

Energean plc
("Energean" or the "Company")

2022 Full Year Results

London, 23 March 2023 - Energean plc (LSE: ENOG, TASE: אננא) is pleased to announce its audited full-year results for the year ended 31 December 2022 ("FY 2022").

Mathios Rigas, Chief Executive of Energean, commented:

"2022 was a year of transformation for Energean – where a long-held vision became an operational reality. It was a year of positive delivery. We commenced production from the only FPSO in the strategically vital Eastern Mediterranean region, paid dividends to our shareholders, and laid the foundation for our future growth through the discovery and de-risking of new natural gas resources adjacent to our infrastructure. Energean was the sole owner-operator of five deepwater wells, which drove a 20% increase in our reserve base, and marked the 15th consecutive year of reserve and resource base increases for Energean. We are proud to be on track to deliver between 4.5 and 5.5 bcm of gas into the Israeli domestic gas market this year, contributing towards the security of energy supply of the region and improving the living conditions of the Israeli public through the reduction of emissions from the displacement of coal-fired power generation.

"The first quarter of 2023 has continued the positive trend. Production from Karish is in line with our expectations, and in February we supplied the first Israeli hydrocarbon liquids export cargo to international markets. In Egypt, we achieved first gas at NEA/NI with three further wells due to come onstream during the year. In Italy, we are the third largest producer of natural gas and look forward to increasing our contribution towards the country's energy supply. And in Greece, we are continuing our efforts to explore the untapped resources of the country.

"The remainder of 2023 will see us present the development concept for the Olympus Area, offshore Israel, and increase the capacity of the Energean Power FPSO to 8 bcm/yr. This is alongside delivery of production in line with guidance plus on-target returns, as promised, to our shareholder base. Through our gas contracting strategy we are in a unique position to have a very predictable and stable cashflow despite turbulence and challenges in the international financial markets.

"We are committed to investing in projects where we can create value for all stakeholders. The global energy crisis is not over – the global gas market remains dangerously tight and benefitted from a mild European winter, but thousands of industrial jobs are now at risk not just to price but also to availability. We therefore hope that governments understand the value of enhanced domestic and regional energy production, that can only be delivered through long-term investment."

Highlights

- Delivered first gas from Karish in October 2022
 - Production and ramp up in line with expectations
 - Energean is now sequentially notifying gas buyers that the commissioning period under the gas sales and purchase agreements ("GSPAs") has ended and the start date for commercial obligations has commenced. The Company expects to have completed this process for all gas buyers by the end of March 2023
- Initiated hydrocarbon liquid exports from Karish field to international markets
- Delivered first production from NEA/NI, Egypt, in March 2023
- On track to deliver 200 kboed production target in 2H 2024
- Confirmed year-end 2P reserves of 1,161 mmboe (+20% increase versus end-2021) representing a reserve replacement ratio of 1400%
 - Including the addition of 31 bcm (approximately 206 mmboe) of 2P reserves in the Olympus Area, offshore Israel, that have now been certified by Energean's reserves auditor, Degolyer and McNaughton ("D&M")
- Delivered strong financial performance, underpinned by strong commodity prices
 - 2022 revenues of \$737.1 million, represented a 48.3% increase (2021: \$497.0 million)
 - 2022 EBITDAX of \$421.6 million, represented a 98.8% increase (2021: \$212.1 million)

- 2022 profit-after-tax of \$17.3 million was an improvement on last year's loss (2021: \$(96.2) million). Profit after tax was negatively impacted by \$119.4 million of windfall taxes in Italy¹, which we expect have been applied on a one-off basis
- Group cash as of 31 December 2022 was \$502.7 million (including restricted amounts of \$74.8 million) and total liquidity was \$720.0 million. In March 2023, Energean signed a \$350 million term loan which, although expected to remain undrawn, provides additional financial flexibility
- Announced dividend strategy and initiated dividend payments
 - Cumulative dividends paid of 60 US\$ cents with a further 30 US\$ cents declared and will be paid on 30 March 2023, representing an annualised yield of approximately 9%².
- Carbon Disclosure Project ("CDP") rating increased to A- (from B), outperforming the global average for E&Ps of C

Outlook

- 2023 production guidance confirmed at 131 – 158 kboed, including 4.5 – 5.5 bcm of gas from Karish
- Mid-term targets now considered near-term: on track to achieve production, financial targets and leverage targets in 2H 2024³ through execution of key development projects
 - Karish growth projects to increase the capacity of the Energean Power FPSO are on track for year-end 2023, following which Israel production is expected to be 140 – 155 kboed on plateau
 - Three additional wells to be brought onstream at NEA/NI by year-end 2023, following which production in Egypt is expected to be more than 40 kboed
 - Cassiopea expected to deliver first gas in 2024, following which production in Italy is expected to be approximately 20 kboed
- Communication of development concept for the Olympus Area expected in the coming months
- Orion-1X well, Egypt, (Energean 30%, expected to farm down to 18%) expected to spud in late 2023, slightly delayed due to rig availability
- Declaration of quarterly dividends in line with previously communicated policy
 - \$50 million per quarter initially, rising to \$100 million per quarter following achievement of near-term targets
 - Cumulative dividends of at least \$1 billion by end-2025
 - Post-2025 target to maintain a progressive dividend policy, underpinned by existing reserve volumes

Financial Summary

		FY 2022	FY 2021	% Change
Average working interest production	kboed	41.2	41.0	0.5%
Sales and other revenue	\$ million	737.1	497.0	48.3%
Cash Cost of Production	\$ million	284.3	261.6	8.7%
Adjusted EBITDAX ⁴	\$ million	421.6	212.1	98.8%
Profit/(loss) after tax	\$ million	17.3	(96.2)	118.0%
Capital expenditure	\$ million	728.8	403.5	80.6%
Exploration expenditure	\$ million	141.0	48.7	189.5%
Decommissioning expenditure	\$ million	8.9	2.7	229.6%
Cash (including restricted amounts)	\$ million	502.7	930.5	(46.0%)
Net debt – consolidated	\$ million	2,518.2	2,016.6	24.9%
Net debt – plc excluding Israel	\$ million	143.8	102.6	40.2%
Net debt – Israel	\$ million	2,374.4	1,914.0	24.1%

¹ 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 million euros 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 €87 million in June 2023.

² Based on 21 March 2023 share price of GBp 11.00

³ On an annualised basis

⁴ Adjusted EBITDAX 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, net finance costs and exploration and evaluation expenses.

Webcast & conference call

A webcast will be held today at 08:30 GMT / 10:30 Israel Time

Webcast: <https://edge.media-server.com/mmc/p/o83rjj7h>

Conference call registration link: <https://register.vevent.com/register/BI8d6748462e8b4aa68a4f11f2d7e52ef2>

After completing your conference call registration you will receive dial-in details on screen and via email. Please note the dial-in pin number is unique and cannot be shared.

The presentation slides will be made available on the website shortly at www.energean.com.

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Operational Review

Production and Reserves

Full year 2022 working interest 2P reserves were 1,161 mmboe, a 20% increase versus 2021 (965 mmboe) and representing a reserve replacement ratio of 1400%. The year-on-year changes are due mainly to:

- Certification of 2P reserves of 31 bcm (approximately 206 mmboe) in the Athena, Zeus and Hera structures in block 12, Olympus Area, Israel
- Offset by 15 mmboe of production across the portfolio

	2022 2P Reserves mmboe (% gas)	2021 2P Reserves mmboe (% gas)	% increase / (decrease)
Israel	940 (89%)	744 (86%)	26%
Egypt	99 (87%)	103 (87%)	(4%)
Rest of Portfolio	122 (38%)	119 (59%)	3%
Total	1,161 (84%)	965 (81%)	20%

Production

In 2022, total production was 41.2 kboed

- Production excluding Israel was 35.7 kboed, the mid-point of the guidance range of 34.0 – 37.0 kboed.
- Israel 2022 production was lower than forecast due to the project being in the commissioning phase in 2022, as previously communicated.

2023 is expected to be a critical year for Energean and a key step towards its near-term goal of 200 kboed, which it expects to achieve in 2H 2024 (annualised). Energean maintains the guidance range of 131 – 158 kboed that was communicated in its January trading update

- Underlying production (excluding Israel) is expected to increase by approximately 12% at the mid-point of the guidance range (2023: 37.0 – 43.0 kboed), benefitting from contribution by the NEA/NI development, offshore Egypt.
- Israel gas production is expected to be between 4.5 and 5.5 bcm of sales; year-to-date production has ramped up in line with expectations. Further to the progress of commissioning activities on the Karish Field and the Energean Power FPSO, Energean is 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 first sale of Karish hydrocarbon liquids was completed in February 2023, and Energean expects Israel to contribute 15 – 18 kboed of hydrocarbon liquids production in 2023, at an estimated one lifting per month.

	2022 kboed (% gas)	2021 kboed (% gas)	% increase / (decrease)
Israel	5.4 (92%)	-	-
Egypt	25.1 (87%)	29.1 (87%)	(14%)
Rest of portfolio	10.7 (40%)	11.9 (36%)	(10%)
Total	41.2 (75%)	41.0 (72%)	0%

Development

Israel – Karish Growth Projects

During 2023, Energean will complete installation of the second gas export riser and second oil train, whilst also delivering first production from Karish North. Combined, these projects will increase the total capacity of the FPSO to a maximum of 8 bcm/yr.

- 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.
- 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.

Israel – Olympus

D&M has certified 31 bcm (approximately 206 mmboe) of 2P reserves and 37 bcm (approximately 237 mmboe) of unrisks prospective resources in the Olympus Area, which is located in block 12 and the Tanin lease, offshore Israel. The associated Competent Person's Report ("CPR") will be made available on Energean's website.

The addition to Energean's development portfolio was a direct result of its successful 2022 growth drilling campaign. The Zeus and Athena wells, both in 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, as mentioned above.

Energean is finalising the development concept for the combined 68 bcm of reserves and de-risked prospective resources that will underpin this development. Several development concepts are under evaluation, and Energean is focused on delivering the optimal solution to align with its goal of maximising stakeholder returns.

The CPR provides an indicative profile and economics for one of these potential options, although readers should note that D&M includes only the Olympus 2P within the overall profile, whilst the actual development will also envisage the development of the 37 bcm of de-risked prospective resources. The production profile in the CPR envisages the Olympus development being positioned between that of Karish North and Tanin, with block 12 economics benefitting compared to those of Tanin owing to its closer proximity to the FPSO and absence of royalties payable to the original seller of the Karish and Tanin leases.

Energean is also considering development options to access key regional export markets and also to further increase the overall capacity of its infrastructure through the addition of a third gas processing train.

Egypt

NEA/Ni

In January 2021, Energean sanctioned the NEA/Ni project, located in shallow water, offshore Egypt and adjacent to the producing Abu Qir field. First gas from NEA/Ni was successfully delivered in March 2023 from the NEA#6 well, approximately two years and two months following final investment decision.

NEA/Ni contains an estimated 39 mmboe⁵ of 2P reserves (88% gas) with net working interest production expected to peak at 15 – 20 kboed (88% gas) in 2024. The development leverages existing infrastructure and involves the subsea tieback of four wells to Energean's North Abu Qir PIII platform; the first well is now onstream with the remaining three wells expected onstream during 2023.

Abu Qir drilling programme

Following the completion of the NEA/Ni drilling programme, Energean expects to use the El Qaher-1 rig to drill four production wells on the Abu Qir licence. First gas from these wells is expected throughout 2024.

⁵ Including 10 mmboe that is located in the Abu Qir licence, but will be developed through the NEA/Ni development

Rest of portfolio

Cassiopea, Italy

First gas from Cassiopea (W.I. 40%) is expected in 2024. 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.

Epsilon, Greece

First oil from Epsilon continues to be expected in 2024. The installation of the platform jacket at the field is expected to take place in Q2 2023.

Exploration and Appraisal

Egypt

North East Hap'y Offshore

Orion X1 well (Energean, 30%), located on the North East Hap'y block, offshore Egypt, is expected to spud in late 2023, which has been delayed due to rig availability. Energean expects to farm down its interest in the licence to 18% ahead of spudding the well.

Rest of Portfolio

The Izabela-9 well (Energean, 70%) located offshore Croatia, is expected to spud in Q2/Q3 2023.

Energean also expects to participate in two exploration wells (W.I. 40%), offshore Sicily in Italy, with its partner ENI (60%) in 2024. The low-risk Gemini and Centauro prospects are located close to the Cassiopea development, for which the infrastructure contains tie-in points for future discoveries.

2023 Guidance

	FY 2023
Production	
Israel (kboed)	94 – 115 (including 4.5 – 5.5 bcm of sales gas)
Egypt (kboed)	28 - 32
Rest of portfolio (kboed)	9 - 11
Total production (including Israel, kboed)	131 – 158
Total production (excluding Israel, kboed)	37 – 43
Consolidated net debt (\$ million)	2,600 – 2,800
Cash Cost of Production (operating costs plus royalties)	
Israel (\$ million)	350 - 400
Egypt (\$ million)	50 - 60
Rest of portfolio (\$ million)	200 - 240
Total Cash Cost of Production (\$ million)	600 - 700
Development and production capital expenditure	
Israel (\$ million)	140 - 160
Egypt (\$ million)	140 - 150
Rest of portfolio (\$ million)	300 - 330
Total development & production capital expenditure (\$ million)	580 - 640
Exploration expenditure (\$ million)	40 - 60
Decommissioning expenditure (\$ million)	30 - 40

Corporate Review

HSE

In 2022, Energean delivered another strong HSE record with zero serious injuries recorded. The Loss Time Injury Frequency (“LTIF”) Rate of 0.47 (2021: 0.33) and Total Recordable Incident Rate (“TRIR”) of 1.18 (2021: 0.77) were lower than their respective targets of 0.50 and 1.20.

Financing

Energean ended 2022 with total available liquidity of \$720 million (2021: approximately \$1 billion), including undrawn amounts of \$174 million under the Revolving Credit Facility signed in September 2022⁶. Following the signature of the term loan in March 2023, liquidity has increased to over \$1 billion. This position ensures that the Company is well-funded for its projects-under-development.

Energean undertook a series of refinancings in 2021, which fixed nearly all of the Company’s exposure to floating rates; Energean’s 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 €90.5 million Greek facility and therefore the impact of the rate rises on the overall cost of debt has been minimal.

In 2024, the first tranche of Energean Israel Finance Limited’s senior secured notes, is set to mature. The note is for an amount of \$625 million and carries a coupon rate of 4.5%. Energean is currently considering its options to refinance this note, the preferred option for which is a repeat structure issuance in the debt capital markets.

Energean remains committed to its near-term target of reducing leverage, which it defines as net debt / EBITDAX, to below 1.5x. The company’s EBITDAX stream is underpinned by long-term contracts with floor pricing provisions and take-or-pay and/or exclusivity provisions, which gives the Board confidence that, in the absence of additional projects, maintaining gross debt within the business at or around current levels represents an appropriate capital structure.

On the 17 March 2023 Energean also 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.

ESG and Climate Change

Energean is committed to net zero emissions by 2050 and industry-leading disclosure of its energy transition intentions.

Emissions reduction

Energean maintains a rolling carbon intensity reduction plan and currently anticipates a reduction in carbon emissions intensity of 7 – 9 kgCO₂/boe by 2025, a reduction of more than 85% versus the base year of 2019, the key driver being the influence of Karish, which has a very low carbon emissions intensity of 4 – 5 kgCO₂/boe. The Group recorded full-year 2022 emissions intensity of 16.0 kgCO₂/boe, a 13% year-on-year reduction, and expects to further reduce emissions intensity to 7 – 9 kgCO₂/boe in 2023.

The Prinos CCS project proposal is to provide long-term storage for carbon dioxide emissions captured from both local and more remote emitters, and is proposed to be a scaleable CO₂ injection and storage project leveraging existing onshore and offshore infrastructure that is fully owned and operated by Energean.

ESG ratings and affirmation

In December 2022, the Carbon Disclosure Project (“CDP”) upgraded its Climate Change rating for Energean to A-, from B in the previous year, outperforming the global average of E&P peers of C. Also in 2022, Energean was rated AA by MSCI (for the second year running), 76 out of 280 for E&Ps by Sustainalytics (top 30%), platinum by the Maala Index (increased from gold) and awarded the “Best ESG Energy Growth Strategy Europe 2022” by CFI for a second year running.

In August 2022, Energean was confirmed as a constituent of the FTSE4Good Index Series, following the its June 2022 review. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices.

Energean has also continued to comply with the Task Force on Climate Related Financial Disclosure (“TCFD”) recommendations, full disclosure on which will be provided in the Annual Report and Accounts.

⁶ \$101 million of the total facility is reserved for the issuance of Letters of Credit

Financial Review

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 \$264.7million (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:\$24.8million) and increased energy costs across the group. The cash production costs excluding royalties are \$238.5 million (2021: \$236.8million) 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 \$27.6million (2021: \$0million) 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 \$65.7million (\$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 (\$3.2million), 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: \$21.5million) 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 the commissioning of the field, 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), \$14.7million of interest expenses relating to long-term payables (2021:\$4.1 million), \$37.4million 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 the 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 \$29.3million 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 \$311.3million (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 \$2,518.2million (2021: \$2,016 million) consisted of \$2,500 million Israeli senior secured notes, \$450 million of corporate senior secured notes, \$63.5million 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 EUR100 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 EUR50/MWH in 2023 and EUR45/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.

Events since December 2022

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 also 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.

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

¹Numbers 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%

Forward looking statements

This announcement contains statements that are, or are deemed to be, forward-looking statements. In some instances, forward-looking statements can be identified by the use of terms such as "projects", "forecasts", "on track", "anticipates", "expects", "believes", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that may cause actual results and events to differ materially from those expressed in or implied by such forward-looking statements, including, but not limited to: general economic and business conditions; demand for the Company's products and services; competitive factors in the industries in which the Company operates; exchange rate fluctuations; legislative, fiscal and regulatory developments; political risks; terrorism, acts of war and pandemics; changes in law and legal interpretations; and the impact of technological change. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. The information contained in this announcement is subject to change without notice.

Group Income Statement

YEAR ENDED 31 DECEMBER 2022

	Notes	2022 \$'000	2021 \$'000
Revenue	4	737,081	496,985
Cost of sales	5a	(358,930)	(345,112)
Gross profit		378,151	151,873
Administrative expenses	5b	(45,942)	(42,973)
Exploration and evaluation expenses	5c	(71,395)	(87,678)
Impairment of property, plant and equipment	8	(27,628)	-
Other expenses	5d	(15,161)	(7,019)
Other income	5e	14,133	17,884
Operating profit		232,158	32,087
Finance income	6	9,572	2,950
Finance costs	6	(107,315)	(97,380)
Unrealised loss on derivatives	17	(5,203)	(21,477)
Net foreign exchange (losses)/gains	6	(22,207)	(6,922)
Loss before tax		107,005	(90,742)
Taxation expense	7	(89,734)	(5,412)
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	2	\$0.10	(\$0.52)
Diluted	2	\$0.12	(\$0.52)

Group Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2022

	2022 \$'000	2021 \$'000
Profit/(Loss) for the year	17,271	(96,154)
Other comprehensive profit/(loss):		
<u>Items that may be reclassified subsequently to profit or loss</u>		
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)
<u>Items that will not be reclassified subsequently to profit or loss</u>		
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 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

		2022	2021
	Notes	\$'000	\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	4,231,904	3,499,473
Intangible assets	9	296,378	228,141
Equity-accounted investments		4	4
Other receivables	13	26,940	52,639
Deferred tax asset	10	242,226	154,798
Restricted cash	12	2,998	100,000
		4,800,450	4,035,055
Current assets			
Inventories		93,347	87,203
Trade and other receivables	13	337,964	288,526
Restricted cash	12	71,778	99,729
Cash and cash equivalents	11	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		2,380	2,374
Share premium		415,388	915,388
Merger reserve		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	14	2,975,346	2,947,126
Deferred tax liabilities	10	56,114	67,425
Retirement benefit liability		1,675	2,767
Provisions	15	809,727	801,026
Other payables	16	318,058	225,987
		4,160,920	4,044,331
Current liabilities			
Trade and other payables	16	756,874	454,986
Current portion of borrowings	14	45,550	-
Derivative financial instruments		-	12,546
Current tax liability	7	109,509	-
Provisions	15	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

Group Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2022

	Share capital \$'000	Share premium \$'000	Hedges and Defined Benefit plans reserve ¹ \$'000	Equity component of convertible bonds ² \$'000	Share based payment reserve ³ \$'000	Translation reserve ⁴ \$'000	Retained earnings \$'000	Merger reserves \$'000	Total \$'000	Non-controlling interests \$'000	Total \$'000
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			(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)
<u>Transactions with owners of the company</u>											
Share capital increase in subsidiary					5,940				5,940		5,940
Employee share schemes	7				(7)				-		-
Acquisition of non-controlling Interests	-	-	-	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			203						203	-	203
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
<u>Transactions with owners of the company</u>											
Share based payment charges					6,243				6,243		6,243
Exercise of Employee Share Options	6				(6)				-		-
Share Premium Reduction		(500,000)					500,000		-		-
Dividends (note 18)							(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

1 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.

2 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.

3 Share-based payments reserve is used to recognise the value of equity-settled share-based payments granted to parties including employees and key management personnel, as part of their remuneration.

4 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 Cashflows Statement
YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$'000	2021 \$'000
Operating activities			
Profit/ (Loss) before taxation		107,005	(90,742)
Adjustments to reconcile loss before taxation to net cash provided by operating activities:			
Depreciation, depletion and amortisation	8, 9	83,360	97,451
Impairment loss on property, plant and equipment ¹	8	27,628	-
Loss from the sale of property, plant and equipment		1,102	36
Impairment loss on intangible assets	9	65,550	82,125
Defined benefit (gain)		(351)	(4,061)
Movement in provisions	15	(4,742)	(4,462)
Compensation to gas buyers	4	18,029	(22,958)
Change in decommissioning provision estimates		-	(10,198)
Finance income	6	(9,572)	(2,951)
Finance costs	6	107,315	97,374
Unrealised loss on derivatives	17	5,203	21,477
Expected credit loss (ECL) on trade receivables		565	(1,853)
Non-cash revenues from Egypt ²		(57,766)	(39,100)
Impairment loss on inventory		1,207	-
Share-based payment charge		6,044	5,734
Net foreign exchange loss	6	22,207	6,922
Cash flow from operations before working capital		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 from operations		311,457	131,789
Income tax (paid)/received		(39,304)	715
Net cash inflow from operating activities		272,153	132,503
Investing activities			
Payment for purchase of property, plant and equipment	8	(395,753)	(403,503)
Payment for exploration and evaluation, and other intangible assets		(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 and equipment		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	14	63,463	175,000
Repayment of borrowings	14	-	(1,807,140)
Senior secured notes Issuance	14	-	3,068,000
Acquisition of non-controlling interests		(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)

Group Cashflows Statement
YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$'000	2021 \$'000
Finance cost paid for deferred license payments		(1,501)	(3,494)
Finance costs paid		(178,914)	(136,694)
Dividends paid		(106,504)	-
Net cash (outflow)/inflow financing activities		(267,479)	1,059,765
Net (decrease)/increase in cash and cash equivalents		(303,267)	549,485
Cash and cash equivalents at beginning of the period		730,839	202,939
Effect of exchange rate fluctuations on cash held		316	(21,585)
Cash and cash equivalents at end of the period	11	427,888	730,839

1 The impairment of property, plant and equipment is a result of changes in the decommissioning provision.

2 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.

1. Basis of preparation and presentation of financial information

Whilst the financial information in this preliminary announcement has been prepared in accordance with UK-adopted International Accounting Standards (UK-adopted IAS) and with the requirements of the United Kingdom Listing Authority (UKLA) Listing Rules, this announcement does not contain sufficient information to comply with IFRS. The Group will publish full financial statements that comply with IFRS in April 2022. The financial information for the year ended 31 December 2022 does not constitute statutory accounts as defined in sections 435 (1) and (2) of the Companies Act 2006. The group and parent company financial statements for the year ended 31 December 2021 have been delivered to the Registrar of Companies; the auditor's report on these accounts was unqualified, did not include a reference to any matters by way of emphasis and did not contain a statement under Section 498 (2) or Section 498 (3) of the UK Companies Act 2006.

The accounting policies applied are consistent with those adopted and disclosed in the Group's financial statements for the year ended 31 December 2022. There have been a number of amendments to accounting standards and new interpretations issued by the International Accounting Standards Board which were applicable from 1 January 2022, however these have not any impact on the accounting policies, methods of computation or presentation applied by the Group. Further details on new International Financial Reporting Standards adopted will be disclosed in the 2022 Annual Report and Accounts. Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. 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.

	2022 \$'000	2021 \$'000
Total profit/(loss) attributable to equity shareholders	17,271	(96,046)
Effect of dilutive potential ordinary shares ¹	4,054	-
	21,325	(96,046)
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

¹ 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.

3. 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 EBITDAX¹	262,655	(4,498)	164,581	(1,125)	421,613
<i>Reconciliation to profit before tax:</i>					
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					

(\$'000)	Europe	Israel	Egypt	Other & inter-segment transactions	Total
Revenue from oil	165,496	-	-	144	165,640
Revenue from Gas	137,468	-	133,503	(2)	270,969
Other	12,156	-	55,446	(8,226)	60,376
Total revenue	316,120	-	188,949	(8,084)	496,985
Adjusted EBITDAX¹	88,288	(4,969)	130,634	(1,881)	212,072
<i>Reconciliation to profit before tax:</i>					
Depreciation and amortisation expenses	(55,001)	(93)	(41,626)	(731)	(97,451)
Share-based payment charge	(967)	(231)	-	(4,523)	(5,721)
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)

1 Adjusted EBITDAX is a non-IFRS measure used by the Group to measure business performance. It is calculated as profit or loss for the period, adjusted for discontinued operations, taxation, depreciation and amortisation, share-based payment charge, impairment of property, plant and equipment, other income and expenses (including the impact of derivative financial instruments and foreign exchange), net finance costs and exploration and evaluation expenses.

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 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	114,505	926,233
Borrowings	61,437	2,471,030	-	488,429	3,020,896
Decommissioning provision	724,457	84,299	-	-	808,756
Current tax payable	109,468	-	-	41	109,509
Other liabilities	124,201	40,882	18,498	32,254	215,835
Total liabilities	1,240,270	3,136,670	69,061	635,229	5,081,229
Other segment information					
Capital Expenditure ²					
Property, plant and equipment	85,840	537,527	105,792	(368)	728,791
Intangible, exploration	12,143	124,718	193	3,970	141,024
Year ended 31 December 2021 (\$'000)					
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

Year ended 31 December 2022 (\$'000)	Europe	Israel	Egypt	Other & inter-segment transactions	Total
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 ²					
Property, plant and equipment	72,782	247,463	52,085	(14,330)	358,000
Intangible, exploration	40,523	6,342	215	3,329	50,409

2 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.

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

4. Revenue

	2022 \$'000	2021 \$'000
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 products 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 \$12.6million (2021: \$0million).

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

5. Operating profit/(loss)

	2022 \$'000	2021 \$'000
(a) Cost of sales		
Staff costs	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	132,688	149,133
Depreciation and amortisation	79,362	94,647
Oil stock movement	(1,707)	(15,501)
Stock overlift/underlift movement	(3,004)	4,371

		2022 \$'000	2021 \$'000
	Total cost of sales	358,930	345,112
(b)	Administration expenses		
	Staff costs	17,977	16,759
	Other General & Administration expenses	15,960	15,444
	Share-based payment charge included in administrative expenses	6,044	5,714
	Depreciation and amortization	3,889	2,480
	Auditor fees	2,072	2,273
	Total administration expenses	45,942	42,973
(c)	Exploration and evaluation expenses		
	Staff costs for Exploration and evaluation activities	3,012	3,695
	Exploration costs written off (Note 9)	66,371	82,122
	Other exploration and evaluation expenses	2,012	1,861
	Total exploration and evaluation expenses	71,395	87,678
(d)	Other expenses		
	Transaction costs in relation to Edison E&P acquisition	-	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
	Total other expenses	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
	Total other income	14,133	17,884

6. Net finance cost

	Notes	2022 \$'000	2021 \$'000
Interest on bank borrowings	14	1,527	96,678
Interest on Senior Secure Notes	14	167,372	106,993
Interest expense on long term payables	16	14,660	4,101
Interest expense on short term liabilities		54	55
Less amounts included in the cost of qualifying assets	8, 9	(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		-	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

	2022	2021
Notes	\$'000	\$'000
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 (gain)/losses	22,207	6,922
Net financing (income)/costs	119,950	101,352

7. Taxation

(a) Taxation charge

	2022	2021
	\$'000	\$'000
Corporation tax - current year	(199,563)	(44,922)
Corporation tax - prior years	(583)	353
Deferred tax (Note 10)	110,412	39,157
Total taxation (expense)/income	(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)/credit of the period can be reconciled to the loss per the consolidated income statement as follows:

	2022	2021
	\$'000	\$'000
Profit/ (Loss) before tax	107,005	(90,742)
Tax calculated at 27.5% weighted average rate (2021: 29.5%) ¹	(29,453)	29,721
Impact of different tax rates ²	(9,960)	(5,176)
Utilisation of unrecognised deferred tax/ (Non recognition of deferred tax)	83,737	2,953
Permanent differences ³	(16,341)	(34,470)
Foreign taxes	(54)	(244)
Windfall tax ⁴	(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)

1 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.

2 "Impact of different tax rates" mainly consisted of the Italian regional taxes (IRAP).

3 Permanent differences mainly consisted of non-deductible expenses (-\$15.0m), consolidation differences (\$2.8m) and foreign exchange differences (-\$4.1m).

4 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 \$29.3m 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.

8 Property, plant & equipment

Property, Plant & Equipment at Cost (\$'000)	Oil and gas assets ¹	Leased assets ²	Other property, plant and	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	542,895	29,298	54,157	626,350
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

1 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.

2 Included in the carrying amount of leased assets at 31 December 2022 is 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.

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.

9. 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

10. Net deferred tax (liability)/ asset

Deferred tax (liabilities)/assets	Property, plant and equipment	Right of use asset IFRS 16	Decom	Prepaid expenses and other receivables	Inventory	Tax losses	Deferred expenses for tax	Retirement benefit liability	Accrued expenses and other short-term liabilities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
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	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	(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	(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

	2022	2021
	\$'000	\$'000
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 \$33.4million on tax losses of \$139.0 million 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.

11. Cash and cash equivalents

	2022 \$'000	2021 \$'000
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.

12. 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.

13. Trade and other receivables

	2022 (\$'000)	2021 (\$'000)
Trade and other receivables – Current		
<u>Financial items</u>		
Trade receivables	215,215	178,804
Receivables from partners under JOA	4,539	5,138
Other receivables	2,344	38,683
Government subsidies ¹	3,025	3,212
Refundable VAT	89,400	42,376
Receivables from related parties (note 27)	-	1
	314,523	268,214
<u>Non-financial items</u>		
Deposits and prepayments ²	15,084	17,139
Deferred insurance expenses	1,983	2,095
Other deferred expenses ³	4,929	
Accrued interest income	1,445	1,078
	23,441	20,312
	337,964	288,526
Trade and other receivables - Non-Current		
<u>Financial items</u>		
Other tax recoverable	14,701	16,478
	14,701	16,478
<u>Non-financial items</u>		
Deposits and prepayments	11,726	12,337
Other deferred expenses ³		22,958
Other non-current assets	513	866
	12,239	36,161
Total trade and other receivables	26,940	52,639

1 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).

2 Included in deposits and prepayments, are mainly prepayments for goods and services under the GSP Engineering, Procurement, Construction and Installation Contract (EPCIC) for Epsilon project.

3. 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.

14. Borrowings

	2022 \$'000	2021 \$'000
Non-current		
<i>Bank borrowings - after two years but within five years</i>		
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
<i>Bank borrowings - more than five years</i>		
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

	2022 \$'000	2021 \$'000
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 16).
- \$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 payments 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, and 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 (€40 million) 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.

	2022	2021
	\$'000	\$'000
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)	(202,939)
Restricted cash	(74,776)	-
Net Debt (1)	2,518,232	2,016,558
Total equity (2)	650,198	717,123
Gearing Ratio (1)/(2):	387.3%	281.2%

15. 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)
<i>Recognised in property, plant and equipment</i>	<i>(13,174)</i>		<i>(13,174)</i>
<i>Recognised in Intangible assets</i>	<i>2,202</i>		<i>2,202</i>
<i>Recognised in profit& loss</i>	<i>(7,836)</i>		<i>(7,836)</i>
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

(\$'000)	Decommissioning	Provision for litigation and other claims	Total
At 1 January 2022			
New provisions	-	1,619	1,619
Change in estimates	49,313	(551)	48,762
<i>Recognised in property, plant and equipment</i>	21,685		21,685
<i>Recognised in profit& loss</i>	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

16. Trade and other payables

	2022 (\$'000)	2021 (\$'000)
Trade and other payables-Current¹		
<u>Financial items</u>		
Trade accounts payable	298,091	109,525
Payables to partners under JOA ²	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
<u>Non-financial items</u>		
Accrued expenses ³	98,650	64,823
Contract Liability ⁴	56,230	
Other finance costs accrued	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		
<u>Financial items</u>		

	2022 (\$'000)	2021 (\$'000)
Trade and other payables ⁵	169,360	-
Deferred licence payments ⁶	38,488	57,230
Contingent consideration	86,320	78,450
Long term lease liability	23,063	36,172
	317,231	171,852
<u>Non-financial items</u>		
Contract Liability	-	53,537
Social insurance	827	598
	827	54,135
	318,058	225,987

1The 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.

2 Payables related to operated Joint operations primarily in Italy.

3 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.

4 In June 2019, Energean signed a Detailed Agreement with Israel Natural Gas Lines ("INGL") for the transfer of title (the "hand over") of the 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 of 31 December 2022 from INGL. The handover to INGL is expected to be effective in Q1 2023.

5 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).

6 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.

17. 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 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. US\$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 a cost of debt.

Noting the natural gas future prices for PSV are currently in excess of the €20/MWh (the threshold for payment of \$100 million), we estimate the fair value of the Contingent Consideration as at 31 December 2021 to be \$86.3 million based on a Monte Carlo simulation.

Contingent consideration	2022
1 January	78,450
Fair value adjustment	7,870
31 December	86,320

18. 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		Total dividend paid	
	2022	2021	2022	2021
Dividends				
Ordinary shares				
September	30	-	53,252	-
December	30	-	53,252	-
	60	-	106,504	-

19. Events after the reporting period

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.