% |
| **Italy** | | |
| Discount rate | **0.94%** | 0.94% |
| Expected rate of salary increases | **n/a** | N/A |
| Average life expectancy over retirement age | **20.9 years** | 20.9 |
| Inflation rate | **2.00%** | 2.00% |

**Sensitivity analysis**

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.

| | 2022 | 2021 |
|---|---|---|
| **Greece** | | |
| *Percentage Effect on defined benefit obligation* | | |
| Change + 0.5% in Discount rate | **-3%** | -3% |
| Change – 0.5% in Discount rate | **3%** | 3% |
| Change +0.5% in Expected rate of salary increases | **3%** | 3% |
| Change -0.5% in Expected rate of salary increases | **-3%** | -3% |
| **Italy** | | |
| *Percentage Effect on defined benefit obligation* | | |
| Change + 0.5% in Discount rate | **-1%** | -1% |
| Change – 0.5% in Discount rate | **1%** | 1% |

| | 2022 | 2021 |
|---|---|---|
| **Greece** | | |
| *Percentage Effect on current service cost* | | |
| Change + 0.5% in Discount rate | **-4%** | -4% |
| Change – 0.5% in Discount rate | **4%** | 4% |
| Change +0.5% in Expected rate of salary increases | **5%** | 5% |
| Change -0.5% in Expected rate of salary increases | **-5%** | -5% |

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

| ($'000) | Decommissioning | Provision for litigation and other claims | Total |
|---|---|---|---|
| **At 1 January 2021** | **865,127** | **16,408** | **881,535** |
| New provisions | – | 520 | 520 |
| Change in estimates | (18,808) | (4,494) | (23,302) |
| *Recognised in property, plant and equipment* | *(13,174)* | | *(13,174)* |
| *Recognised in Intangible assets* | *2,202* | | *2,202* |
| *Recognised in profit& loss* | *(7,836)* | | *(7,836)* |
| Payments | (2,653) | – | (2,653) |
| Unwinding of discount | 8,722 | – | 8,722 |
| Currency translation adjustment | (50,290) | (1,140) | (51,430) |
| **At 31 December 2021** | **802,098** | **11,294** | **813,392** |
| **Current provisions** | **12,366** | **–** | **12,366** |
| **Non-current provisions** | **789,732** | **11,294** | **801,026** |
| **At 1 January 2022** | | | |
| New provisions | – | 1,619 | 1,619 |
| Change in estimates | 49,313 | (551) | 48,762 |
| *Recognised in property, plant and equipment* | *21,685* | | *21,685* |
| *Recognised in profit& loss* | *27,628* | | *27,628* |
| Payments | (8,898) | (344) | (9,242) |
| Reclassification | – | (1,568) | (1,568) |
| Unwinding of discount | 21,495 | – | 21,495 |
| Currency translation adjustment | (55,251) | (1,104) | (56,355) |
| **At 31 December 2022** | **808,757** | **9,346** | **818,103** |
| **Current provisions** | **8,376** | **–** | **8,376** |
| **Non-current provisions** | **800,381** | **9,346** | **809,727** |

### 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 2042 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 in previous years and internal estimates. These estimates are reviewed annually 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 and the impact of energy transition and the pace at which it progresses 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 recognised for Egypt as there is no legal or constructive obligation as at 31 December 2022.

| | Inflation assumption | Discount rate assumption | Cessation of production assumption | Spend in 2022 | 2022 ($'000) | 2021 ($'000) |
|---|---|---|---|---|---|---|
| **Greece** | 1.6%- 2.2% | 4.6% | 2034 | – | **13,036** | 17,058 |
| **Italy** | 5.2%- 2.0% | 3.3% | 2023-2042 | 7,616 | **519,749** | 527,801 |
| **UK** | 3.7% | 4.1% | 2023-2031 | 1,281 | **176,063** | 203,246 |
| **Israel** | 2.3%-2.7% | 4.1% | 2042 | – | **84,299** | 35,525 |
| **Croatia** | 5.2%- 2.0% | 3.3% | 2032 | – | **15,610** | 18,467 |
| **Total** | | | | **8,897** | **808,757** | 802,097 |

### Litigation and other claims provisions

Litigation and other claim provision relates 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. 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 provided €5.6 million (c$6.0 million) against an adverse outcome of these court cases.

Energean Italy Spa has currently open litigations with three municipalities in Italy related to the imposition of real estate municipality taxes (IMU/TASI), interest and related penalties concerning the periods 2016 to 2019. For the years before 2019, Edison SpA bears uncapped liability for any amount assessed according to the sale and purchase agreement (SPA) signed between the companies while Energean is liable for any tax liability related to tax year 2019. For all three cases, Energean Italy SpA (together with Edison SpA, as appropriate) filed appeals presenting strong legal and technical arguments for reducing the assessed taxes to the lowest possible level as well as cancelling entirely the imposed penalties. 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 in excess of the provision of $2.1 million recognised.

The remaining balance in other provisions a 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.

## 24 Trade and other payables

| ($'000) | 2022 | 2021 |
|---|---|---|
| **Trade and other payables-Current**[104] | | |
| Financial items: | | |
| Trade accounts payable | **298,091** | 109,525 |
| Payables to partners under JOA[105] | **58,336** | 43,499 |
| Deferred licence payments due within one year | **13,345** | – |
| Deferred consideration for acquisition of minority | **144,326** | 167,228 |
| Other creditors | **34,644** | 12,043 |
| Short term lease liability | **9,208** | 8,253 |
| | **557,950** | 340,548 |
| Non-financial items: | | |
| Accrued expenses[106] | **98,650** | 64,823 |
| Contract Liability[107] | **56,230** | |
| Other finance costs accrued (note 9) | **39,672** | 36,693 |
| Social insurance and other taxes | **4,372** | 7,643 |
| | **198,924** | 109,159 |
| | **756,874** | 449,707 |
| **Trade and other payables-Non-Current** | | |
| Financial items: | | |
| Trade and other payables[108] | **169,360** | – |
| Deferred licence payments[109] | **38,488** | 57,230 |
| Contingent consideration (note 26.1) | **86,320** | 78,450 |
| Long term lease liability | **23,063** | 36,172 |
| | **317,231** | 171,852 |
| Non-financial items: | | |
| Contract Liability[107] | **–** | 53,537 |
| Social insurance | **827** | 598 |
| | **827** | 54,135 |
| | **318,058** | 225,987 |

104 The statement of financial position as at 31 December 2022 presents current tax liabilities separately from the current portion of trade and other payables. Comparative amounts of $5,279,000 have been reclassified accordingly.

105 Payables related to operated Joint operations primarily in Italy.

106 Included in trade payables and accrued expenses in 2022 and 2021, are mainly Karish field related development expenditures (mainly FPSO and Sub Sea construction cost), development expenditure for Cassiopea project in Italy and NEA/NI project in Egypt.

107 In June 2019, Energean signed a Detailed Agreement with Israel Natural Gas Lines ("**INGL**") for the transfer of title (the "hand over") of the nearshore 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 Shekels (ILS), which translates to approximately $115 million, for the infrastructure being built by Energean 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. The amount included in the contract liability line above represents the amount received as at 31 December 2022 from INGL. The hand over to INGL is expected to become effective in Q1 2023.

108 The amount represents an amount payable to Technip in respect of costs incurred starting 1 April 2022 until completion, in terms of the EPCIC contract. The amount is payable in eight equal quarterly deferred payments due after practical completion date and therefore has been discounted at 5.831%. p.a. (being the yield rate of the senior secured loan notes, maturing in 2024, at the date of entering into the settlement agreement)

109 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 2022 the total discounted deferred consideration was $51.8 million (as at 31 December 2021: $57.23 million). The Sale and Purchase Agreement ("**SPA**") includes provisions in the event of Force Majeure that prevents or delays the implementation of the development plan as approved under one lease for a period of more than ninety (90) days in any year following the final investment decision ("**FID**") date. In the event of Force Majeure the applicable annual payment of the remaining consideration will be postponed by an equivalent period of time, and no interest will be accrued in that period of time as well. Due to the effects of the COVID-19 pandemic which constitute a Force Majeure event, the deferred payment due in March 2022 would be postponed by the number of days that such Force Majeure event last. As of 31 December 2021 Force Majeure event length has not been finalised as the COVID-19 pandemic continues to affect the progress of the project, and as such the deferred payment due in March 2022 was postponed accordingly.

## 25 Employee share schemes

Analysis of share-based payment charge

| ($'000) | 2022 | 2021 |
|---|---|---|
| Energean Deferred Share Bonus Plan (DSBP) | **1,332** | 1,215 |
| Energean Long Term Incentive Plan (LTIP) | **4,911** | 4,718 |
| **Total share-based payment charge** | **6,243** | 5,933 |
| Capitalised to intangible and tangible assets | **199** | 200 |
| Expensed as cost of sales | **–** | 5 |
| Expensed as administration expenses | **6,044** | 5,712 |
| Expensed to exploration and evaluation expenses | **–** | 14 |
| Expensed as other expenses | **–** | 2 |
| **Total share-based payment charge** | **6,243** | 5,933 |

**Energean Long Term Incentive Plan (LTIP)**

Under the Energean plc's 2018 LTIP rules, senior executives may be granted conditional awards of shares or nil cost options. Nil cost options are normally exercisable from three to ten years following grant provided an individual remains in employment. Awards are subject to performance conditions (including Total Shareholder Return (TSR) normally measured over a period of three years. Vesting of awards or exercise of nil cost options is generally subject to an individual remaining in employment except in certain circumstances such as good leaver and change of control. Awards may be subject to a holding period following vesting. 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 2022 was 1.2 years (31 December 2021: 1.3 years), number of shares outstanding 2,112,973 and weighted average price at grant date £5.66.

There are further details of the LTIP in the Remuneration Report on pages 123-147.

**Deferred Share Bonus Plan (DSBP)**

Under the DSBP, a portion of any annual bonus of a Senior Executive nominated by the Remuneration & Talent Committee, may be 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 2022 was 0.8 years, number of shares outstanding 236,174 and weighted price at grant date £10.05.

## 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 categorised in level 2 of the fair value hierarchy.

**Contingent consideration**

The share purchase agreement (the "SPA") dated 4 July 2019 between Energean and Edison SpA provides for a contingent consideration of up to $100.0 million subject to the commissioning of the Cassiopea development gas project in Italy. The consideration was determined to be contingent on the basis of future gas prices (PSV) recorded at the time of the at the time of first gas production at the Cassiopea field, which is expected in 2024. No payment will be due if the arithmetic average of the year one (i.e., the first year after first gas production) and year two (i.e., the second year after first gas production) Italian PSV Natural Gas Futures prices is less than €10/Mwh when first gas production is delivered from the field. $100 million is payable if that average price exceeds €20/Mwh. The fair value of the Contingent Consideration is estimated by reference to the terms of the SPA and the simulated PSV pricing by reference to the forecasted PSV pricing, historical volatility and a log normal distribution, discounted at an estimated cost of debt

The contingent consideration to be payable in 2024 was estimated at acquisition date to amount to $61.7 million, which discounted at the selected cost of debt resulted in a present value of $55.2 million as at the acquisition date.

As at 31 December 2022, the two-year future curve of PSV prices increased from the date of acquisition and indicate an average price in excess of €20/Mwh (the threshold for payment of $100 million), we estimate the fair value of the Contingent Consideration as at 31 December 2022 to be $86.3 million based on a Monte Carlo simulation (31 December 2021: $78.5 million).

The fair value of the consideration payable has been recognised at level 3 in the fair value hierarchy.

**Contingent consideration reconciliation**

| Contingent consideration | 2022 |
|---|---|
| 1 January | **78,450** |
| Fair value adjustment | **7,870** |
| 31 December | **86,320** |

**Fair values of derivative financial instruments**

The Group undertakes hedging activities as part of the ongoing financial risk management to protect against commodity price volatility and to ensure the availability of cash flow for re-investment in capital programmes that are driving business delivery. Commodity hedge contracts entered into in Italy aim to mitigate the risk of changes to the cost of natural gas and that relating to the sale of natural gas.

The entered into commodity hedges in 2021 however at 31 December 2022 there were no open hedges.

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.

There were no transfers between fair value levels during the year.

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 2022 | | | |
|---|---|---|---|---|
| | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
| **Financial assets** | | | | |
| Trade and other receivables (note 18) | – | 329,224 | – | 329,224 |
| Cash and cash equivalents (note 15) | 427,888 | – | – | 427,888 |
| Restricted Cash | 74,776 | – | – | 74,776 |
| **Total** | **502,664** | **329,224** | **–** | **831,888** |
| **Financial liabilities** | | | | |
| *Financial liabilities held at amortised cost:* | | | | |
| Trade and other payables | – | 560,431 | – | 560,431 |
| Senior Secured Notes (note 21) | 2,716,625 | – | – | 2,716,625 |
| Borrowings (note 21) | – | 106,986 | – | 106,986 |
| Deferred consideration for acquisition of minority (note 24) | – | 144,326 | – | 144,326 |
| Net obligations under finance leases (note 24) | – | 32,271 | – | 32,271 |
| Deferred licence payments (note 24) | – | 51,833 | – | 51,833 |
| *Financial liabilities at FVTPL* | | | | |
| Contingent Consideration | – | – | 86,320 | 86,320 |
| **Total** | **2,716,625** | **895,847** | **86,320** | **3,698,792** |

| ($'000) | Fair value hierarchy as at 31 December 2021<br>Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade and other receivables (note 18) | – | 284,692 | – | 284,692 |
| Cash and cash equivalents (note 15) | 730,839 | – | – | 730,839 |
| Restricted Cash | 199,729 | | | 199,729 |
| **Total** | **930,568** | **284,692** | **–** | **1,215,260** |
| **Financial liabilities** | | | | |
| *Financial liabilities held at amortised cost:* | | | | |
| Trade and other payables – current | – | 173,319 | – | 173,319 |
| Senior Secured Notes (note 20) | 2,931,950 | – | – | 2,931,950 |
| Borrowings (note 20) | – | 41,495 | – | 41,495 |
| Deferred consideration for acquisition of minority (note 23) | – | 167,228 | – | 167,228 |
| Net obligations under finance leases (note 23) | – | 44,425 | – | 44,425 |
| Deferred licence payments (note 23) | – | 57,230 | – | 57,230 |
| *Financial liabilities held at fair value through OCI:* | | | | |
| Derivatives | – | 12,546 | – | 12,546 |
| *Financial liabilities at FVTPL:* | | | | |
| Contingent consideration | – | – | 78,450 | 78,450 |
| **Total** | **2,931,950** | **496,243** | **78,450** | **3,506,643** |

## 26.2 Commodity price risk

The Group considers hedging activities as part of the ongoing financial risk management to protect against commodity price volatility and to ensure the availability of cash flow for re-investment in capital programmes that are driving business delivery.

At 31 December 2022 there are no open hedging contracts.

## 26.3 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 2022, the Group's exposure to interest rate risk is only in relation to the Greek borrowings as all other borrowings are at fixed interest rates (refer to Note 21 details). The exposure to interest rates for the Group's money market funds is considered immaterial.

| ($'000) | 2022 | 2021 |
|---|---|---|
| **Impact on finance costs** | | |
| Interest rates increase +0.5% | **135** | – |
| Interest rates decrease -0.5% | **(135)** | – |

## 26.4 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 monitoring its exposure to the various counterparties and implementing appropriate mitigating actions, primarily aimed at recovering or transferring receivables.

Presented below is a breakdown of trade receivables by past due bracket:

| ($'000) | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Trade receivables and receivables from partners under JOA | **224,319** | 215,776 |
| Allowance for impairment | **(4,565)** | (31,834) |
| **Total** | **219,754** | 183,942 |

Trade receivables include balances from EGPC, the Egyptian governmental body that are significantly aged.

| | 31 December 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| ($'000) | Trade receivables | Allowance | Trade receivables | Allowance |
| Not yet due | **75,573** | **(2,377)** | 44,602 | (1,461) |
| Past due by less than one month | **27,654** | **(870)** | 12,187 | (399) |
| Past due by one to three months | **–** | **–** | 12,212 | (400) |
| Past due by three to six months | **11,032** | **(347)** | 12,959 | (425) |
| Past due by more than six months | **6,095** | **(192)** | 41,646 | (25,786) |
| **Total** | **120,354** | **(3,786)** | 123,606 | (28,471) |

**Trade Receivables by geography**

| ($'000) | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Italy | **57,000** | 41,757 |
| United Kingdom | **6,491** | 5,428 |
| Egypt | **120,361** | 123,850 |
| Greece | **2,976** | 2,893 |
| Croatia | **–** | 212 |
| Israel | **37,491** | 21,275 |
| Other Countries | **–** | 2,215 |
| **Total** | **224,319** | 197,630 |

**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:

| ($'000) | 2022 | 2021 |
|---|---|---|
| A1 | **294,505** | 288,953 |
| A2 | **96,599** | 549,494 |
| A3 | **31,084** | 10,139 |
| BBB | **30,826** | 64,760 |
| BB | **48,403** | 16,590 |
| B3 | **1,247** | 634 |
| | **502,664** | 930,570 |

The Company has assessed the recoverability of all cash balances and considers they are carried within the consolidated statement of financial position at amounts not materially different to their fair value.

## 26.5 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 | |
|---|---|---|---|---|
| ($'000) | 2022 | 2021 | 2022 | 2021 |
| Dollars (US$) | 480,931 | 759,232 | **898,804** | 265,166 |
| United Kingdom Pounds (£) | 34,971 | 236,115 | **16,750** | 107,336 |
| Euro | 11,323 | 588,952 | **656,602** | 724,116 |
| CAD | 17 | – | **–** | – |
| NOK | 84 | 4,403 | **109** | 18 |
| ILS | 35,905 | 1,501 | **1,783** | 22,442 |
| SGD | 9,354 | 276 | **19,383** | 238 |
| EGP | 41 | – | **–** | – |
| **Total** | **572,626** | 1,590,479 | **1,593,431** | 1,119,316 |

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 December 2022 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | USD Variation | | £ Variation | | Euro Variation | | ILS Variation | | NOK Variation | | SGD Variation | | EGP Variation | |
| | 10% | -10% | 10% | -10% | 10% | -10% | 10% | -10% | 10% | -10% | 10% | -10% | 10% | -10% |
| Profit or loss (before tax) | **12,927** | **(3,634)** | **(2,415)** | **1,883** | **(6,394)** | **6,986** | **5** | **(4)** | **1,003** | **(912)** | **(793)** | **721** | **25** | **25** |
| Other comprehensive income | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Equity** | **12,927** | **(3,634)** | **(2,415)** | **1,883** | **(6,394)** | **6,986** | **5** | **(4)** | **1,003** | **(912)** | **(793)** | **721** | **25** | **25** |

| | 31 December 2021 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | USD Variation | | £ Variation | | Euro Variation | | ILS Variation | | NOK Variation | | SGD Variation | | EGP Variation | |
| | 10% | -10% | 10% | -10% | 10% | -10% | 10% | -10% | 10% | -10% | 10% | -10% | 10% | -10% |
| Profit or loss (before tax) | (24,122) | 29,629 | (10,249) | 12,275 | 5,324 | (6,755) | – | – | 2,094 | (1,904) | (439) | 399 | (4) | 5 |
| Other comprehensive income | – | – | – | – | – | – | | | – | – | – | – | | |
| **Equity** | **(24,122)** | **29,629** | **(10,249)** | **12,275** | **5,324** | **(6,755)** | **–** | **–** | **2,094** | **(1,904)** | **(439)** | **399** | **(4)** | **5** |

The above calculations assume that interest rates remain the same as at the reporting date.

## 26.6 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 2022, the Group had available $217 million (2021: $113 million) of undrawn committed borrowing facilities.

The undrawn facilities are in relation to the Greek State-Backed Loan of $43million (€40million) and $174million in relation to the revolving credit facility (Refer to note 21 for details for further details).

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 summarises the maturity profile of the Group financial liabilities based on contractual undiscounted payments:

| 31 December 2022 | Carrying amounts | Contractual cash flows | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years |
|---|---|---|---|---|---|---|---|
| ($'000) | | | | | | | |
| Bank loans | **2,975,345** | **3,869,648** | **64,453** | **98,480** | **910,680** | **1,291,207** | **1,504,828** |
| Lease liabilities | **32,271** | **33,207** | **2,231** | **6,503** | **2,967** | **19,952** | **1,554** |
| Trade and other payables | **936,120** | **984,802** | **311,602** | **337,634** | **238,692** | **96,874** | **–** |
| **Total** | **3,943,736** | **4,887,657** | **378,286** | **442,617** | **1,152,339** | **1,408,033** | **1,506,382** |

| 31 December 2021 | Carrying amounts | Contractual cash flows | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years |
|---|---|---|---|---|---|---|---|
| ($'000) | | | | | | | |
| Bank loans | 2,950,701 | 3,936,296 | 64,095 | 93,004 | 208,562 | 1,640,222 | 1,930,412 |
| Lease liabilities | 44,425 | 21,953 | 1,919 | 4,937 | 6,216 | 7,130 | 1,744 |
| Trade and other payables | 467,986 | 552,689 | 139,467 | 208,120 | 26,704 | 137,047 | 11,350 |
| **Total** | 3,463,112 | 4,510,938 | 205,481 | 306,061 | 241,482 | 1,784,399 | 1,943,506 |

# 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.

**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 ship Energean Wave which support the Group's operation in northern Greece.

**Capital Earth:** During the period ended 30 June 2022 the Group received consultancy services from Capital Earth Limited, a consulting company controlled by the spouse of one of Energean's executive directors, for the provision of Group Corporate Social Responsibility Consultancy and Project Management Services.

**Prime Marine Energy Inc:** During 2020 Energean Israel, purchased from Prime Marine Energy Inc a company controlled by a non-executive director and shareholder of Energean plc, a Field Support Vessel ("**FSV**"). The FSV 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. The FSV is currently completing construction works at a Greek Shipyard. The agreement with Prime Marine Energy Inc was terminated on 19 October 2022. In December 2022 the FSV was towed to Greece for completion of the works under Energean's supervision.

## 27.2 Related party transactions

**Purchases of goods and services**

| ($'000) | Nature of transactions | 2022 | 2021 |
|---|---|---|---|
| Other related party "Seven Marine" | Vessel leasing and services | **2,001** | 2,000 |
| Other related party "Prime Marine Energy Inc" | Construction of field support vessel | **8,060** | 10,273 |
| Other related party "Capital Earth Ltd" | Consulting services | **–** | 35 |
| | | **10,061** | 12,308 |

## 27.3 Related party balances

**Payables**

| ($'000) | Nature of balance | 2022 | 2021 |
|---|---|---|---|
| Seven Marine | Vessel leasing and services | **702** | 417 |
| | | **702** | 417 |

## 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 2022 ($'000) | Salary and fees | Benefits | Annual bonus paid in cash | Total |
|---|---|---|---|---|
| Executive Directors | **1,667** | **157** | **1,570** | **3,394** |
| Non-Executive Directors | **794** | **–** | **–** | **794** |
| **Total** | **2,461** | **157** | **1,570** | **4,188** |

| 31 December 2021 ($'000) | Salary and fees | Benefits | Annual bonus paid in cash | Total |
|---|---|---|---|---|
| Executive Directors | 1,650 | 100 | 1,664 | 3,414 |
| Non-Executive Directors | 703 | – | – | 703 |
| **Total** | **2,353** | **100** | **1,664** | **4,117** |

## 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:

| ($'000) | 2022 | 2021 |
|---|---|---|
| **Capital Commitments** | | |
| Due within one year | **16,607** | 20,575 |
| Due later than one year but within two years | **57,639** | 51,180 |
| Due later than two years but within five years | **1,658** | 1,497 |
| | **75,904** | 73,252 |
| **Performance guarantees**[110] | | |
| Greece | **4,170** | 1,176 |
| Israel | **97,572** | 89,683 |
| Egypt | **2,000** | |
| UK | **83,976** | 99,570 |
| Italy | **11,461** | 21,292 |
| Montenegro | **–** | 566 |
| | **199,179** | 212,287 |

**Issued guarantees:**

Karish and Tanin Leases ($25 million) – 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 for each lease. The bank guarantees expire 29 June 2023.

Blocks 12, 21, 22, 23 and 31 ($21 million) – 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 for all 5 blocks mentioned above. The bank guarantees are in force until 13 January 2024.

Israeli Natural Gas Lines ("**INGL**") ($47 million) – As part of the agreement signed with INGL on June 2019 the Group provided INGL bank guarantee in order to secure the milestone payments from INGL. These bank guarantees are in force until June 2023 ($5 million), November 2023 ($42 million) and January 2024 ($3 million)

[110] Performance guarantees are in respect of abandonment obligations, committed work programmes and certain financial obligations.

Israel Other ($5 million) – As part of ongoing operations in Israel, the Group has provided various bank guarantees to third parties in Israel.

United Kingdom: Following the Edison E&P acquisition, the Group issued letters of credit amounting to $84 million for United Kingdom decommissioning obligations and other obligations under the United Kingdom licenses

Italy: The Group issued letters of credit amounting to $11 million for decommissioning obligations and other obligations under the Italian licenses

Greece and Egypt: The Group issued letters of credit amounting for obligations under the Block 2 and Block 8 licenses respectively.

**Legal cases and contingent liabilities**

The Group had no material contingent liabilities as of 31 December 2022 and 31 December 2021.

## 29 Subsequent events

On the 9 February 2023 Energean declared its 4Q dividend of US$30 cents per share, to be paid on 30 March 2023.

On the 17 March 2023 Energean signed an unsecured $350 million two year term loan facility, which offers additional financial flexibility for the Group. The loan is expected to remain undrawn.

## 30 Subsidiary undertakings

At 31 December 2022, the Group had investments in the following subsidiaries:

| Name of subsidiary | Country of incorporation / registered office | Principal activities | Shareholding At 31 December 2022 (%) | Shareholding At 31 December 2021 (%) |
|---|---|---|---|---|
| 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 Group Services Limited (former 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 | 22 Lefkonos Street, 2064 Nicosia, Cyprus | Oil and gas exploration, development and production | **100** | 100 |
| Energean Montenegro Limited | 22 Lefkonos Street, 2064 Nicosia, Cyprus | Oil and gas exploration, development and production | **100** | 100 |
| Energean Israel Transmission LTD | Andre Sakharov 9, Haifa, Israel | Gas transportation license holder | **100** | 100 |
| Energean Israel Finance LTD | Andre Sakharov 9, Haifa, Israel | Financing activities | **100** | 100 |

| Name of subsidiary | Country of incorporation / registered office | Principal activities | Shareholding At 31 December 2022 (%) | Shareholding At 31 December 2021 (%) |
|---|---|---|---|---|
| Energean Egypt Limited | 22 Lefkonos Street, 2064 Nicosia, Cyprus | Oil and gas exploration, development and production | **100** | 100 |
| Energean Hellas Limited | 22 Lefkonos Street, 2064 Nicosia, Cyprus | Oil and gas exploration, development and production | **100** | 100 |
| Energean Italy S.p.a. | 31 Foro Buonaparte, 20121 Milano, Italy | Oil and gas exploration, development and production | **100** | 100 |
| Energean Sicilia Srl | Via Salvatore Quasimodo 2 – 97100 Ragusa (Ragusa) | Oil and gas exploration, development and production | **100** | 100 |
| Energean Exploration Limited | 44 Baker Street, London W1U 7AL, United Kingdom | Oil and gas exploration, development and production | **100** | 100 |
| Energean UK Ltd | 44 Baker Street, London W1U 7AL, United Kingdom | Oil and gas exploration, development and production | **100** | 100 |
| Energean Egypt Energy Services JSC | Cairo, Egypt | Oil and gas exploration, development and production | **100** | 100 |

## 31 Exploration, development and production interests

**Development and Production**

| Country | Licence /Unit area | Fields | Fiscal Regime | Group's working interest | Joint Operation | Operator |
|---|---|---|---|---|---|---|
| **Israel** | | | | | | |
| | Karish | Karish, Karish Main | Concession | 100% | No | NA |
| | Tanin | Tanin | Concession | 100% | No | NA |
| **Egypt** | | | | | | |
| | Abu Qir | Abu Qir, Abu Qir North, Abu Qir West, Yazzi (32.75%) | PSC | 100% | No | NA |
| | NEA | Yazzi (67.25%) | PSC | 100% | No | NA |
| | | Python | PSC | 100% | No | NA |
| | NI | Field A (NI-1X), Field B (NI-3X), NI-2X, Viper (NI-4X) | PSC | 100% | No | NA |
| **Greece** | | | | | | |
| | Prinos | Prinos, Epsilon | Concession | 100% | No | NA |
| | South Kavala | | Concession | 100% | No | NA |
| | Katakolo | Katakolo (undeveloped) | Concession | 100% | No | NA |
| **Italy** | | | | | | |
| | C.C6.EO | Vega A (Vega B, undeveloped) | Concession | 100%[111] | Yes | Energean |
| | B.C8.LF | Rospo Mare | Concession | 100%[112] | Yes | Energean |
| | Fiume tenna | Verdicchio | Concession | 100% | No | NA |
| | B.C7.LF | Sarago, cozza, vongola | Concession | 95% | Yes | Energean |
| | B.C11.AS GIANNA | Gianna (undeveloped) | Concession | 49% | Yes | ENI |
| | Garaguso | Accettura | Concession | 50% | Yes | Energean |
| | A.c14.AS | Rosanna and Gaia | Concession | 50% | Yes | ENI |
| | A.C15.AX | Valentina, Raffaella, Emanuela, Melania | Concession | 10% | Yes | ENI |
| | A.c16.AG | Delia, Demetra, Sara, Dacia, Nicoletta | Concession | 30% | Yes | ENI |
| | A.C8.ME | Anemone and Azelea[112] | Concession | 19% | Yes | ENI |

[111] Energean has agreed with ENI to acquire the latter's WI and the request is pending approval from the Italian authorities. However by means of an agreement between ENI and Energean Italy all the production and cost are retained by Energean from 1.1.2021 and, according to the JOA, the decommissioning costs will be borne by both parties according to their initial WI (Energean 60%, ENI 40%)

[112] Energean has requested from the operator to exit the licence.

| Country | Licence /Unit area | Fields | Fiscal Regime | Group's working interest | Joint Operation | Operator |
|---|---|---|---|---|---|---|
| | Masseria Monaco | Appia and Salacaro (undeveloped) | Concession | 50% | Yes | Energean |
| | G.C1.AG | Cassiopea , Gemini, Centauro | Concession | 40% | Yes | ENI |
| | B.C14.AS | Calipso and Clara West | Concession | 49% | Yes | ENI |
| | B.C20.AS | Carlo, Clotilde e Didone (undeveloped) | Concession | 49% | Yes | ENI |
| | Montignano | Cassiano and Castellaro | Concession | 50% | Yes | Energean |
| | B.C13.AS | Clara Est, Clara Nord, Clara NW, (Cecilia undeveloped) | Concession | 49% | Yes | ENI |
| | Comiso (EIS) | Comiso | Concession | 100% | No | NA |
| | A.c13.AS | Daria, ( Manuela ,Arabella, Ramona undeveloped) | Concession | 49% | Yes | ENI |
| | B.C10.AS | Emma West and Giovanna | Concession | 49% | Yes | ENI |
| | A.C36.AG | Fauzia | Concession | 40% | Yes | ENI |
| | Torrente menocchia | Grottammare (undeveloped) | Concession | 88% | Yes | Petrorep |
| | Montegranaro | Leoni | Concession | 50% | Yes | Gas Plus |
| | Lucera | Lucera | Concession | 4.8% | Yes | GPI |
| | Monte Urano | San Lorenzo | Concession | 40% | Yes | Energean |
| | A.C21.AG | Naide | Concession | 49% | Yes | ENI |
| | Colle di lauro | Portocannone | Concession | 62% | Yes | Energean |
| | Porto civitanova | Porto civitanova | Concession | 40% | Yes | GPI |
| | Quarto | Quarto | Concession | 33% | Yes | Padana Energia |
| | A.C17.AG | Regina | Concession | 25% | Yes | ENI |
| | S. Andrea | | Concession | 50% | Yes | Canoel |
| | B.C2.LF | San Giorgio Mare | Concession | 95% | Yes | Energean |
| | San Marco | San Marco | Concession | 100% | No | NA |
| | B.C1.LF | Santo Stefano | Concession | 96% | Yes | Energean |
| | Mafalda | Sinarca | Concession | 40% | Yes | Gas Plus |
| | B.C9.AS | Squalo Centrale | Concession | 33% | Yes | ENI |
| | Massignano | Talamonti | Concession | 50% | Yes | Energean |
| | Masseria Grottavecchia | Traetta | Concession | 14% | Yes | Canoel |
| | S. Anna (EIS) | Tresauro | Concession | 25% | Yes | Enimed |

| Country | Licence /Unit area | Fields | Fiscal Regime | Group's working interest | Joint Operation | Operator |
|---|---|---|---|---|---|---|
| | Torrente Celone | Vigna Nocelli (Masseria Conca undeveloped) | Concession | 50% | Yes | Rockhopper Italia |
| **UK** | | | | | | |
| | Tors | Garrow, Kilmar | Concession | 68% | Yes | Alpha Petroleum |
| | Markham | | Concession | 3% | Yes | Spirit Energy |
| | Scott | | Concession | 10% | Yes | CNOOC |
| | Telford | | Concession | 16% | Yes | CNOOC |
| | Wenlock | | Concession | 80% | Yes | Alpha Petroleum |
| **Croatia** | | | | | | |
| | Izabela | | PSC | 70% | No | NA |

**Exploration**

| Country | Concession | Fields | Fiscal Regime | Group's working interest | Joint Operation | Operator |
|---|---|---|---|---|---|---|
| **Israel** | | | | | | |
| | Blocks 12, 21, 23, 31 | Athena, Zeus, Hera, Hermes and Hercules | Concession | 100% | No | NA |
| **Egypt** | | | | | | |
| | North East Hap'y | | PSC | 30%[113] | Yes | ENI |
| **Greece** | | | | | | |
| | Ioannina | | Concession | 100% | No | N/AI |
| | Block-2 | | Concession | 75% | Yes | Energean |
| **Italy** | | | | | | |
| | A.R.78.RC | | Concession | 10% | Yes | ENI |
| | G.R13.AG | Lince prospect | Concession | 40% | Yes | ENI |
| | G.R.14.AG | Panda, Vela prospect | Concession | 40% | Yes | ENI |
| **UK** | | | | | | |
| | Glengorm | | Concession | 25% | Yes | CNOOC |
| | Isabella | | Concession | 10% | Yes | Total Energies E&P North Sea UK Limited |
| **Montenegro** | | | | | | |
| | Block 26, 30 | | Concession | 100% | No | NA |
| **Croatia** | | | | | | |
| | Irena | | PSC | 70% | No | NA |

[113] From January 2023 Energean share in North East Hap'y was 18%.

# Company Statement of Financial Position

31 December 2022

| | Notes | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment in subsidiaries | 3 | **1,163,565** | 1,154,387 |
| Property plant and equipment | | **46** | 59 |
| Other intangible assets | | **55** | – |
| Loans and other intercompany receivables | 4 | **334,116** | 336,150 |
| | | **1,497,782** | 1,490,596 |
| **Current assets** | | | |
| Trade and other receivables | 6 | **74,909** | 131,677 |
| Cash and cash equivalents | | **336** | 18,910 |
| | | **75,245** | 150,587 |
| **Total assets** | | **1,573,027** | 1,641,183 |
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' Equity** | | | |
| Share capital | 9 | **2,380** | 2,374 |
| Share premium | 9 | **415,388** | 915,388 |
| Other reserves | | **10,459** | 10,459 |
| Share based payment reserve | | **25,611** | 19,374 |
| Retained earnings | | **615,200** | 197,491 |
| | | **1,069,038** | 1,145,086 |
| **Non-current liabilities** | | | |
| Other payables | | **786** | 551 |
| Borrowings | 8 | **442,879** | 483,441 |
| | | **443,665** | 483,992 |
| **Current Liabilities** | | | |
| Trade and other Payables | 7 | **14,774** | 12,105 |
| Borrowings | 8 | **45,550** | – |
| **Total Current Liabilities** | | **60,324** | 12,105 |
| **Total Liabilities** | | **503,989** | 496,097 |
| **Total equity and liabilities** | | **1,573,027** | 1,641,183 |

During the year the Company made a profit of $24.2 million (31 December 2021: $12.2 million).

Approved by the Board and authorised for issuance on 22 March 2023.

**Matthaios Rigas**
Chief Executive Officer

**Panagiotis Benos**
Chief Financial Officer

# Company Statement of Changes in Equity

For the year ended 31 December 2022

| | Share Capital $'000 | Share Premium $'000 | Share based payment reserve $'000 | Equity component of convertible bonds $'000 | Retained earnings $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|
| **At 1 January 2021** | **2,367** | **915,388** | **13,419** | **–** | **185,318** | **1,116,492** |
| Profit for the year | – | – | – | – | 12,173 | 12,173 |
| ***Transactions with owners of the company*** | | | | | | |
| Share based payment charges | – | – | 5,962 | – | – | 5,962 |
| Exercise of Employee Share options | 7 | – | (7) | – | – | – |
| Convertible bond issue (note 5) | – | – | – | 10,459 | – | 10,459 |
| **At 31 December 2021** | **2,374** | **915,388** | **19,374** | **10,459** | **197,491** | **1,145,086** |
| Profit for the year | – | – | – | – | 24,213 | 24,212 |
| ***Transactions with owners of the company*** | | | | | | |
| Exercise of Share Options | 6 | – | (6) | – | – | – |
| Share Premium Reduction (note 9) | – | (500,000) | – | – | 500,000 | – |
| Share based payment charges | – | – | 6,243 | – | – | 6,243 |
| Dividend Paid | – | – | – | – | (106,504) | (106,504) |
| **At 31 December 2022** | **2,380** | **415,388** | **25,611** | **10,459** | **615,200** | **1,069,038** |

# Company accounting policies

For the year ended 31 December 2022

## 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.

## 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 following 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 financial statements, included in the Annual Report.

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 performed an assessment and concluded 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 Group 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 Trade and other receivables

Receivables represent the Company'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). 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 requires the recognition of 'expected credit losses'. 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.

## 2.5 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.

## 2.6 Loans and borrowings

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.

## 2.7 Convertible bonds

Convertible bonds are separated into liability and equity components based on the terms of the contract. The fair value of the liability component on initial recognition is calculated by discounting the contractual cash flows using a market interest rate for an equivalent non-convertible instrument. The difference between the fair value of the liability component and the proceeds received on issue is recorded as equity.

Transaction costs are apportioned between the liability and the equity components of the instrument based on the amounts initially recognised. The liability component is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or settlement. The equity component is not remeasured.

## 2.8 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.

## 2.9 Share issue expenses

Costs of share issues are written off against share premium arising upon the issuance of share capital.

## 2.10 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.

## 2.11 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.

## 2.12 Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements and key sources of estimation uncertainty in the current year.

# Notes to the Financial Statements

For the year ended 31 December 2022

## 3. Investments in subsidiaries

The following table shows the movement in the investment in subsidiaries during the year

| | $'000 |
|---|---|
| **At 31 December 2021** | 1,154,387 |
| Additions | 9,178 |
| **At 31 December 2022** | **1,163,565** |

The additions relate to further injections of cash, for the issuance of shares, in existing subsidiaries.

The principal activity of the majority of these companies relates to oil and gas exploration, development and production.

A complete list of Energean plc Group companies at 31 December 2022, and the Company's percentage of share capital are set out in the note 30 of the Group financial statements.

## 4. Loans and other intercompany receivables, non-current

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Loans to subsidiaries | **332,050** | 334,073 |
| Receivables from share-based awards to subsidiary undertakings | **2,066** | 2,077 |
| **Total** | **334,116** | 336,150 |

The loans to subsidiaries consist of two loans. The Energean Capital Limited (ECL) ($221.2 million) loan incurs a fixed rate of interest at 5.5% per annum and matures on 18 May 2027. The Energean Oil & Gas SA (EOGSA) ($110.9 million) loan incurs a fixed rate of interest at 6.7% and matures on 18 November 2029.

At 31 December 2022 no expected credit loss allowances (2021: $0 million) were held in respect of the recoverability of amounts due from subsidiary undertakings.

## 5. Equity

**Dividends**

A dividend of 30 US$ cents per ordinary share was declared on the 8 September 2022 and paid on the 30 September 2022. A further dividend of 30 US$ cents per ordinary share was declared on the 17 November 2022 and paid on the 30 December 2022. No dividend was proposed in respect of the year ended 31 December 2021.

| | US$ cents per share | | $'000 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Dividends announced and paid in cash** | | | | |
| September | **30** | – | **53,252** | – |
| December | **30** | – | **53,252** | – |
| **Total** | **60** | – | **106,504** | – |

**Distributable Reserves**

| | 31 December 2022 $'000 | 31 December 2021 $'000 |
|---|---|---|
| **Total Equity** | **1,069,038** | 1,145,086 |
| ***Non-Distributable*** | | |
| Share Capital | **(2,380)** | (2,374) |
| Share Premium (note 9) | **(415,388)** | (915,388) |
| Equity component of convertible bonds[1] | **(10,459)** | (10,459) |
| Unrealised profits included in retained earnings reserve | **(232,788)** | (186,842) |
| Unrealised share based payment reserve[2] | **(13,340)** | (10,950) |
| **Total Distributable Reserves** | **394,683** | 19,073 |

1 Equity component of $50 million of convertible loan notes (discussed in note 8), which were issued in February 2021 and have a maturity date of 29 December 2023.

2 Unrealised portion of the share based payment reserve included in total equity.

## 6. Trade and other receivables

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Financial items** | | |
| Due from subsidiary undertakings | **74,004** | 129,840 |
| Refundable VAT | **374** | 768 |
| | **74,378** | 130,608 |
| **Non-financial items** | | |
| Deposits and prepayments | **531** | 1,069 |
| | **531** | 1,069 |
| **Total trade and other receivables** | **74,909** | 131,677 |

At 31 December 2022 no expected credit loss allowances (2021: $0 million) were held in respect of the recoverability of amounts due from subsidiary undertakings.

The amounts due from subsidiary undertakings includes $50 million receivable from Energean E&P Holdings in relation to dividends received in the current year. Additionally the amount include $12 million of interest receivable on the intercompnay loans. The remaining amounts due from subsidiaries accrue no interest and relate 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.

## 7. Trade and other payables

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| Staff costs accrued | **1,906** | 2,291 |
| Trade payables | **3,219** | 2,790 |
| Due to subsidiary undertakings | **1,515** | 1,097 |
| Finance costs accrued | **6,161** | 3,575 |
| Accrued expenses | **1,718** | 2,040 |
| Income taxes | **36** | 120 |
| Social insurance and other taxes | **170** | 141 |
| Other creditors | **49** | 51 |
| **Total trade and other payables** | **14,774** | 12,105 |

The amounts are unsecured and are usually paid within 30 days of recognition.

## 8. Borrowings

On 25 February 2021, $50 million of convertible loan notes (the "**Convertible Loan Notes**") were issued. The convertible loan notes have a maturity date of 29 December 2023, a strike price of £9.5, adjusted for dividend payment up to maturity date, and a zero-coupon rate.

On 18 November 2021, the Company completed the issuance of $450 million aggregate principal amount of senior secured notes maturing in 2027 at a fixed interest rate of 6.5%.

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| ***Non-current*** | | |
| Convertible loan notes | **–** | 41,496 |
| 6.5% Senior Secured notes | **442,879** | 441,945 |
| **Carrying value of non-current borrowings** | **442,879** | 483,441 |
| ***Current*** | | |
| Convertible loan notes | **45,550** | – |
| **Carrying value of current borrowings** | **45,550** | – |

## 9. Share capital

| | Equity share capital allotted and fully paid Number | Share capital $'000 | Share premium $'000 |
|---|---|---|---|
| **Authorised** | | | |
| **At 31 December 2021** | **177,602,560** | **2,374** | **915,388** |
| Share Premium Reduction | **–** | **–** | (500,000) |
| Issued during the period | **–** | **–** | – |
| - New Shares | **–** | **–** | **–** |
| - Employee share schemes | **437,945** | 6 | – |
| **At 31 December 2022** | **178,040,505** | **2,380** | **415,388** |

As at 31 December 2022, the Company's issued share capital consisted of 178,040,505 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.

Energean plc by special resolution reduced its share premium account, as confirmed by an Order of the High Court of Justice on the 14 June 2022.

## 10. Staff costs

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Salaries[114] | **5,892** | 5,253 |
| Social insurance costs and other funds | **785** | 1,913 |
| Share-based payments | **3,847** | 3,933 |
| Pension contribution & insurance | **305** | 458 |
| **Total Staff Cost** | **10,829** | 11,557 |

[114] Including directors remuneration

## 11. Share-based payment

**Energean Long Term Incentive Plan (LTIP)**

Under the LTIP, Senior Management can be granted nil exercise price options, normally exercisable Under the LTIP, Senior Management can be granted nil exercise price options, normally 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. 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 average remaining contractual life for LTIP awards outstanding at 31 December 2022 was 1.2 years (31 December 2021: 1.3 years), number of shares outstanding 2,112,973 and weighted average price at grant date £5.66

There are further details of the LTIP in the Remuneration & Talent Committee Report section of the Annual Report and note 25 in the Group financial statements.

**Deferred Share Bonus Plan (DSBP)**

Under the DSBP, the portion of any annual bonus above 30% of the base salary of a Senior Executive nominated by the Remuneration & Talent 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 average remaining contractual life for DSBP awards outstanding at 31 December 2022 was 0.8 years (31 December 2021: 0.8 years), number of shares outstanding 236,174 and weighted average price at grant date £10.05.

There are further details refer to note 25 in the Group financial statements.

## 12. Related party transactions

The Company's subsidiaries at 31 December 2022 and the Group's percentage of share capital are set out are in note 30 of the Group financial statements. The following table provides the Company's balances which are outstanding with subsidiary companies at the balance sheet date:

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| Loans to subsidiaries | **332,050** | 334,073 |
| Receivables from share-based awards to subsidiary undertakings | **2,066** | 2,077 |
| Trade and other receivables | **74,004** | 129,840 |
| **Total amounts receivable from subsidiary undertakings** | **408,120** | 465,990 |
| **Amounts payable to subsidiary undertakings** | **1,515** | 1,097 |
| | **406,605** | 464,893 |

The amounts outstanding are unsecured and will be settled in cash.

The following table provides the Company's transactions with partially owned subsidiary companies (minority interest exists) recorded in the income statement:

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| Amounts invoiced to partially owned subsidiaries under a Master Intercompany Services Agreement | **–** | 786 |
| | **–** | 786 |

The amounts invoiced in 2021 relate to the period prior to 25 February 2021, before Energean Israel became a wholly-owned subsidiary. As at 31 December 2021 and 31 December 2022 there are no partially owned subsidiaries.

**Transaction with other related party**

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| Consulting services by Capital Earth Limited | **–** | 35 |
| | **–** | 35 |

Capital Earth Limited is a consulting company controlled by the spouse of one of Energean's executive directors. Refer to note 27 in the Group financial statements for further details.

## 13. Directors' Remuneration

Directors' remuneration has been provided in the remuneration report within the Annual Report. Please refer to pages 123-147 of the Annual Report.

## 14. Auditor's Remuneration

Auditors' remuneration has been provided in the Group financial statements. Please refer to note 7 of the Group financial statements, included in the Annual Report, for details of the remuneration of the company's auditor on a group basis.

## 15. Subsequent Events

Please refer to note 29 of the Group financial statements.

# Other Information

## 2022 Report on Payments to Governments

**Basis of preparation**

This Report provides a consolidated overview of the payments to governments made by Energean plc and its subsidiary undertakings ("**Energean**") for the full year 2022 as required under the Report on Payments to Governments Regulations 2014 (2014/3209), as amended in December 2015 (2015/1928), (the "**Regulations**") and DTR 4.3A of the Financial Conduct Authority's Disclosure and Transparency Rules.

This Report is available for download from www.energean.com.

**Activities**

Payments made to governments that relate to Energean's activities involving the exploration, development, and production of oil and gas reserves ("**Extractive Activities**") are included in this disclosure. Payments made to governments that relate to activities other than Extractive Activities are not included in this report as they are not within the scope of the Regulations.

**Government**

Under the Regulations, a government is defined as any national, regional or local authority of a country and includes a department, agency or undertaking that is a subsidiary undertaking controlled by such an authority. All of the payments included in this disclosure have been made to national governments, either directly or through a ministry or department of the national government, with the exception of Greek payments in respect of production royalties and licence fees, which are paid to Hellenic Hydrocarbons and Energy Resources Management Company (HEREMA).

**Project**

Payments are reported at project level with the exception that payments that are not attributable to a specific project are reported at the entity level. A "Project" is defined as operational activities which are governed by a single contract, licence, lease, concession or similar legal agreement, and form the basis for payment liabilities with a government. If such agreements are substantially interconnected, those agreements are to be treated as a single project.

"Substantially interconnected" means forming a set of operationally and geographically integrated contracts, licences, leases or concessions or related agreements with substantially similar terms that are signed with a government giving rise to payment liabilities. Such agreements can be governed by a single contract, joint venture, production sharing agreement, or other overarching legal agreement. Indicators of integration include, but are not limited to, geographic proximity, the use of shared infrastructure and common operational management.

**Payments**

The information is reported under the following payment types.

***Production entitlements***

Under production-sharing agreements ("**PSAs**"), production is shared between the host government and the other parties to the PSA. The host government typically receives its share or entitlement in kind rather than being paid in cash.

***Taxes***

Taxes are paid by Energean on its income, profits or production and are reported net of refunds. Consumption taxes, personal income taxes, sales taxes, property and environmental taxes are excluded.

***Royalties***

Royalties are payments for the rights to extract oil and gas resources, typically at a set percentage of revenue less any allowable deductions.

***Dividends***

Dividends, in this context, are dividend payments other than those paid to a government as an ordinary shareholder of an entity, unless paid in lieu of production entitlements or royalties. For the year ended December 31, 2022, there were no reportable dividend payments to a government.

***Bonuses***

Bonuses are usually paid upon signature of an agreement or a contract, declaration of a commercial discovery, commencement of production or achievement of a specified milestone. For the year ended December 31, 2022, there were no reportable bonuses payments to a government.

***Fees***

Fees and other sums are paid as consideration for the acquisition of a licence that enables access to an area for the purposes of performing Extractive Activities. Administrative government fees that are not specifically related to Extractive Activities, or to access extractive resources, are excluded, as are payments made in return for services provided by a government.

***Infrastructure improvements***

Infrastructure improvements payments relate to the construction of infrastructure (road, bridge or rail) that are not substantially dedicated for the use of extractive activities. Payments that are of a social investment in nature, for example building of a school or hospital, are also excluded. For the year ended December 31, 2022, there were no reportable payments for infrastructure improvements.

**Cash basis**

Payments are reported on a cash basis, meaning that they are reported in the period in which they are paid, as opposed to being reported on an accruals basis (which would mean that they were reported in the period for which the liabilities arise).

**Materiality level**

For each payment type, total payments below $106,199 to a government are excluded from this report.

**Exchange rate**

All payments have been reported in US dollars. Payments made in currencies other than US dollars are typically translated at the average exchange rate of the year under consideration.

Payments overview

The table below shows the relevant payments to governments made by Energean in the year ended 31 December 2022 shown by country and payment type.

Of the seven payment types that the UK regulations require disclosure of, Energean did not make any payments in respect of production entitlements, dividends, bonuses or infrastructure improvements, therefore, those categories are not shown in the tables.

| Country | Income taxes $'million | Royalties $'million | Fees $'million | Total $'million |
|---|---|---|---|---|
| Egypt | 57.77[115] | – | 0.18 | 57.95 |
| Greece | 0.04 | – | 0.10 | 0.14 |
| Israel | 0.59 | 0.89 | 0.62 | 2.10 |
| Italy | 38.58 | 16.31 | 3.85 | 58.74 |
| United Kingdom | 0.10 | – | 1.08 | 1.18 |
| **TOTAL** | **97.08** | **17.20** | **5.83** | **120.11** |

[115] Our Egyptian assets are operated under PSAs, which set out the terms of the activities, including the applicable tax laws and regulations. Under the Abu Qir PSA, Energean is entitled to the net production from the asset, which forms the basis for the calculation and reporting of its payments to the Egyptian Government. Taxes include in-kind volumes due by Energean to the Egyptian Tax Authorities under the PSAs, which provide that the tax obligations of the company are settled by the Egyptian General Petroleum Corporation (EGPC) out of its share of profit oil. The monetary value of those payments is determined using the same method as per production entitlements. The corporate income taxes paid in 2022, were settled by EGPC on Energean's behalf out of production entitlement (payment in kind), in accordance with the terms of our PSAs. The terms of our PSAs provide that corporate income taxes are paid in the year following that to which they relate. Accordingly, 2022 payment relates to 2021 taxable profits.

Payments by project

| Payments by Project | Income taxes $'million | Royalties $'million | Fees $'million | Total $'million |
|---|---|---|---|---|
| Egypt – Abu Qir | 57.77 | – | 0.10 | 57.87 |
| Egypt – North El Amriya / North Idku | – | – | 0.08 | 0.08 |
| **EGYPTIAN GOVERNMENT REPORT** | **57.77** | **–** | **0.18** | **57.95** |
| Greece – Prinos | – | – | 0.02 | 0.02 |
| Greece – Ioannina | – | – | 0.08 | 0.08 |
| Greece – Corporate | 0.04 | – | – | 0.04 |
| **GREEK GOVERNMENT REPORT** | **0.04** | **–** | **0.10** | **0.14** |
| Israel – Karish/Tanin leases | – | 0.89 | 0.13 | 1.02 |
| Israel – Exploration assets | – | – | 0.49 | 0.49 |
| Israel – Corporate | 0.59 | – | – | 0.59 |
| **ISRAELI GOVERNMENT REPORT** | **0.59** | **0.89** | **0.62** | **2.10** |
| Italy – A.C 14.AS | – | – | 0.12 | 0.12 |
| Italy – A.C 16.AG | – | – | 0.39 | 0.39 |
| Italy – B.C 10.AS | – | 1.79 | 0.18 | 1.97 |
| Italy – B.C 13.AS | – | 1.62 | 0.38 | 2.00 |
| Italy – B.C 14.AS | – | 4.28 | 0.16 | 4.44 |
| Italy – B.C1.LF | – | – | 0.10 | 0.10 |
| Italy – B.C7.LF | – | 1.21 | 0.23 | 1.44 |
| Italy – B.C8.LF | – | 2.80 | 0.41 | 3.21 |
| Italy – C.C6.EO | – | 2.75 | 0.27 | 3.02 |
| Italy – Candela | – | – | 0.14 | 0.14 |
| Italy – Colle Di Lauro | – | 0.29 | 0.05 | 0.34 |
| Italy – Comiso II | – | 0.54 | 0.01 | 0.55 |
| Italy – Garaguso | – | 0.41 | 0.08 | 0.49 |
| Italy – Montignano | – | – | 0.11 | 0.11 |
| Italy – S.Anna (Tresauro) | – | 0.62 | 0.01 | 0.63 |
| Italy – Other | – | – | 1.21 | 1.21 |
| Italy – Corporate | 38.58 | – | – | 38.58 |
| **ITALIAN GOVERNMENT** | **38.58** | **16.31** | **3.85** | **58.74** |
| UK – Tors & Wenlock assets | – | – | 0.72 | 0.72 |
| UK – Scott & Telford assets | – | – | 0.02 | 0.02 |
| UK – Appraisal assets | – | – | 0.30 | 0.30 |
| UK – Markham | – | – | 0.04 | 0.04 |
| UK – Corporate | 0.10 | – | – | 0.10 |
| **UK GOVERNMENT** | **0.10** | **–** | **1.08** | **1.18** |
| **TOTAL** | **97.08** | **17.20** | **5.83** | **120.11** |

# Glossary

$CO_2$ – Carbon dioxide

$SO_2$ – Sulphur dioxide

$NO_x$ – 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

boe/d – 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

MN – 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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**Corporate brokers**

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White & Case LLP
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**Financial PR adviser**

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**Registrar**

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**Financial calendar**

May 2023: Annual General Meeting