

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) (the “FSMA”) if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

This document comprises a supplementary prospectus relating to Energean PLC (the “Company”) prepared in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of the FSMA (the “Supplementary Prospectus”). This document is supplemental to and must be read in conjunction with the prospectus published by the Company on 29 June 2020 (the “Original Prospectus”). Save as disclosed in this Supplementary Prospectus, there have been no significant new factors, material mistakes or inaccuracies relating to the information contained in the Original Prospectus. Save where otherwise stated, terms defined in the Original Prospectus have the same meaning when used in this Supplementary Prospectus.

This document has been approved by the FCA (as competent authority under Regulation (EU) 2017/1129) in accordance with Article 23 of the Prospectus Regulation. The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129, and such approval should not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the Shares.

A1.1.5

A11.1.5

LR2.2.10(2)(A)

This document has been filed with the FCA in accordance with the Prospectus Regulation Rules and will be made available to the public in accordance with Prospectus Regulation Rule 3.2 by the same being made available, free of charge, at [www.energean.com/investors](http://www.energean.com/investors) and upon request sent to [cosec@energean.com](mailto:cosec@energean.com).

## **ENERGEAN PLC**

*(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10758801 and LEI number 549300RVMKU0CYUZBB05)*

LR2.2.1(1)

A1.1.1

A1.4.1

A1.4.4

### **Supplementary prospectus in respect of the Re-admission of the Shares to the Premium Listing Segment of the Official List and to trading on the Main Market of the London Stock Exchange**

A11.4.2

A11.4.3

*Sponsor*

**Morgan Stanley**

The Company and the directors of the Company (whose names appear on pages 2 and 3 of this Supplementary Prospectus), together accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Company and the directors of the Company, the information contained in this Supplementary Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

This Supplementary Prospectus and the Original Prospectus have been prepared solely to apply to the FCA and the London Stock Exchange for the Shares to be re-admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities. This Supplementary Prospectus and the Original Prospectus do not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any Shares anywhere in the world.

A11.6.1

Morgan Stanley & Co. International plc (“**Morgan Stanley**”) is authorised by the Prudential Regulation Authority (the “PRA”) and regulated by the FCA and the PRA in the United Kingdom. Morgan Stanley is acting exclusively for the Company and no-one else in connection with the Re-admission. It will not regard any other person (whether or not a recipient of this Supplementary Prospectus or the Original Prospectus) as a client in relation to the Re-admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for the giving of advice in relation to the Re-admission or any transaction, matter, or arrangement referred to in this Supplementary Prospectus or the Original Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on Morgan Stanley by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Morgan Stanley nor any of its affiliates accepts any responsibility whatsoever for the contents of this Supplementary Prospectus including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Re-admission. Each of Morgan Stanley and its affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Supplementary Prospectus or the Original Prospectus or any such statement or otherwise. No representation or warranty, express or implied, is made by any of Morgan Stanley or any of its affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Supplementary Prospectus or the Original Prospectus, and nothing in this Supplementary Prospectus or the Original Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

No person has been authorised to give any information or make any representations other than those contained in the Original Prospectus and this Supplementary Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised by the Company, the Directors or the Sponsor. Any delivery of this Supplementary Prospectus shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company or its subsidiaries since, or that the information contained herein is correct at any time subsequent to, the date of this Supplementary Prospectus. In particular, the contents of the Group's website ([www.energean.com](http://www.energean.com)) do not form part of this Supplementary Prospectus and prospective investors should not rely on it. The contents of the Original Prospectus and this Supplementary Prospectus are not to be construed as legal, financial or tax advice. Each recipient of this Supplementary Prospectus should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice.

The distribution of this Supplementary Prospectus may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company or the Sponsor to permit a public offering of the Shares or to permit the possession or distribution of this Supplementary Prospectus (or the Original Prospectus or any other offering or publicity materials relating to the Shares) in the United Kingdom or any other jurisdiction where action for that purpose may be required. Accordingly, neither this Supplementary Prospectus, the Original Prospectus, any advertisement nor any other material relating to it may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Supplementary Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon, confirmed the accuracy of or determined the adequacy of this Supplementary Prospectus. Any representation to the contrary is a criminal offence in the United States.

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## **PART 1**

### **SUPPLEMENTARY INFORMATION**

This Supplementary Prospectus is supplemental to, and should be read in conjunction with, the Original Prospectus.

The publication of this Supplementary Prospectus is a regulatory requirement under the Prospectus Regulation Rules, Article 23 of the Prospectus Regulation and Listing Rule 6.2.1R following the occurrence of the events referred to below. The Prospectus Regulation Rules and Article 23 of the Prospectus Regulation require the issue of a supplementary prospectus if, in the relevant period (being, for these purposes, period between the issue of the Original Prospectus and the admission of the Shares to the Official List), there exists or is noted a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus relating to Re-admission. In accordance with the requirements of Listing Rule 6.2.1R, the Supplementary Prospectus also includes the Interim Results for the Edison E&P Group for the six months ended 30 June 2020.

#### **1. Supplementary Information**

##### ***Update on reserves and resources for Karish Main, Karish North and Tanin***

On 10 November 2020, pursuant to a pre-existing requirement in the Company's agreements with its lenders, the Company announced the completion of an independent competent person's report (the "**D&M Israel Report**") by Degolyer and MacNaughton ("**D&M**") relating to Karish Main, Karish North and Tanin fields, offshore Israel.

According to the D&M Israel Report, D&M has certified 2P reserves attributable to Energean Israel Limited of 98.2 BCM (3.5 Tcf) of gas and 99.6 MMbbls of liquids in the Karish Main, Karish North and Tanin fields representing approximately 729 million barrels of oil equivalent (on a gross basis) as at 30 June 2020.

On a working interest basis, the Group has 2P reserves of 68.7 BCM (2.4 Tcf) of gas and 69.8 MMbbls of liquids in the Karish Main, Karish North and Tanin fields representing approximately 511 million barrels of oil equivalent as at 30 June 2020.

##### ***Interim Results for the Edison E&P Group for the six months ended 30 June 2020***

Edison E&P has prepared audited financial statements for the six month period ended 30 June 2020 (the "**Edison E&P 2020 Interim Results**"). The Edison E&P 2020 Interim Results have been prepared in connection with Re-admission upon closing of the Acquisition in accordance with Listing Rule 5.6.21R and for the purposes of satisfying the requirements of Listing Rule 6.2.1R(3)(b) in respect of the publication of certain historical financial information on the Edison E&P Group.

##### ***Change in Directors***

On 26 July 2020, Ohad Marani and David Bonanno resigned as directors of the Company. On 26 July 2020, Kimberley Wood and Andreas Persianis were appointed as directors of the Company.

#### **2. Supplements to the Original Prospectus**

As a result of the matters disclosed in paragraph 1 of this Part 1, the Original Prospectus is hereby supplemented as follows:

##### **2.1 In the Summary**

###### ***Principal Activities***

As at 31 December 2019, Energean had 342 mmmboe of 2P reserves and 216 mmmboe of 2C resources across its portfolio. As at 30 June 2020, on a working interest basis Energean had 565 mmmboe of 2P reserves and 59 mmmboe of 2C resources across its portfolio.

###### ***What is the key financial information regarding the issuer?***

Selected financial information relating to the Edison E&P Group which summarises the financial condition of the Edison E&P Group for the six months ended 30 June 2020 is set out in the following table.

Consolidated Income Statement Data

	(Audited) 30 June 2020	(Unaudited) 30 June 2019
	<i>(USD thousands)</i>	
Sales and other operating revenues	161,044	264,848
Operating (loss)/profit	(134,161)	72,819
(Loss)/income for the period	(155,299)	13,847

Consolidated Statement of Financial Position Data

	(Audited) 30 June 2020	(Audited) 31 December 2019
	<i>(USD thousands)</i>	
Total assets	1,691,100	1,904,863
Total equity	339,776	500,639

Consolidated Statement of Cash Flow Data

	(Audited) 30 June 2020	(Unaudited) 30 June 2019
	<i>(USD thousands)</i>	
Net cash flow generated by operating activities	84,232	144,222
Net cash flows used in investing activities	(146,216)	(79,233)
Net cash flows (used in)/from financing activities	31,691	(64,890)

There are no qualifications in the accountant's report prepared by Deloitte on the Edison E&P 2020 Interim Results.

- 2.2 In Part 1 of the Original Prospectus, references in paragraph 1.1 and 1.5 to 30 November 2020 as the longstop date for Completion or closing of the Acquisition shall be replaced by references to 30 December 2020.

- 2.3 In Part 5 of the Original Prospectus, the Directors are as follows:

A1.1.1

Karen Simon, Non-Executive Chairman

Matthaios Rigas, Chief Executive Officer

Panagiotis Benos, Chief Financial Officer

Andrew Bartlett, Senior Independent Director

Efstathios Topouzoglou, Non-Executive Director

Robert Peck, Independent Non-Executive Director

Amy Lashinsky, Independent Non-Executive Director

Kimberley Wood, Independent Non-Executive Director

Andreas Persianis, Independent Non-Executive Director

- 2.4 In Part 6 of the Original Prospectus, paragraph 2.1 (*Significant Increase in Reserves*) shall be as set out below:

A1.5.3

The Acquisition delivers significant additional scale to the Company's reserve base, which secures and reinforces the Company's production profile longevity and further growth potential.

The Enlarged Group will be one of the largest independent E&P companies by reserves listed on the London Stock Exchange, comprising Edison E&P's portfolio of 190 mmboe of working interest 2P reserves as at 31 December 2019 (exclusive of the Algerian Interest and the Norwegian Subsidiary) and the Company's 565 mmboe 2P reserve base as at 30 June 2020 (on a working interest basis). The distribution of the reserve base is outlined below.

Country	2P Reserves – mmboe	% of combined business portfolio
Israel	511	68%
Egypt	114	15%
Italy	70	9%
Greece	54	7%
UK North Sea	4	1%
Croatia	3	0%

- 2.5 In paragraph 2.3 of Part 1 of the Original Prospectus and paragraph 12.2 (*Gas Supply Agreements in Israel*) of Part 6 of the Original Prospectus, the references to contracted volumes of gas of 5.6 BCM/yr and a conditional contracted volume of 0.7 BCM/yr shall be replaced by a reference to contracted and unconditional volumes of gas of 7.0 BCM/yr.
- 2.6 In Part 7 of the Original Prospectus, information on the reserves and resources for Karish Main, Karish North and Tanin is as follows:
- 2.6.1 According to the D&M Israel Report, D&M has certified 2P reserves in respect of the Karish Main, Karish North and Tanin (on a gross 100% basis) as at 30 June 2020 as follows:

*Revised Gross 2P Reserves*

	Liquids MMbbls	Sales Gas Bcf	Sales Gas BCM	Total Oil Equivalent MMboe
<b>Karish Main</b>	61.0	1,409	39.9	317.0
<b>Karish North</b>	34.1	1,137	32.2	240.7
<b>Tanin</b>	4.5	921	26.1	171.7
<b>Total</b>	<b>99.6</b>	<b>3,467</b>	<b>98.2</b>	<b>729.4</b>

The above 2P reserves represent the reserves attributable to Energean Israel Limited, in respect of which the Company has a 70% equity interest.

*Revised Working Interest 2P Reserves*

On a working interest (70%) basis, the 2P reserves attributable to the Group in respect of the Karish Main, Karish North and Tanin fields as at 30 June 2020 are as follows:

	Liquids MMbbls	Sales Gas Bcf	Sales Gas BCM	Total Oil Equivalent MMboe
<b>Karish Main</b>	42.7	986.6	27.9	221.9

<b>Karish North</b>	23.9	795.8	22.5	168.5
<b>Tanin</b>	3.2	644.6	18.3	120.2
<b>Total</b>	<b>69.8</b>	<b>2,427</b>	<b>68.7</b>	<b>510.6</b>

The gross 2P liquids reserves represent an increase of approximately 17.5 MMbbls to the aggregate previously estimated 2P reserves and 2C resources for Karish Main, Karish North and Tanin. The increase in the liquids 2P reserves results from the higher liquids content of the gas encountered in the Karish Main development wells and Karish North discovery wells. The liquids assayed are light and of high quality with samples from Karish Main measured at 48 API degrees.

Approximately 241 MMboe of Karish North 2C resources have been upgraded to the 2P reserves category following approval of the field development plan for Karish North by the Israeli government. Energean expects to take final investment decision on the Karish North development before the end of 2020 and first production from Karish North is expected in 2023. Capital expenditure on the tie-back to the Energean Power FPSO is expected to be approximately US\$100 million. Capital expenditure on the completion of the existing well as a producer in the C-sands is expected to be approximately US\$50 million. This capital expenditure is expected to be incurred in 2021 to 2023.

- 2.6.2 In particular, paragraph 1 (*Introduction*) of Part 7 of the Original Prospectus is supplemented by the information set out below:

A1.5.3

Energean's total working interest 2P reserves were 565.0 MMboe (441.9 MMboe of gas and 123.1 MMboe of liquids) and its total working interest 2C resources were 58.9 MMboe (6.4 MMboe of gas and 52.5 MMboe of liquids), with the contribution from Greece measured at 31 December 2019 and the contribution from Israel measured at 30 June 2020.

- 2.6.3 In particular, paragraph 3 (*Summary of reserves and resources*) of Part 7 of the Original Prospectus shall be as set out below:

The Energean Group had the following reserves and resources as of 31 December 2019 (Greece) and 30 June 2020 (Israel) on a working interest basis.

#### Oil

Region	Asset	Reserves			Contingent Resources		
		(MMbbls)			(MMbbls)		
		1P	2P	3P	1C	2C	3C
Israel*	Karish .....	26.9	42.7	60.6	—	—	—
	Tanin.....	1.5	3.2	4.3	—	—	—
	Karish North.....	15.5	23.9	35.3	—	—	—
Greece	Prinos.....	10.5	14.3	17.2	10.6	26.3	43.3
	Prinos North.....	1.5	2.2	2.6	—	1.1	2.6
	Epsilon.....	17.6	21.7	26.3	1.5	20.9	29.2
	Athos .....	—	—	—	1.6	2.4	3.5
	Delta (Lydia) .....	0.5	0.9	1.5	0.3	0.6	0.8
	Kazaviti .....	—	—	—	0.5	1.1	1.3
	Prinos D Reservoir.....	—	—	—	—	0.1	0.2
	Katakolo .....	9.7	14.3	20.2	—	—	—
<b>Total .....</b>		<b>83.7</b>	<b>123.1*</b>	<b>168.0</b>	<b>14.5</b>	<b>52.5</b>	<b>80.9</b>

\*subject to rounding

## Gas

Region	Asset	Reserves			Contingent Resources		
		1P	(Bcf) 2P	3P	(Bcf) 1C	2C	3C
Israel	Karish .....	813.9	986.6	1,205.8	—	—	—
	Tanin .....	318.4	644.6	894.8	—	—	—
	Karish North .....	504.6	795.8	1,132.4	—	—	—
Greece	Prinos .....	1.3	2.3	3.3	3.3	8.3	13.6
	Prinos North .....	0.1	0.2	0.2	—	0.2	0.4
	Epsilon .....	2.1	3.2	4.6	0.4	6.1	8.5
	Lydia .....	—	0.1	0.1	0.1	0.1	0.1
	Katakolo .....	—	—	—	15.7	22.2	30.6
<b>Total .....</b>		<b>1,640.4</b>	<b>2,432.8</b>	<b>3,241.2</b>	<b>19.5</b>	<b>36.9</b>	<b>53.2</b>

- 2.6.4 The sub-paragraph titled “Overview” in paragraph 4.1 (*Israel*) of Part 7 of the Original Prospectus shall also be supplemented by updating the reference to “Total gross 2P reserves and 2C resources across Karish, Tanin and Karish North is now estimated at almost 3.5 Tcf (99 Bcm) of gas plus 82 MMbbls of liquids, a total of 698 mmboe, of which 88% is gas.” with the following:

According to the D&M Israel Report, D&M has certified 2P reserves in respect of the Karish Main, Karish North and Tanin (on a gross 100% basis) as at 30 June 2020 as follows:

### *Revised Gross 2P Reserves*

	Liquids MMbbls	Sales Gas Bcf	Sales Gas BCM	Total Oil Equivalent MMboe
<b>Karish Main</b>	61.0	1,409	39.9	317.0
<b>Karish North</b>	34.1	1,137	32.2	240.7
<b>Tanin</b>	4.5	921	26.1	171.7
<b>Total</b>	<b>99.6</b>	<b>3,467</b>	<b>98.2</b>	<b>729.4</b>

- 2.6.5 In particular, the sub-paragraphs titled, “Reserves and/or resources” in paragraph 4.1 (*Israel*) of Part 7 of the Original Prospectus shall be as set out below:

As at 30 June 2020, Karish Main working interest 2P reserves were 986.6 Bcf for natural gas and 42.7 MMbbls for liquids, with no 2C contingent resources.

As at 30 June 2020, Karish North working interest 2P reserves were 795.8 Bcf for natural gas and 23.9 MMbbls for liquids, with no 2C contingent resources.

As at 30 June 2020, Tanin working interest 2P reserves were 644.6 Bcf for natural gas and 3.2 MMbbls for liquids, with no 2C contingent resources.

- 2.6.6 In particular, in the sub-paragraph titled “Field capex plan and outlook” in paragraph 4.1 (*Israel*) of Part 7 of the Original Prospectus, the reference to “5.6 BCM/yr.” shall be read as “7.0 BCM/yr.”.

- 2.7 In Part 7 of the Original Prospectus, the estimated production rates for Karish Main, Karish North and Tanin are as follows:

## Gas

D&M forecasts plateau production from the Karish Main, Karish North and Tanin fields at a rate of approximately 7.2 BCM/yr on plateau. The Group’s gas sales profile currently achieves 7.0 BCM/yr on plateau and the company is pursuing a number of opportunities to fill the remaining space in its 8 BCM/yr FPSO and export pipeline.



Production rates above 6.5 BCM/yr require the installation of a second riser on the FPSO, which is expected to cost approximately US\$50 million. The riser is expected to become operational by the end of 2023.

### ***Liquids***

Following performance assessment, D&M estimates that liquids production from Karish Main and Karish North could deliver 28.4 kbopd at peak, and a production plateau averaging approximately 27.8 kbopd over five years.

The initial design capacity of the FPSO accommodates liquids production capacity of approximately 21 kbopd, but enables the addition of a second liquids processing train and associated gas compressor which will increase liquids production capacity to approximately 40 kbopd. Capital expenditure associated with these facilities is estimated to be approximately US\$40 million.

The FPSO has storage capacity of up to 800,000 bbls. Storage capacity is not expected to be a restricting factor to production from the offshore Israel fields. It is expected that the increased production rate will be handled through increased frequency offtake with parcel sizes expected to remain in the region between 350,000 bbls and 450,000 bbls.

- 2.8 In Part 11 of the Original Prospectus, the experience of each of Kimberley Wood and Andreas Persianis (as directors) is set out below.

### ***Kimberley Wood***

Ms. Wood is an upstream energy lawyer based in London with over 20 years' experience and is a former partner of Vinson and Elkins LLP (2011-2015) and Norton Rose Fulbright LLP (2015-2018), where she is currently a senior consultant. She has extensive experience in the oil & gas sector, as well as existing independent non-executive director experience. Throughout her career, she has advised a wide range of companies in the sector, from small independents through to super-majors. She is included in the *Who's Who Legal: Energy for 2020* and *Women in Business Law for 2020*.

She holds a Bachelor of Law from the University of Edinburgh and a Master of Law from University College London; and she is admitted as a solicitor in England & Wales.

She is also a Director of Gulf Keystone Petroleum Ltd, a company listed on the main market of the London Stock Exchange, where she chairs the Remuneration Committee, and is also a member of its Audit & Risk Committee, Nomination Committee and Safety & Sustainability Committee. She is also a Director of Africa Oil Corp, a company listed on the Toronto Stock Exchange and the NASDAQ Nordic Exchange, and a Director of Valeura Energy Inc., a company listed on the Toronto Stock Exchange and the London Stock Exchange.

### ***Andreas Persianis***

Mr. Persianis is an experienced non-executive director with over 30 years' international financial markets experience in central banking, asset management and Corporate Strategy.

He is currently the Managing Director of Fiduserve Asset Management in Cyprus, a regulated Alternative Investment Fund Management company that sets up and manages private funds for a diverse range of private and institutional clients.

Before that he was founder and Managing Director of Centaur Financial Services, a discretionary portfolio management company with presence in the UK and Cyprus. He has served as a Non-Executive Director at Central Bank of Cyprus (2014-2019) and on the Bank of Cyprus Board in 2013. He was recently elected to the board of Hellenic Bank (pending ECB approval) as an independent Non-Executive Director. He has also worked as a Senior Manager at Bain & Company (London), world's largest strategy consulting firm with Boston, USA Headquarters.

He holds an Electrical Engineering (Upper Second Class Honours) undergraduate degree from the University of Cambridge and a Masters in Business Administration (MBA, Major in Finance & Investment Banking) from the Wharton Business School.

- 2.9 In Part 11 of the Original Prospectus, the appointments to the Board Committees shall be as set out below:

*Audit and risk committee*

The audit and risk committee is chaired by Andrew Bartlett and its other members are Robert Peck, Amy Lashinsky and Andreas Persianis.

*Nomination, environmental, social and governance committee*

The nomination, environmental, social and governance committee is chaired by Robert Peck and its other members are Amy Lashinsky, Kimberley Wood and Efstathios Topouzoglou, with Karen Simon in attendance.

*Remuneration committee*

The remuneration committee is chaired by Kimberley Wood, and its other members are Andrew Bartlett and Karen Simon.

- 2.10 In Part 14 of the Original Prospectus, the following information in respect of the Edison E&P Group is included in paragraph 5:

*Consolidated income statement for the six month period ended 30 June 2020*

	(Audited) 30 June 2020	(Unaudited) 30 June 2019
	<i>(US\$ thousands)</i>	
<i>Continuing Operations</i>		
Sales and other operating revenues.....	161,044	264,848
Cost of sales .....	(159,750)	(175,014)
<b>Gross (loss)/profit .....</b>	<b>1,294</b>	<b>89,834</b>
Administrative expenses.....	(11,073)	(12,431)
Exploration and evaluation expenses.....	(6,174)	(10,013)
Impairment of property plant and equipment .....	(113,391)	—
Other operating expenses.....	(5,068)	(4,436)
Other operating income .....	251	9,865
<b>Operating (loss) / profit.....</b>	<b>(134,161)</b>	<b>72,819</b>
Finance income.....	938	911
Finance costs .....	(12,753)	(14,477)
Gain on derivative .....	1,159	140
Net foreign exchange gain / (loss).....	521	(176)
<b>(Loss) / profit from continuing operations before tax.....</b>	<b>(144,296)</b>	<b>59,217</b>
Taxation (expense) / income.....	(11,546)	(45,959)
<b>(Loss)/profit from continuing operations.....</b>	<b>(155,842)</b>	<b>13,258</b>
<i>Discontinued Operations</i>		
Post-tax profit for the period from discontinued operations .....	543	589
<b>(Loss) / income for the period .....</b>	<b>(155,299)</b>	<b>13,847</b>

- 2.11 In Part 14 of the Original Prospectus, the following information in respect of the Edison E&P Group is included as a new paragraph 5.3:

### 5.3 Comparison of the six month period ended 30 June 2020 with the six month period ended 30 June 2019

#### *Consolidated income statement for the six month period ended 30 June 2020*

	(Audited) 30 June 2020	(Unaudited) 30 June 2019
	<i>(US\$ thousands)</i>	
<i>Continuing Operations</i>		
Sales and other operating revenues .....	161,044	264,848
Cost of sales .....	(159,750)	(175,014)
<b>Gross (loss)/profit .....</b>	<b>1,294</b>	<b>89,834</b>
Administrative expenses .....	(11,073)	(12,431)
Exploration and evaluation expenses .....	(6,174)	(10,013)
Impairment of property plant and equipment .....	(113,391)	—
Other operating expenses .....	(5,068)	(4,436)
Other operating income .....	251	9,865
<b>Operating (loss) / profit .....</b>	<b>(134,161)</b>	<b>72,819</b>
Finance income .....	938	911
Finance costs .....	(12,753)	(14,477)
Gain on derivative .....	1,159	140
Net foreign exchange gain / (loss) .....	521	(176)
<b>(Loss) / profit from continuing operations before tax ...</b>	<b>(144,296)</b>	<b>59,217</b>
Taxation (expense) / income .....	(11,546)	(45,959)
<b>(Loss)/profit from continuing operations .....</b>	<b>(155,842)</b>	<b>13,258</b>
<i>Discontinued Operations</i>		
Post-tax profit for the period from discontinued operations .....	543	589
<b>(Loss) / income for the period .....</b>	<b>(155,299)</b>	<b>13,847</b>

#### *Sales and other operating revenues*

Sales and other operating revenues decreased by US\$103.8 million, or 39.2%, to US\$161.0 million in the six months ended 30 June 2020 from US\$264.8 million in the six months ended 30 June 2019. This was attributable primarily to the lower levels of production in Egypt by 14.5%, as well as the decrease in realised selling oil and gas price in Italy by 42.6% and 37.3%, respectively, and realised liquid price in Egypt by 19.8%.

#### *Cost of sales*

Cost of sales decreased by US\$15.3 million, or 8.7%, to US\$159.8 million in the six months ended 30 June 2020 from US\$175.0 million in the six months ended 30 June 2019. This reflected a net increase in inventories of US\$1.4 million in the six months ended 30 June 2020 compared to a net decrease of US\$6.3 million in six months ended 30 June 2019. The decrease was also attributable in part to a decrease in operating cost in Egypt by US\$4.4 million and in Italy by US\$4.8 million.

#### *Gross profit (loss)*

As a result of the foregoing, gross profit decreased by US\$88.5 million to a profit of US\$1.3 million in the six months ended 30 June 2020 from US\$89.8 million in the six months ended 30 June 2019.

#### *Exploration and evaluation expenses*

Exploration and evaluation expenses decreased by US\$3.8 million, or 38.3%, to US\$6.2 million in the six months ended 30 June 2020 from US\$10.0 million in the six

months ended 30 June 2019. This primarily reflected lower exploration expenses for new ventures and a decrease in exploration expenditure written off.

*Impairment of property plant and equipment*

Impairment of property plant and equipment increased to US\$113.4 million in the six months ended 30 June 2020 from nil in the six months ended 30 June 2019. This primarily reflected lower estimates of Abu Qir reserves, a reduction in both short-term and long-term commodity price assumptions combined with higher discount rates (WACC) used for the calculation of the assets recoverable amounts in Egypt and Italy.

*Net other income / (expenses)*

The Edison E&P Group recorded net other expenses of US\$4.8 million in the six months ended 30 June 2020 compared to net other income of US\$5.4 million in the six months ended 30 June 2019, principally due to the accrual of bad debts provision, for US\$3.5 million and decrease in other income related to reversal of provision for tax litigations and gain on disposal of fixed asset recorded in the six months ended 30 June 2019.

*Finance costs*

Finance costs decreased by US\$1.7 million, or 11.9%, to US\$12.8 million in the six months ended 30 June 2020 from US\$14.5 million in the six months ended 30 June 2019, primarily due to the decrease of financial interest arising from decommissioning provisions and intercompany loans and intercompany current accounts.

*Taxation (expense) / income*

The Edison E&P Group recorded taxation expenses of US\$11.5 million in the six months ended 30 June 2020 compared to taxation expenses of US\$46.0 million in the six months ended 30 June 2019. The decrease in expenses was due primarily to current year income taxes on taxable profit.

*Loss / (income) for the period*

As a result of the foregoing, loss for the period decreased by US\$169.1 million to a loss of US\$155.3 million in the six months ended 30 June 2020 from income of US\$13.8 million in the six months ended 30 June 2019.

- 2.12 In Part 14 of the Original Prospectus, the following information in respect of the Edison E&P Group is included in paragraph 6:

*Cash flows for the six month period ended 30 June 2020*

	(Audited) 30 June 2020	(Unaudited) 30 June 2019
	(US\$ thousands)	
Net cash flow generated by operating activities .....	84,232	144,222
Net cash used in investing activities .....	(146,216)	(79,233)
Net cash flows (used in)/from financing activities .....	31,691	(64,890)

Net cash generated from operating activities decreased by US\$60.0 million to US\$84.2 million in the six months ended 30 June 2020 from US\$144.2 million in the six months ended 30 June 2019. This was primarily driven by reduced revenue and production in Egypt and Italy.

Net cash flows used in investing activities increased by US\$67.0 million to US\$146.2 million in the six months ended 30 June 2020 from US\$79.2 million in the six months ended 30 June

2019. This was primarily driven by the exploration expenditures incurred in the North East Hap'y and North Thekah offshore blocks in Egypt.

The Edison E&P Group recorded net cash flows from financing activities of US\$31.7 million in the six months ended 30 June 2020 compared to net cash flows used in financing activities of US\$64.9 million in the six months ended 30 June 2019. This was attributable primarily to a decrease in repayment of shareholder debt.

- 2.13 In Part 18 of the Original Prospectus, the following information is included as a new paragraph 3:

**Financial information on Edison E&P**

**Section A – Accountant's Report**

The Board of Directors  
on behalf of Energean PLC  
Accurist House  
44 Baker Street  
London  
W1U 7AL

1 New Street Square  
London  
EC4A 3HQ

LR 13.5.7(3)(a)  
LR 13.5.13(1)  
LR 13.5.14(1)  
LR 13.5.14(2)  
LR 13.5.18(1)  
LR 13.5.18(2)  
LR 13.5.18(3)  
LR 13.5.18(4)  
LR 13.5.18(5)  
LR 13.5.18(6)  
LR 13.5.21  
LR 13.5.22  
LR13.5.23

Morgan Stanley & Co. International plc  
25 Cabot Square  
Canary Wharf  
London  
E14 4QA

3 December 2020

Dear Sirs/Mesdames

**Edison Exploration & Production S.p.A ("Target" and, with its subsidiaries, the "Target Group")**

We report on the Historical Financial Information of Edison Exploration & Production S.p.A for the six month period ended 30 June 2020 set out in Part 1 "Supplementary Information" of the Supplementary Prospectus of Energean plc (the "Company"). This financial information has been prepared for inclusion in the Supplementary Prospectus on the basis of the accounting policies set out in the notes to the financial information. This report is required by Annex 1 item 18.3.1 of Commission delegated regulation (EU) No 2019/980 (the "Prospectus Delegated Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

We have not audited or reviewed the financial information for the six month period ended 30 June 2019, which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

**Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the Supplementary Prospectus, a true and fair view of the state of affairs of the Target Group as at 30 June 2020 and of its loss, cash flows and changes in equity for the six month period ended 30 June 2020 in accordance with the basis of preparation set out in the statement of compliance and basis of preparation in the notes to the Historical Financial Information.

## **Responsibilities**

The Directors of the Company are responsible for preparing the financial information in accordance with the basis of preparation set out in the statement of compliance and basis of preparation in the notes to the Historical Financial Information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex 1 item 1.3 of the Prospectus Delegated Regulation, consenting to its inclusion in the Supplementary Prospectus.

## **Basis of preparation**

This financial information has been prepared for inclusion in the Supplementary Prospectus on the basis of the statement of compliance and basis of preparation set out in the notes to the Historical Financial Information.

## **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council (“FRC”) in the United Kingdom. We are independent of the Company and the Target Group as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

## **Conclusions Relating to Going Concern**

We have not identified a material uncertainty related to events or conditions that, individually or collectively, may cast doubt on the ability of Edison Exploration & Production S.p.A to continue as a going concern for a period of at least twelve months from 3 December 2020. We therefore conclude that the Directors’ use of the going concern basis of accounting in the preparation of the financial information is appropriate.

## **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Supplementary Prospectus and declare that to the best of our knowledge the information contained in this report is, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Supplementary Prospectus in compliance with Annex 1 item 1.2 of the Prospectus Delegated Regulation and for no other purpose.

Yours faithfully

Deloitte LLP

*Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients.*

## Section B –Financial Information on Edison E&P

### Statement of Financial Position as of 30 June 2020

<i>(in thousands of US\$)</i>	<b>Note</b>	<b>(Audited) 30 June 2020</b>	<b>(Audited) 31 December 2019</b>
Property, plant and equipment.....	1	449,558	637,733
Intangible assets .....	2	220,181	145,198
Equity-accounted investments.....	3	4	4
Other non-current assets .....	4	1,083	1,099
Deferred tax assets.....	5	13,000	16,421
<b>Non-current assets.....</b>		<b>683,826</b>	<b>800,455</b>
Trade receivables.....	6	236,903	320,257
Inventories .....	7	57,954	58,722
Current tax assets.....	8	29	29
Other receivables .....	9	81,674	55,654
Loans receivables .....	10	143,015	155,364
Cash and cash equivalents .....	11	29,823	49,521
<b>Current assets .....</b>		<b>549,398</b>	<b>639,547</b>
<b>Assets classified as held for sale.....</b>	12	<b>457,876</b>	<b>464,861</b>
<b>TOTAL ASSETS .....</b>		<b>1,691,100</b>	<b>1,904,863</b>
Share capital .....	13	572,026	572,026
Share premium reserve .....	13	417,604	417,604
Other reserves.....	13	250,551	241,301
Foreign currency translation.....	13	(5,676)	9,138
Retained deficit.....	13	(894,729)	(739,430)
<b>Total equity .....</b>		<b>339,776</b>	<b>500,639</b>
Provisions .....	15	708,234	715,625
Retirement benefit liabilities .....	16	2,517	2,931
Other non-current liabilities .....	17	23,305	27,371
<b>Non-current liabilities .....</b>		<b>734,056</b>	<b>745,927</b>
Borrowings .....	14	152,085	159,018
Trade payables.....	18	136,807	169,403
Other current liabilities.....	19	35,787	54,015
<b>Current liabilities .....</b>		<b>324,679</b>	<b>382,436</b>
<b>Liabilities directly associated with assets classified as held for sale .....</b>	12	<b>292,589</b>	<b>275,861</b>

**TOTAL LIABILITIES AND EQUITY .....**
**1,691,100**
**1,904,863**
**Income Statement for the period ended 30 June 2020**
*(in thousands of US\$)*

	<b>Note</b>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
<b>Continuing operations</b>			
Sales and other operating revenues .....	20	161,044	264,848
Cost of sales .....	21(a)	(159,750)	(175,014)
<b>Gross (loss)/profit .....</b>		<b>1,294</b>	<b>89,834</b>
Administrative expenses .....	21(b)	(11,073)	(12,431)
Exploration and evaluation expenses .....	21(c)	(6,174)	(10,013)
Impairment of property plant and equipment .....	1	(113,391)	-
Other operating expenses .....	21(d)	(5,068)	(4,436)
Other operating income .....	21(e)	251	9,865
<b>Operating (loss)/profit .....</b>		<b>(134,161)</b>	<b>72,819</b>
Finance income.....	23	938	911
Finance cost .....	23	(12,753)	(14,477)
Gain on derivative .....	24	1,159	140
Net foreign exchange gain/(loss) .....	23	521	(176)
<b>(Loss)/profit from continuing operations before tax .....</b>		<b>(144,296)</b>	<b>59,217</b>
Taxation expense .....	25	(11,546)	(45,959)
<b>(Loss)/profit from continuing operations .....</b>		<b>(155,842)</b>	<b>13,258</b>
<b>Discontinued operations.....</b>			
Post-tax profit for the period from discontinued operations .....			
.....	12	543	589
<b>(Loss)/income for the period .....</b>		<b>(155,299)</b>	<b>13,847</b>
<b>Attributable to: .....</b>			
Owners of the parent .....		(155,299)	13,847
Non-controlling interests .....		-	-
		<b>(155,299)</b>	<b>13,847</b>

\*The 2019 comparative amounts reflect the reclassification of discontinued operations (note 12)



## Statement of Comprehensive Income for the period ended 30 June 2020

<i>(in thousands of USD)</i>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
<b>(Loss)/profit for the period from continuing operations .....</b>	<b>(155,842)</b>	<b>13,258</b>
Items that may be subsequently reclassified to profit or loss:		
- Fair value gains (losses) on hedging derivatives net of tax .....	7,301	(12,368)
- Exchange differences on translation of foreign operations .....	88	4,275
Items that may not be subsequently reclassified to profit or loss:		
- Actuarial losses on employee benefits net of tax .....	(9)	(31)
<b>Comprehensive (loss)/income from continuing operations ..</b>	<b>(148,462)</b>	<b>5,134</b>
<b>Comprehensive loss from discontinued operations .....</b>	<b>(8,267)</b>	<b>(478)</b>
<b>Total comprehensive (loss)/income .....</b>	<b>(156,729)</b>	<b>4,656</b>

All profit/(losses) are fully attributable to the owners of the Parent.

## Statement of Changes in Equity as of 30 June 2020

<i>(in thousands of USD)</i>	<b>Share capital</b>	<b>Share premium reserve</b>	<b>Translation reserve</b>	<b>Hedging reserve</b>	<b>Actuarial losses</b>	<b>Other reserves</b>	<b>Retained deficit</b>	<b>Total</b>
<b>Balance at 01.01.2019.....</b>	<b>572,026</b>	<b>417,604</b>	<b>28,391</b>	<b>14,301</b>	<b>(503)</b>	<b>239,630</b>	<b>(125,868)</b>	<b>1,145,581</b>
<b>Owner transactions</b>								
- Retranslation of foreign exchange .....	-	-	(13,225)	-	-	-	-	(13,225)
<b>Total owner transactions .....</b>	<b>572,026</b>	<b>417,604</b>	<b>15,166</b>	<b>14,301</b>	<b>(503)</b>	<b>239,630</b>	<b>(125,868)</b>	<b>1,132,356</b>
- Profit for the period .....	-	-	-	-	-	-	13,847	13,847
- Other comprehensive expense .....	-	-	3,208	(12,368)	(31)	-	-	(9,191)
<b>Total other comprehensive income/ (loss) .</b>	<b>-</b>	<b>-</b>	<b>3,208</b>	<b>(12,368)</b>	<b>(31)</b>	<b>-</b>	<b>13,847</b>	<b>4,656</b>
<b>Balance at 30 June 2019 (Unaudited) .....</b>	<b>572,026</b>	<b>417,604</b>	<b>18,374</b>	<b>1,933</b>	<b>(534)</b>	<b>239,630</b>	<b>(112,021)</b>	<b>1,137,012</b>
<b>Balance at 1 January 2020.....</b>	<b>572,026</b>	<b>417,604</b>	<b>9,137</b>	<b>2,299</b>	<b>(627)</b>	<b>239,630</b>	<b>(739,430)</b>	<b>500,639</b>
<b>Owner transactions</b>								
- Retranslation of foreign exchange .....	-	-	(4,134)	-	-	-	-	(4,134)
<b>Total owner transactions .....</b>	<b>572,026</b>	<b>417,604</b>	<b>5,003</b>	<b>2,299</b>	<b>(627)</b>	<b>239,630</b>	<b>(739,430)</b>	<b>496,505</b>
- Loss for the period.....	-	-	-	-	-	-	(155,299)	(155,299)
- Other comprehensive (expense)/income .....	-	-	(10,679)	9,258	(9)	-	-	(1,430)
<b>Total other comprehensive (loss)/profit.....</b>	<b>-</b>	<b>-</b>	<b>(10,679)</b>	<b>9,258</b>	<b>(9)</b>	<b>-</b>	<b>(155,299)</b>	<b>(156,729)</b>
<b>Balance at 30 June 2020 (Audited).....</b>	<b>572,026</b>	<b>417,604</b>	<b>(5,676)</b>	<b>11,557</b>	<b>(636)</b>	<b>239,630</b>	<b>(894,729)</b>	<b>339,776</b>

Further detail on equity movements is disclosed in the Statement of Compliance and Basis of Preparation section of the notes to the Historical Financial Information.

## Statement of Cash Flows for the six months ended 30 June 2020

*(in thousands of USD)*

	(Audited) 30 June 2020	(Unaudited) 30 June 2019
<b>(Loss)/profit before tax from continuing operations .....</b>	<b>(144,296)</b>	<b>59,217</b>
Adjustments for:		
Loss before tax from discontinued operations .....	(5,110)	(5,480)
Amortisation, depreciation and impairment losses .....	204,004	91,865
Depreciation of right-of-use assets.....	5,538	6,083
Changes in provisions.....	586	(7,043)
Loss on the sale of non-current assets .....	-	(2,422)
Fair value gain on derivatives .....	(1,159)	(140)
Net foreign exchange gain .....	(486)	(1,499)
Finance cost .....	14,957	15,955
Non-cash revenues from Egypt <sup>(*)</sup> .....	(20,775)	(30,679)
	<b>53,259</b>	<b>125,857</b>
Changes in working capital:		
Change in trade receivables and other current assets.....	62,699	38,187
Change in inventories.....	580	4,197
Change in trade payables and other current liabilities .....	(31,218)	(27,908)
Change in non-current assets .....	13	5,075
Change in non-current liabilities .....	(4,578)	(1,186)
Cash flow generated from operations.....	<b>80,755</b>	<b>144,222</b>
Income taxes paid .....	3,477	-
Net cash flow generated by operating activities.....	<b>84,232</b>	<b>144,222</b>
Investments in property, plant and equipment .....	(62,876)	(69,546)
Investments in intangible assets.....	(83,716)	(10,020)
Interest received .....	376	333
Net cash flows used in investing activities .....	<b>(146,216)</b>	<b>(79,233)</b>
Interest paid.....	(2)	(159)
Repayment of lease liabilities.....	(5,197)	(5,112)
Interest paid for lease liabilities (IFRS 16) .....	(763)	(824)
Repayment of current shareholder borrowings.....	(17,677)	(53,146)
Proceeds from shareholder borrowings.....	55,550	-
Repayment of non-current shareholder debt.....	-	(5,649)
Investments in non-current financial assets.....	(220)	-
Net cash flows from/(used) in financing activities.....	<b>31,691</b>	<b>(64,890)</b>
Change in cash and cash equivalents .....	<b>(30,293)</b>	<b>99</b>
Cash and cash equivalents - opening balance.....	<b>64,138</b>	<b>23,767</b>
Effect of exchange rate changes on balance of cash held in foreign currency.....	(1,930)	(230)
Cash and cash equivalents reclassified to held for sale.....	(2,092)	(2,952)
Cash and cash equivalents - closing balance.....	<b>29,823</b>	<b>20,684</b>

\*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.

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### Content and format of the Historical Financial Information

#### Content and format of the consolidation statement

Edison Exploration & Production S.p.A. (the “**Parent**”) heads the Group of the same name and has its registered office in Foro Buonaparte 31, Milan.

Prior to 1 July 2018, the Group represents the legal entities included within the Exploration and Production (E&P) business unit of Edison S.p.A. From 1 July 2018, the Group represents Edison Exploration & Production S.p.A and its subsidiaries as disclosed in the Subsidiaries and Joint Ventures paragraph in the Other Information section of the notes to the Historical Financial Information (“**HFI**”). For the purposes of the HFI the definition of “Group” includes Edison Exploration & Production S.p.A and its subsidiaries. The consolidated historical financial information incorporates the financial information as at 30 June 2020 of the Parent and its subsidiaries. Comparative figures for the period to 30 June 2019 and 31 December 2019 are for the period ended on that date.

#### Statement of compliance and basis of preparation

The Group represents the combination of legal entities under common control. Accordingly, the HFI has been prepared specifically for the purpose of this document. The basis of preparation describes how the HFI has been prepared in accordance with the Listing Rules and Prospectus Directive Regulation, together with International Financial Reporting Standards (“**IFRS**”) as adopted by the EU for the period ended 30 June 2020, except as described below.

IFRS does not explicitly provide guidance for the preparation of combined HFI and, accordingly, in preparing the HFI, certain accounting conventions permitted for the preparation of HFI for inclusion in investment circulars as described in the Annexure to SIR 2000 have been applied where IFRS does not provide specific accounting treatments. The application of these conventions results in the following material departures from IFRS.

The HFI has been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

The HFI is presented in US\$ and all values are rounded to the nearest thousand dollars except where otherwise indicated. US\$ has been chosen as the presentation currency for the Group to align with the accounting policies of the Acquirer as required by Listing Rule 13.5.4.

#### Going concern

The Edison E&P Group carefully manages its risk to a shortage of funds by monitoring its funding position and its liquidity risk. Cash forecast are regularly produced and sensitivities run for different scenarios including change in Brent 7 gas prices, different production rates and future capital expenditure investment profile.

Short-term cash forecasts have been stress-tested in light of the significant reduction and continuing volatility in oil and gas prices during 2020.

In these scenarios, the Edison E&P Group has also considered mitigating actions available to it.

These forecasts indicate that the Edison E&P Group has sufficient financial resources for at least 12 months from the date of approval of the Historical Financial Information.

The Edison E&P Group continues to actively monitor the impact of the ongoing COVID-19 outbreak, accessing the advice by the World Health Organisation and Public Health England to ensure that best-practice precautions are being applied. Clear information and health

precautions on how employees should protect themselves and reduce exposure to, and transmission of, a range of illnesses along with general advice has been communicated across the organisation. Appropriate restrictions on offshore travel have been implemented, such as self-declaration by, and isolation of, individuals who have been to affected areas and premobilisation temperature checking is in operation. While it is difficult to forecast precisely the impact of COVID-19, at the time of publication of Historical Financial Information, the Edison E&P Group's day-to-day operations continue without being materially affected. The Edison E&P Group has reviewed each of its assets and related spending plans in light of the current lower oil price environment.

The Directors have a reasonable expectation that the Edison E&P Group will continue in operation and meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the HFI.

### **Consolidation scope**

The consolidated historical financial information incorporates the financial information as at 30 June 2020 of the Parent, Edison Exploration & Production S.p.A., and its Italian and foreign subsidiaries (Edison International S.p.A., Edison Idrocarburi Sicilia S.r.l., Edison E&P UK Ltd, Euroil Exploration Limited, Edison North Sea Ltd, Edison Norge AS and Edison Egypt Energy Service j.s.c.). Further details in relation to the subsidiaries are given in note 30.

On 2 April 2020 and 28 June 2020 amendments to the sale and purchase agreement ("SPA") with Energean Oil & Gas plc were agreed in relation to the agreed terms of transfer of the Algerian Interest and the Norwegian Subsidiary to Edison (or a subsidiary thereof), Energean has taken the economic risk and reward in respect of the Algerian Interest and the Norwegian Subsidiary for 2019, while Edison will take the economic risk and reward in respect of the Algerian Interest and the Norwegian Subsidiary from 1 January 2020 until completion of the transfer of the Algerian Interest and the Norwegian Subsidiary. As such in line with the requirements of SIR 2000 Annexure paragraph 53, these Interests have been shown as discontinued operations within the HFI.

### **Basis of consolidation**

The consolidated HFI incorporates the financial information of the Parent and entities controlled by the Company (its subsidiaries). Specifically, the Group controls an investee if and only if the Group has:

- power over the investee
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect the amount of the investor's returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights;
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated HFI from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Profit or loss and each component of other comprehensive income (OCI) are attributed to owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated on consolidation.

### **Joint ventures**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture upon acquisition is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial information of the joint venture is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount (i.e., the higher of the value in use and fair value net of selling costs) of the joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference

between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### ***Statements of financial position***

Assets and liabilities are presented as current or non-current as required by IAS 1.

An asset or liability is classified as current when it meets one of the following criteria:

- The Group expects to realise the asset or settle the liability, or intends to sell or consume it, in its normal operating cycle; or
- It holds the asset or liability primarily for the purpose of trading; or
- It expects to realise the asset or settle the liability within twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

### ***Income statement***

The group has opted to present the income statement classifying items by function rather than their nature, as this best represents the transactions undertaken during the period and its business structure. This approach is consistent with the Group's internal management reporting system. The Group presents the income statement and other comprehensive income as two statements.

### ***Statement of Comprehensive Income***

This statement, prepared in accordance with the IFRS, presents other items of comprehensive income that are recognised directly in equity.

### ***Statement of Cash Flows***

The Group prepares this statement using the indirect method. Cash and cash equivalents included herein comprise the statement of financial position balances at the reporting period. Income taxes paid or refunded are included in the cash flows generated by operating activities. The Group presents cash flows from operating activities and investing activities and changes in non-current financial position, current liabilities and current financial assets separately. Exchange differences are classified in the operating activities as they refer to the translation of trade receivable and payables into US\$.

### ***Statement of Changes in Equity***

This statement shows changes in the equity captions related to:

- allocation of the profit or loss for the period of the parent;
- each profit or loss item, net of the related tax effects, that is recognised either directly in equity (gain or loss on the repurchase/sale of treasury shares), pursuant to the IFRS;
- changes in the hedging reserve, net of the related tax effects; and
- the effect of the application of any new standards

### ***New and amended accounting standards and interpretations***

The accounting policies adopted in the preparation of the interim consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial information for the year ended 31 December 2019, except for the adoption of the new standards and interpretations effective as of 1 January 2020. None of the

amendments that are effective as of 1 January 2020 had significant impact on the Group's interim consolidated financial information.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective as at 1 January 2020. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim consolidated financial information of the Group.

#### *Amendments to IFRS 3: Definition of a Business*

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial information of the Group, but may impact future periods should the Group enter into any business combinations.

#### *Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform*

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial information of the Group. A further amendment was issued in August 2020, effective 1 January 2021 and management is still considering the potential impact of this amendment on the Group.

### **Accounting policies**

The principal accounting policies and measurement bases used in the preparation of the HFI are set out below. These policies have been consistently applied to all periods presented in the HFI unless otherwise stated.

### **IFRS 15 Revenue from Contracts with Customers**

The Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Company's financial information are described below. There was no adjustment required to be recognised.

The Group's accounting policy under IFRS 15 is that revenue is recognised when the Group satisfies a performance obligation by transferring oil or gas to its customer. The title to oil and gas typically transfers to a customer at the same time as the customer takes physical possession of the oil or gas. Typically, at this point in time, the performance obligations of the Group are fully satisfied. The accounting for revenue under IFRS 15 does not, therefore, represent a change from the Group's previous accounting policy for recognising revenue from sales to customers. The revenue is recorded when the oil or gas has been physically delivered. An overlift payable or underlift receivable is recognised at the balance sheet date within trade payables or trade receivables measured at the market value with movements in the period recognised in cost of sales. Sales revenues represents the sales value together with the gain/loss on realisation of cash flow hedges.

#### *Rendering of services*

The Group recognises revenue from technical advisory services, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

## **Interest**

Revenue and expenses are recognised on an accruals basis in line with the interest accrued on the carrying amount of the related financial assets and liabilities using the effective interest method.

## **Dividends**

They are recognised when the shareholder's right to receive payment is established, which normally takes place when the shareholders pass the related resolution. The dividend distribution is recognised as a liability in the period in which the shareholders approve such distribution.

## **Equity**

Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Prior to 1 July 2018 share capital and share premium are the totals of all share capital and share premium of all of the subsidiaries included within the HFI. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

## **Reserves**

Other components of equity include the following:

- translation reserve
- hedging reserve
- actuarial gains (losses)
- other reserves
- retained earnings

All transactions with owners of the parent are recorded separately within equity. Further detail in relation to these reserves is given in note 13.

## **Income taxes**

Income tax expense represents the sum of current and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the HFI because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the HFI and the corresponding tax bases used in the computation of taxable profit, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. No deferred tax is recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Current and deferred tax assets and corresponding liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate



to income taxes levied by the same taxation authority and the Group intends to settle its tax assets and liabilities on a net basis.

### **Translation criteria**

#### **Functional and presentational currency**

Items included in the HFI of the Company and its subsidiaries entities are measured using the currency of the primary economic environment in which each entity operates (“the functional currency”).

The functional currency of the Company is the Euro. The Euro is the currency that mainly influences sales prices, revenue estimates and has a significant effect on Company’s operations. The functional currencies of the Group’s main subsidiaries are Euro and US Dollar.

The presentational currency for the Group is US \$ dollars to align with the presentation currency of the Acquirer.

#### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Such monetary assets and liabilities are translated at period end foreign exchange rates. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### **Translation to presentation currency**

For the purpose of presenting HFI, the assets and liabilities of the Group are expressed in US\$. The Company and its subsidiaries’ assets and liabilities are translated using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates have fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in the Group’s translation reserve. Such translation differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

#### **Non-current assets held for sale and discontinued operations**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations; or
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Additional disclosures are provided in Note 12. All other notes to the historical financial information include amounts for continuing operations, unless indicated otherwise.

### **Property, plant and equipment**

Other property, plant and equipment comprises Hydrocarbon concessions, land and buildings, plant and machinery, manufacturer and distribution equipment and other assets.

#### **Initial recognition**

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

#### **Depreciation**

All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field-by-field basis or by group of fields which are reliant on common infrastructure. Costs included in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to recover the commercial reserves remaining. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Depreciation of all non-oil & gas related assets in property, plant and equipment is calculated on the straight-line method so as to write-off the cost amount of each asset to its residual value, over its estimated useful life. Depreciation of the assets in the course of construction commences when the assets are ready for their intended use, on the same basis as other assets of the same class.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The table that follows shows the ranges of the depreciation rates applied to non-oil & gas assets:

Buildings	2% - 5%
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Plant and machinery     3% - 36%

Other assets                5% - 37%

Land is not depreciated.

### **Impairments**

The group assesses assets or groups of assets, called cash-generating units (CGUs), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable; for example, changes in the group's assumptions about commodity prices, low field utilisation, significant downward revisions of estimated reserves or increases in estimated future development expenditure or decommissioning costs. If any such indication of impairment exists, the group makes an estimate of the asset's or CGU's recoverable amount.

Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single CGU for impairment purposes. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the group and not applicable to entities in general.

In order to discount the future cash flows the Group calculates CGU-specific discount rates. The discount rates are based on an assessment of a relevant peer group's post tax Weighted Average Cost of Capital (WACC). The Group then adds any exploration risk premium which is implicit within a peer group's WACC and subsequently applies additional country risk premium for CGUs. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any amortisation that would have been charged since the impairment.

The reversal is limited such that the carrying amount of the asset exceeds neither its recoverable amount, nor the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

### **Repairs, maintenance, and renovations**

Expenditure for routine repairs and maintenance of property, plant and equipment is charged to the income statement in the year in which it is incurred. The cost of major improvements and renovations and other subsequent expenditure are included in the carrying amount of the asset when the recognition criteria are met. Major improvements and renovations capitalised are depreciated over the remaining useful life of the related asset.

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an indicator of impairment exists, the recoverable amount (which is the higher of fair value less costs to sell and value in use) of the CGU to which the assets belong is then estimated based on the present value of future discounted cash flows. For oil and gas assets, the expected future cash flow estimation is based on a number of factors, variables and assumptions, the most important of which are estimates of reserves, future production profiles, oil prices and costs. In most cases, the present value of future cash flows is most sensitive to estimates of future oil price, estimates of reserves, estimates of development costs and discount rates. A change in the assumptions could materially change the recoverable amount.

### **Hydrocarbon reserve and resource estimates**

The Group's oil and gas development and production properties are depreciated on a unit of production basis at a rate calculated by reference to developed and undeveloped proved and probable commercial reserves (2P undeveloped at 50%) which are estimated to be recoverable with existing and future developed facilities using current operating methods, determined in accordance with the Petroleum Resources Management System jointly published by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers, as amended.

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Commercial reserves are determined using estimates of oil in place, recovery factors and future oil prices. The level of estimated commercial reserves is also a key determinant in assessing whether the carrying value of any of the Group's oil and gas properties has been impaired. As the economic assumptions used may change and as additional geological information is produced during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results and include:

- depreciation and amortisation charges in profit or loss may change where such charges are determined using the unit of production method, or where the useful life of the related assets change;
- impairment charges in profit or loss;
- provisions for decommissioning may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities;
- the recognition and carrying value of deferred tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The impact upon commercial reserves and the aggregate depletion charge for the year of a fluctuation of the forward oil and gas commodity prices assumption as well as the Group's carrying amount of oil and gas properties for all periods. Management monitors the impact on the commercial reserves and the depletion charge on a Group level.

### **Intangible assets**

The Group adopts the successful efforts method of accounting for exploration and evaluation costs. Pre-licence costs are expensed in the period in which they are incurred. All licence acquisition, exploration and evaluation costs and directly attributable administration costs are initially capitalised as intangible assets by field or exploration area, as appropriate. These costs are then written off as exploration costs in the income statement unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment. Cash consideration received on farm-down of exploration and evaluation assets is credited against the carrying value of the asset.

All field development costs are capitalised as property, plant and equipment. Property, plant and equipment related to production activities is amortised in accordance with the Group's depletion and amortisation accounting policy.

Intangible assets having definite useful life are systematically amortised from the time when the asset is available for use over its estimated useful life.

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50% statistical probability that it will be less.

## **Financial assets**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- financial assets at fair value through profit or loss.

### **Financial assets at amortised cost**

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables.

### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when the rights to receive cash flows from the asset have expired.

### **Impairment of financial assets**

According to IFRS 9, the Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. In the ECLs the Group considers forward looking information on the basis of macroeconomic indicators and ratings. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Any impairment losses are recognised in profit or loss after use of the fair value reserve if this has been set up. Subsequent reversals of impairment losses are recognised in profit or loss except in the case of equity instrument for which the reversal is recognised in equity.

### **Inventories**

Inventories comprise crude oil, gas and consumables.

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the monthly weighted average cost method.

The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads. It does not include borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Spare parts consumed within a year are carried as inventory and recognised in profit or loss when consumed.

The Group assesses the net realisable value of the inventories at the end of each period and recognises in the income statement the appropriate valuation adjustment if the inventories are overstated. When the circumstances that previously caused impairment no longer exist or when there is clear evidence of an increase in the inventories' net realisable value due to a change in the economic circumstances, the amount thereof is reversed.

### **Trade receivables**

They are defined as financial instruments. Their initial amount is recognised at fair value; concerning trade receivables which do not include a material financial component, the value of initial recognition is the price of transaction.

According to IFRS 9, the assessment of their recoverability is performed using the Expected Credit Losses model.

### **Cash and cash equivalents**

Cash and cash equivalents comprise of cash at bank, demand deposits with a maturity of three months or less that are subject to an insignificant risk of changes in their fair value.

### **Employee benefits**

This caption includes the Italian post-employment benefits ("TFR") and other employee benefits covered by IAS 19 – Employee benefits. As a defined benefit plan, independent actuaries calculate the TFR at the end of each reporting period. The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period. These benefits are calculated using the project unit credit method. Law n° 296 changed the Italian post-employment benefits scheme and benefits accrued after January 1, 2007 are now classified as defined contribution plans regardless of whether the employee decides to have them transferred to INPS' (the Italian social institution) treasury fund or an external pension plan. Benefits vested up until December 31, 2006 continue to be recognised as part of a defined benefit plan and are subject to actuarial valuation, excluding the future salary increase component. The Group does not have plan assets. It recognises actuarial gains and losses in the period in which they arise. Pursuant to IAS 19 (revised), they have been recognised directly in other comprehensive income starting from 2015.

### **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

### **Decommissioning provision**

Provision for decommissioning is recognised in full when the related facilities are installed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment.

The amount recognised is the estimated cost of decommissioning, discounted to its net present value at a risk-free discount rate, and is reassessed each year in accordance with local conditions

and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

### **Trade payable and other current liabilities**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obligated to make future payments in respect of the purchase of those goods and services.

### **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the date of inception. The arrangement is assessed to determine whether fulfilment is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement. The Group is not a lessor in any transactions, it is only a lessee.

#### **(a) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings leases: 1 to 3 years
- Other assets 1 to 12 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

#### **(b) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a



change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, modified and through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

This category generally applies to interest-bearing loans and borrowings.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Excluded from the above capitalisation policy are any qualifying assets that are inventories that are produced in large quantities on a repetitive basis.

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. There were no borrowing costs capitalised in the period.

### **Derivative financial instruments and hedge accounting**

#### **Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as interest rate swaps and forward commodity contracts, to hedge its interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is ‘an economic relationship’ between the hedged item and the hedging instrument.
- the effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below.

### **Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to forward commodity contracts is recognised in revenue or cost of sales.

From 1 January 2018, the Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity.

The amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction.

### **Equity instruments**

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

### **Ordinary shares**

Ordinary shares are classified as equity and measured at their nominal value. Any premiums received on issue of share capital above its nominal value are recognised as share premium within equity. Associated issue costs are deducted from share premium.

### **Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the HFI, are categorised within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the HFI on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### **Risk and financial instruments**

The principles in this standard supplement the principles for recognising, measuring and presenting financial assets and financial liabilities in IAS 32 - Financial instruments: presentation, IAS 39 -Financial instruments: recognition and measurement and IFRS 9 – Financial instruments. This section sets out the disclosures required by IFRS 7. The accounting policies applied to measure financial instruments are described in the section on the "Accounting policies".

The Group's operations expose it to a number of financial risks that can affect its financial position, financial performance and cash flows due to the impact on its financial instruments.

These risks include:

- (a) credit risk;
- (b) liquidity risk;
- (c) market risk (currency risk, interest rate risk and other price risk).

The parent's board of directors has overall responsibility for the design and monitoring of a financial risk management system. It is assisted by the various departments involved in the operations generating the different types of risk.

The departments establish tools and techniques to protect the Group against the above risks and/or transfer them to third parties (through insurance policies) and they assess the risks that are neither hedged nor insured pursuant to the guidelines established by the board of directors for each specific risk.

The degree of the Group's exposure to the different financial risk categories is set out below.

#### ***Credit risk***

The Group operates on various national markets with a high number of medium and large-sized customers.

With regard to the risk of potential losses caused by the failure of any of the counterparties the Company interacts with to honour the commitments they have undertaken, the Group has implemented for some time procedures and tools to evaluate and select counterparties based on their credit rating, constantly monitor its exposure to the various counterparties and implement appropriate mitigating actions, primarily aimed at recovering or transferring receivables. For the period ended 30 June 2020 the Group has also considered the impact of COVID-19 in

relation to the recoverability of its trade receivables and expected credit loss allowances recognised at period end.

The following table shows a breakdown of trade receivables by past due bracket:

	(Audited) 30 June 2020		(Audited) 31 December 2019	
<i>(in thousands of US\$)</i>	Trade receivables	Allowance	Trade receivables	Allowance
Not yet due.....	104,214	(2,623)	141,574	(6,536)
Past due by less than one month ..	20,050	(512)	26,944	(52)
Past due by one to three months...	30,188	(1,130)	7,660	(650)
Past due by three to six months....	51,813	(1,542)	1,405	-
Past due by more than six months	61,386	(24,941)	178,933	(29,021)
<b>Total .....</b>	<b>267,651</b>	<b>(30,748)</b>	<b>356,516</b>	<b>(36,259)</b>

For further details on loss allowance refer to note 6.

### **Liquidity risk**

The liquidity risk has to do with the possibility that the Company may not have access to sufficient financial resources to meet its financial and commercial obligations in accordance with agreed terms and maturities. The policy to manage this risk is designed to ensure that the Edison Group has access to sufficient credit facilities to meet financial needs, while at the same time consolidating its funding sources, with margins of flexibility such as not to compromise the balance of the Group in case of unforeseen needs. In addition the liquidity risk is managed considering the operating cash flow from operations.

As required by IFRS 7, the table below summarises the maturity profile of the Group financial liabilities based on contractual undiscounted payments:

#### *Cash flows of the Group's financial liabilities by maturity as of 30 June 2020*

<i>(in thousands of US\$)</i>	Total	Total cash flow	Within one year	From one to five years	After five years
Non-current lease liabilities IFRS 16 ....	23,305	27,359	-	19,230	8,129
<b>Other non-current liabilities.....</b>	<b>23,305</b>	<b>27,359</b>	<b>-</b>	<b>19,230</b>	<b>8,129</b>
Bank borrowings at amortised cost.....	6,322	6,322	6,322	-	-
Current account parent company .....	107,604	107,604	107,604	-	-
Other financial debt parent company.....	38,159	38,159	38,159	-	-
<b>Current financial liabilities.....</b>	<b>152,085</b>	<b>152,085</b>	<b>152,085</b>	<b>-</b>	<b>-</b>
Current lease liabilities IFRS 16.....	8,073	8,073	8,073	-	-
Other current liabilities.....	27,714	27,714	27,714	-	-
<b>Other current liabilities .....</b>	<b>35,787</b>	<b>35,787</b>	<b>35,787</b>	<b>-</b>	<b>-</b>

#### *Cash flows of the Groups financial liabilities by maturity as of 31 December 2019*

<i>(in thousands of US\$)</i>	Total	Total cash flow	Within one year	From one to five years	After five years
Non-current lease liabilities IFRS 16 .....	27,371	33,928	-	20,966	12,962
<b>Other non-current liabilities.....</b>	<b>27,371</b>	<b>33,928</b>	<b>-</b>	<b>20,966</b>	<b>12,962</b>
Bank borrowings at amortised cost.....	140	140	140	-	-
Current account parent company .....	102,577	102,577	102,577	-	-
Other financial debt owed to parent company	56,301	57,883	57,883	-	-
<b>Current financial liabilities.....</b>	<b>159,018</b>	<b>160,600</b>	<b>160,600</b>	<b>-</b>	<b>-</b>
Current lease liabilities IFRS 16.....	9,586	14,687	14,687	-	-
Other current liabilities.....	44,429	44,429	44,429	-	-
<b>Other current liabilities .....</b>	<b>54,015</b>	<b>59,116</b>	<b>59,116</b>	<b>-</b>	<b>-</b>

The main part of payables and derivatives has a maturity of 1 year. For the maturity of lease liabilities refer to par. “IFRS 16 Leases”.

### Market risk

#### Currency risk

As the Group sells its products in various countries around the world, it is exposed to the risk deriving from changes in foreign exchange rates. This risk mainly arises on sales in currencies like the US Dollar, Pound Sterling, and Norwegian Krone.

(Audited) 30 June 2020						
(in thousands of US\$)	EUR	\$US	GBP	NOK	Total	Held for Sale
Total assets .....	1,017,130	701	215,393	-	1,233,224	457,876
Total liabilities.....	814,888	6	243,842	-	1,058,736	292,590

  

(Audited) 31 December 2019						
(in thousands of US\$)	EUR	\$US	GBP	NOK	Total	Held for Sale
Total assets .....	1,196,257	858	242,886	-	1,440,001	464,861
Total liabilities.....	869,244	34	259,085	-	1,128,363	275,861

The next table shows a sensitivity analysis of the risk arising on the translation of foreign currency on the historical financial information of the Group assuming a 10% increase or decrease in the average annual exchange rate against Euro. The effect is calculated considering the impact of this increase or decrease on the revenue and profit before tax:

	Exchange rate	(Audited) 30 June 2020			(Audited) 31 December 2019		
		Average annual rate	Rate +10%	Rate -10%	Average annual rate	Rate +10%	Rate -10%
<b>Revenue</b>							
Euro	\$/EUR	39,880	36,255	44,311	149,056	135,505	165,618
US Dollar	na	102,754	102,754	102,754	294,884	294,884	294,884
Pound Sterling	\$/GBP	17,153	15,603	19,070	48,207	43,825	53,564
Norwegian Krone	\$/NOK	-	-	-	571	519	635
<b>Profit before tax</b>							
Euro	\$/EUR	(1,369)	(1,244)	(1,520)	140,371	127,610	155,968
US Dollar	na	16,457	16,457	16,457	(60,428)	(60,428)	(60,428)
Pound Sterling	\$/GBP	(2,156)	(1,960)	(2,396)	498	453	553
Kuna	\$/HRK	(1,206)	(1,097)	(1,341)	(9,789)	(8,899)	(10,877)

In the framework of the hedging strategy put in place by Edison, the Group agrees currency hedges to set the exchange rate in line with forecast sales and purchases volumes to protect itself against currency fluctuations with respect to its foreign currency transactions. The hedges are determined on the Group's net exposure using currency forwards and/or plain vanilla options in line with its financial policy. The hedged risk is part of the global risk and the hedges are not speculative. For further details refer to Other Information – Financial Instrument section.

The main part of derivatives hedging currency risk will be settled within 1 year.

#### Interest rate risk

Because it is exposed to fluctuations in interest rates primarily with regard to the measurement of debt service costs, the Group assesses on a regular basis its exposure to the risk of changes in interest rates, which it manages mainly by defining the characteristics of the facilities during the negotiation phase.

#### Other market and/or price risk

The Group is exposed to the risk of fluctuations in the prices of all of the energy commodities that it handles, which affect the Group both directly and indirectly through indexing mechanisms contained

in pricing formulas. Moreover, because some of the above-mentioned commodity prices are quoted in a foreign currency, the Group is also exposed to the resulting foreign exchange rate risk.

The activities required to manage and control these risks are governed by the Energy Risk Policies, which require the adoption of specific risk limits, in terms of economic capital, and the use of financial derivatives that are commonly used in the market for the purpose of containing the risk exposure within present limits.

## **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of HFI in conformity with IFRS as amended by SIR 2000 requires the use of the accounting estimates and assumptions, and also requires management to exercise its judgment, in the process of applying the Group's accounting policies.

Estimates, assumptions and judgment applied are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates, assumptions and judgments are based on management's best knowledge of current events and actions, actual results may ultimately differ.

### **Critical judgments in applying the Group's accounting policies**

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effect on the HFI.

#### **Identification of cash generating units**

In considering, the requirement for impairment of its property, plant and equipment and intangible assets the Group has to make a critical judgement in relation to the identification of the smallest cash generating units (CGUs) to which those assets are allocated. These assets have a combined net book value of US\$391 million as at 30 June 2020 (US\$564 million as at 31 December 2019). In making this judgment the Group has considered the ability of the assets to generate stand-alone cash flows. In all countries except for Italy the CGU is considered to be at the concession level, as both cash inflows and outflows can be identified at this level. In Italy the concessions are connected via a shared pipeline with different points of entry, which allows production to be changed from one concession to another. In view of this shared infrastructure that exists in Italy, and the ability to move sales between assets, as well as the management of spare parts and the organisational structure of the Italian entities, the Group has identified the cash generating units in Italy to be at the country and commodity level (Italy gas and oil).

#### **Carrying value of intangible exploration and evaluation assets**

Amounts carried under intangible exploration and evaluation assets (30 June 2020: US\$197 million, 31 December 2019: US\$136 million) represent active exploration projects. Capitalised costs will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment in accordance with the Group's accounting policy. The process of determining whether there is an indicator for impairment or calculating the impairment requires critical judgement.

The key areas in which management has applied judgement are as follows: the Group's intention to proceed with a future work programme; the likelihood of licence renewal or extension; the assessment of whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and the success of a well result or geological or geophysical survey.

#### **Key sources of estimation uncertainty**

The preparation of these HFI in conformity with IFRS as amended by SIR 2000, requires the use of accounting estimates and assumptions in the process of applying the Group's accounting policies.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ. The Group's significant accounting judgements and estimates have been reviewed to determine if any changes were required to those judgements and estimates as a result of current market conditions. The Group has also considered the impact of COVID-19 in relation to the recoverability of the carrying value of its property, plant and equipment as this is discussed in note 1.

The following are the key sources of estimation uncertainty that have been identified in the preparation of the HFI:

### **Carrying value of property, plant and equipment**

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an indicator of impairment exists, the recoverable amount (which is the higher of fair value less costs to sell and value in use) of the cash-generating unit to which the assets belong is then estimated based on the present value of future discounted cash flows. For oil and gas assets, the expected future cash flow estimation is based on a number of factors, variables and assumptions, the most important of which are estimates of reserves, future production profiles, oil prices and costs. In most cases, the present value of future cash flows is most sensitive to estimates of future oil price, estimates of reserves, estimates of development costs and discount rates. A change in the assumptions could materially change the recoverable amount of a CGU. Details on the impact of these key estimates and judgements including information on sensitivities applied to impairment model can be found in note 1.

### **Provisions for decommissioning**

There is uncertainty around the cost of decommissioning (30 June 2020: US\$684.9 million, 31 December 2019: US\$692.2 million) as cost estimates can vary in response to many factors, including from changes to market rates for goods and services, to the relevant legal requirements, the emergence of new technology or experience at other assets.

The expected timing, work scope, amount of expenditure and risk weighting may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning.

At the end of any reporting period, Management re-evaluates if any information is available, which would require a change to the provision with the aim to guarantee that the amounts recognised are the best estimate of the potential future cost and, in case of material adjustment, the amounts are revised. The main drivers potentially determining a revision are: a change in the useful life of the production site, market scenarios, technological progress, changes in the environmental rules and fluctuations of discount and inflation rates. If no such items are noted, Management will perform a full re-evaluation of the provision on a tri-annual basis.

In this context, it is worth mentioning the specificity of the hydrocarbons Exploration & Production sector which is impacted by the oil market scenario, the estimates of reserves, the technological complexity and the dedicated legislation. These activities are usually performed in joint ventures and defined by specific contractual clauses which may include the decommissioning phase.

### **Hydrocarbon reserve and resource estimates**

The Group's oil and gas development and production properties are depreciated on a unit of production basis at a rate calculated by reference to developed and undeveloped proved and probable commercial reserves (2P developed and undeveloped) which are estimated to be recoverable with existing and future developed facilities using current operating methods, determined in accordance with the Petroleum Resources Management System jointly published by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum, as amended.

ESMA  
132(a)



Commercial reserves are determined using estimates of oil in place, recovery factors and future oil prices. The level of estimated commercial reserves is also a key determinant in assessing whether the carrying value of any of the Group's oil and gas properties has been impaired. As the economic assumptions used may change and as additional geological information is produced during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results and include:

- depreciation and amortisation charges in profit or loss may change where such charges are determined using the unit of production method, or where the useful life of the related assets change
- impairment charges in profit or loss
- provisions for decommissioning may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities
- the recognition and carrying value of deferred tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The impact upon commercial reserves and the aggregate depletion charge for the year of a fluctuation of the forward Brent oil and gas price assumption as well as the Group's carrying amount of oil and gas properties for all periods is shown in note 1. Management monitors the impact on the commercial reserves and the depletion charge on a Group level.

### **Income taxes**

The Group has recognised deferred tax assets of US\$11.9 million in respect of tax losses and US\$1.0 million in respect of other temporary differences at 30 June 2020 (excluding deferred tax recognised in relation to assets classified as held-for-sale).

These balances have been recognised to the extent that it is probable that there will be future taxable profits against which the tax losses and other temporary differences can be utilised. The Group reviews the carrying value at each balance sheet date by re-assessing whether sufficient future taxable profits will be generated in future periods such that these deferred tax assets can be recovered. The Group considers all available evidence including approved budgets, forecasts, and business plans, in evaluating whether or not it is probable that sufficient taxable profits will be generated in future periods. Where tax losses are subject to expiration, the forecasts take into account the expected reversal patterns of taxable temporary differences and the expecting timing for the reversal of deductible temporary differences.

Following Edison International S.p.A's exit from the wider Edison S.p.A Italian tax consolidation group in September 2019 (effective from 1 January 2019), the Group has written-off US\$90.1 million of deferred tax assets relating to timing difference on fixed assets used in its Abu Qir operation on the basis that it is not probable that sufficient future taxable profits exist in the company. The Group has written-off a further US\$115.7 million in relation to deferred tax assets on decommissioning, and an additional US\$8.3 million in relation to other various deferred tax assets due to an assessment that forecast future taxable profits in respect of the Italian entities no longer support DTA recognition to the same extent as prior periods.

### **Allowance for impairment of receivables**

This allowance comprises Management's estimates about credit losses on receivables from end customers and the sales network. In particular, at 30 June 2020 and 31 December 2019, the Group holds US\$36.4 million and US\$149.9 million, respectively, of receivables past due by more than six months but not impaired. Management estimates the allowance on the basis of the expected losses, considering past experience for similar receivables, current and historical past due amounts, losses and collections, the careful monitoring of credit quality and projections about the economy and market conditions. An extension and worsening in the current economic and financial crisis could trigger an additional

deterioration of the financial conditions of the Group's debtors compared to the deterioration already considered when calculating the allowances recognised in the HFI.

## NOTE TO THE STATEMENT OF FINANCIAL POSITION

### Property, plant and equipment

	Hydrocarbon concessions	Land and buildings	Land and buildings (IFRS 16)	Plant and machinery	Manufact. and distrib. Equipment and commercial equipment	Other assets	Other assets (IFRS 16)	Assets under construction and payments on account	Total
<i>(in thousands of US\$)</i>									
<b>Balance at 1 January 2019 .....</b>	<b>284,512</b>	<b>300</b>	<b>-</b>	<b>788,590</b>	<b>90</b>	<b>2,273</b>	<b>-</b>	<b>230,459</b>	<b>1,306,224</b>
Historical cost .....	1,222,178	2,684	-	2,562,918	1,321	9,164	-	230,459	4,028,724
- Accumulated depreciation .....	(937,666)	(2,384)	-	(1,774,328)	(1,231)	(6,891)	-	-	(2,722,500)
<b>Changes in 2019:</b>									
- Additions .....	-	-	-	21,186	83	8	-	25,583	46,860
- Depreciation .....	(43,770)	(9)	(2,876)	(146,429)	(57)	(431)	(8,516)	-	(202,088)
- Reclassifications .....	-	-	-	6,614	44	-	-	(6,658)	-
- Impairment losses .....	(186,326)	-	-	(48,943)	-	-	-	-	(235,269)
- Disposals .....	-	-	-	(27)	-	-	-	-	(27)
- Adjustment on adoption of IFRS 16 leases .....	-	-	19,327	(75)	-	-	26,407	-	45,659
- Reclassification to asset held for sale .....	-	(23)	-	(221,517)	-	(129)	-	(109,013)	(330,682)
- Change in decommissioning provision .....	-	-	-	23,580	-	-	-	-	23,580
- Foreign exchange impact .....	(6,174)	(5)	48	(8,184)	(1)	(42)	63	(2,229)	(16,524)
<b>Total changes .....</b>	<b>(236,270)</b>	<b>(37)</b>	<b>16,499</b>	<b>(373,795)</b>	<b>69</b>	<b>(594)</b>	<b>17,954</b>	<b>(92,317)</b>	<b>(668,491)</b>
<b>Balance at 31 December 2019 (Audited) .....</b>	<b>48,242</b>	<b>263</b>	<b>16,499</b>	<b>414,795</b>	<b>159</b>	<b>1,679</b>	<b>17,954</b>	<b>138,142</b>	<b>637,733</b>
<b>including:</b>									
- Historical cost .....	1,216,004	2,635	19,375	2,368,110	1,446	7,951	26,470	138,142	3,780,133
- Accumulated depreciation .....	(1,167,762)	(2,372)	(2,876)	(1,953,315)	(1,287)	(6,272)	(8,516)	-	(3,142,400)
<b>Changes in 2020:</b>									
- Additions .....	-	-	119	5,313	5	-	19	6,531	11,987
- Depreciation .....	(1,655)	(5)	(860)	(69,792)	(23)	(188)	(4,077)	-	(76,600)
- Reclassifications .....	-	86	-	5,920	-	-	-	(6,006)	-
- Impairment losses .....	-	-	-	(113,391)	-	-	-	-	(113,391)
- Sales (historical costs) .....	-	-	(330)	-	-	-	(72)	-	(402)
- Foreign exchange impact .....	(182)	0	(200)	(8,820)	(1)	(9)	(125)	(432)	(9,769)
<b>Total changes .....</b>	<b>(1,837)</b>	<b>81</b>	<b>(1,271)</b>	<b>(180,770)</b>	<b>(19)</b>	<b>(197)</b>	<b>(4,255)</b>	<b>93</b>	<b>(188,175)</b>
<b>Balance at 30 June 2020 (Audited) .....</b>	<b>46,405</b>	<b>344</b>	<b>15,228</b>	<b>234,025</b>	<b>140</b>	<b>1,482</b>	<b>13,699</b>	<b>138,235</b>	<b>449,558</b>
<b>including:</b>									
- Historical cost .....	1,215,822	2,721	18,964	2,370,523	1,450	7,942	26,292	138,235	3,781,949
- Accumulated depreciation .....	(1,169,417)	(2,377)	(3,736)	(2,136,498)	(1,310)	(6,460)	(12,593)	-	(3,332,391)

The Group's property, plant and equipment were not mortgaged or pledged in any of the periods.

The Group did not capitalise borrowing costs, in any period presented.

### Property, plant and equipment by geography

<i>(in thousands of US\$)</i>	(Audited) 30 June 2020	(Audited) 31 December 2019
Italy .....	150,620	287,537
United Kingdom .....	27,841	41,078
Croatia .....	857	104
Egypt .....	270,234	308,999
Other Countries .....	6	15
<b>Property, Plant and Equipment by geography .....</b>	<b>449,558</b>	<b>637,733</b>

## IMPAIRMENT

Property, plant and equipment and intangible assets, are recognised in the HFI for a value no higher than their recoverable amount ("impairment testing"). The impairment testing process calls for testing the sustainability of the value of individual assets broken down into Cash Generating Units (CGUs).

IAS 36 defines the recoverable amount as the higher of the fair value of an asset or cash generating unit, less costs to sell, and its value in use. Thus, the recoverability of the value of fixed assets is verified by comparing the carrying amount recorded in HFI with the related recoverable value, after deducting from both the values of any risk provision recognised for costs to decommission and remediate sites.

The CGUs have been identified as the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets

At each reporting date, the Group verifies whether there is any indication that an asset may have suffered a loss in value (impairment indicator).

The recoverable amount is calculated as the value in use through the discounting of cash flows expected from the use of the asset or a CGU as well as the amount expected from its disposal at the end of its useful life. This process entails the use of estimates and assumptions to determine both the amount of future cash flows and the corresponding discounting rates. Future cash flows are based on the most recent economic-financial plans developed by the management with reference to the functioning of productive assets (production, operating and capital expenses, useful life of the assets), the market environment (sales, prices of reference commodities, margins) and the evolution of the regulatory and legislative framework. In particular, in developing future cash flows, reference was made to:

- the budget approved by the Board of Directors;
- the 3 year Medium-Term Plan presented to the Board;
- the long-term plan drawn up by senior management

When the valuation entails estimation beyond the forecast period included in the economic-financial plans developed every year by the management, projections based on long-term growth assumptions are used (0% - 2%).

The valuation of assets entailed an estimation of cash flows until the end of the useful life of the fixed assets including, if present, a residual value when activities are completed.

With reference to the business in which the Group operates, the factors with the greatest importance in estimating future cash flows are:

- the price of oil commodities, natural gas and EUR/\$ exchange scenarios;
- the discount rate used

With the COVID-19 pandemic having continued during the second quarter of 2020, the Group now sees the prospect of an enduring impact on the global economy, with the potential for weaker demand for energy for a sustained period. As a result the Group has considered the market consensus for future Brent oil and Italian gas (PSV) price curves at 30 June 2020, alongside its own estimates of the expected future prices and revised the price assumptions used in value-in-use impairment testing lowering them significantly. The revised assumptions as at 30 June 2020 for Brent oil and Italian gas (PSV) for the next 5 years are lower by approximately 12.7% and 13.1% respectively than the average prices used to estimate cash flows over the year ended 31 December 2019.

The discount rates are calculated through the determination of the weighted average cost of capital (WACC), considering the specific risks of the activities and countries in which the Group operates and are based on data observable in the financial markets.

<u>WACC (%)</u>	(Audited) 30 June 2020	(Audited) 31 December 2019
Egypt .....	12.7	11.7
UK .....	7.6	8.0
Italy .....	9.7	8.8

In the table below is reported the breakdown of write-down recognised during the periods by country and asset class:

<u>(in thousands of US\$)</u>	(Audited) 30 June 2020	(Audited) 31 December 2019
<b>Egypt</b> .....	<b>14,571</b>	<b>186,326</b>
<i>Tangibles</i> .....	14,571	186,326

(in thousands of US\$)

	(Audited) 30 June 2020	(Audited) 31 December 2019
<b>Croatia</b> .....	-	<b>2,274</b>
<i>Tangibles</i> .....	-	2,274
<b>UK</b> .....	<b>2,750</b>	<b>29,858</b>
<i>Tangibles</i> .....	2,750	29,858
<b>Italy</b> .....	<b>96,070</b>	<b>16,810</b>
<i>Tangibles</i> .....	96,070	16,810
<b>Other Countries (*)</b> .....	<b>3,022</b>	<b>5,516</b>
<i>Intangibles</i> .....	3,022	5,516
<b>Total tangibles</b> .....	<b>113,391</b>	<b>235,268</b>
<b>Total intangibles</b> .....	<b>3,022</b>	<b>5,516</b>

(\*) Israel, Denmark

## Sensitivities

The Group used the value in use in determining the recoverable amount of the cash-generating unit using discounted future cash flows. The Group's recoverable value of assets is highly sensitive, inter alia, to oil & gas prices achieved, discount rate and production volumes.

Having considered prices estimates used by management as at 30 June 2020 against the lower end of the current market consensus range, a reduction in the oil & gas commodity prices by 10% per boe from the price curves as at 30 June 2020 for H2 2020 and thereafter, is considered to be a reasonably possible change for the purposes of sensitivity analysis, based on the current range seen in external oil price market forecasts. These decreases to oil & gas commodity prices would increase the impairment charge by US\$99.9 million. A 1 per cent increase in the post-tax discount rate would increase the impairment by US\$30.7 million. The Group believes a 1 per cent change in the post tax discount rate to be a reasonable possibility based on historical analysis of the Group's and a peer group of companies' impairment discount rates.

(in thousands of US\$)

	+1% WACC scenario	10% reduction in oil and gas commodities prices
Italy .....	18,770	81,779
Egypt .....	11,422	17,791
UK .....	504	279
<b>Increase in impairment charges .....</b>	<b>30,696</b>	<b>99,849</b>

## Intangible assets

(in thousands of US\$)	Patents, licences and similar rights	Other intangibles assets	Exploration and evaluation costs	Total
<b>Balance at 1 January 2019 .....</b>	<b>1,435</b>	<b>13,409</b>	<b>185,722</b>	<b>200,566</b>
Historical cost.....	16,473	73,417	1,010,087	1,099,977
- Accumulated depreciation .....	(15,038)	(60,008)	(824,365)	(899,411)
<b>Changes in 2019:.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Additions.....	226	1	41,606	41,833
- Depreciation.....	(398)	(3,963)	(709)	(5,070)
- Impairment losses .....	-	-	(5,516)	(5,516)
- Disposals (historical costs).....	-	(1,224)	(2,119)	(3,343)
- Other movements .....	-	952	196	1,148
- Reclassification to asset for disposal..	(604)	-	(83,080)	(83,684)
- Foreign exchange impact .....	(14)	(268)	(454)	(736)
<b>Total changes .....</b>	<b>(790)</b>	<b>(4,502)</b>	<b>(50,076)</b>	<b>(55,368)</b>
<b>Balance at December 31, 2019 .....</b>	<b>645</b>	<b>8,907</b>	<b>135,646</b>	<b>145,198</b>
<b>including:</b>				
- Historical cost .....	12,878	72,878	966,236	1,051,992
- Accumulated depreciation.....	(12,233)	(63,971)	(830,590)	(906,794)
<b>Changes in 2020:</b>				
- Additions.....	51	-	80,945	80,996
- Depreciation .....	(138)	(1,048)	(132)	(1,318)
- Impairment losses .....	-	-	(3,022)	(3,022)
- Foreign exchange impact .....	(4)	(45)	(1,625)	(1,674)
<b>Total changes .....</b>	<b>(91)</b>	<b>(1,092)</b>	<b>76,166</b>	<b>74,983</b>
<b>Balance at June 30, 2020 .....</b>	<b>554</b>	<b>7,815</b>	<b>211,812</b>	<b>220,181</b>

<b>including:</b> .....				
- Historical cost .....	12,925	72,833	1,030,557	1,131,314
- Accumulated depreciation.....	(12,371)	(65,019)	(833,744)	(911,134)

## Intangible assets by geography

<i>(in thousands of US\$)</i>	(Audited) 30 June 2020	(Audited) 31 December 2019
Italy .....	1,041	1,123
United Kingdom .....	36,510	31,927
Egypt .....	173,032	100,406
Greece .....	9,598	8,661
United Arab Emirates .....	-	3,081
<b>Intangible Assets by geography .....</b>	<b>220,181</b>	<b>145,198</b>

## Equity-accounted investments

At 30 June 2020 and 31 December 2019, equity-accounted investments were US\$4,000 analysed as follows:

			US\$'000		
			(Audited) 30 June 2020	Increase	(Audited) 31 December 2019
Abu Qir Petroleum Company .....	Alexandria (Egypt)	50%	1	-	1
Ed-Ina d.o.o. ....	Zagreb (Croatia)	50%	1	-	1
Rashid Petroleum Company – Rashpetco .....	Cairo (Egypt)	50%	1	-	1
Fayoum Petroleum Co – PetroFayoum .....	Cairo (Egypt)	30%	-	-	-
North Idku Petroleum Company.....	Cairo (Egypt)	50%	1	-	1
<b>Total.....</b>			<b>4</b>	<b>-</b>	<b>4</b>

## Other non-current assets

At 30 June 2020, this caption amounted to US\$1.083 million, compared to US\$1.099 million at 31 December 2019, and they refer to receivables for bank deposits.

## Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated taxes using the tax rates enacted or substantively enacted in the countries where it operates when the temporary difference reverse. Deferred tax liabilities and assets recognised by the Group and movements thereon during the review period is as follows:

<i>(in thousands of US\$)</i>	Fixed asset timing differences	Decommis sioning	Tax losses	Foreign exchange translation reserve	Other temporary differences	Total
<b>At 1 January 2019</b>	<b>87,209</b>	<b>134,068</b>	<b>53,496</b>	<b>(9,386)</b>	<b>14,137</b>	<b>279,524</b>
Charged to the income statement	(120,441)	(115,290)	3,062	0	(14,940)	(247,609)
Charge direct to equity	(22,970)	12,638	5,282	3,001	547	(1,502)
Reclassified as held for sale	50,998	(15,222)	(48,938)	0	(830)	(13,992)
<b>At 31 December 2019</b>	<b>(5,204)</b>	<b>16,194</b>	<b>12,902</b>	<b>(6,385)</b>	<b>(1,086)</b>	<b>16,421</b>
Charged to the income statement	-	-	-	-	-	-
Charge direct to equity	-	-	-	(292)	(2,926)	(3,218)
Reclassified as held for sale	-	-	-	-	-	-
Exchange differences	1,876	(1,142)	(910)	17	(44)	(203)
<b>At 30 June 2020</b>	<b>(3,328)</b>	<b>15,052</b>	<b>11,992</b>	<b>(6,660)</b>	<b>(4,056)</b>	<b>13,000</b>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group has recognised deferred tax assets of US\$12.0 million in respect of tax losses and US\$1.0 million in respect of all other temporary differences at 30 June 2020 (excluding deferred tax recognised in relation to assets classified as held-for-sale).

These balances have been recognised to the extent that it is probable that there will be future taxable profits against which the tax losses and other temporary differences can be utilised. The Group reviews the carrying value at each balance sheet date by re-assessing whether sufficient future taxable profits will be generated in future periods such that these deferred tax assets can be recovered. The Group considers all available evidence including approved budgets, forecasts, and business plans, in evaluating whether or not it is probable that sufficient taxable profits will be generated in future periods. Where tax losses are subject to expiration, the forecasts take into account the expected reversal patterns of taxable temporary differences and the expecting timing for the reversal of deductible temporary differences.

Following Edison International S.p.A's exit from the wider Edison S.p.A Italian tax consolidation group in September 2019 (effective from 1 January 2019), the Group has written-off US\$90.1 million of deferred tax assets relating to timing difference on fixed assets used in its Abu Qir operation on the basis that it is not probable that sufficient future taxable profits exist in the company. The Group has written-off a further US\$115.7 million in relation to deferred tax assets on decommissioning, and an additional US\$8.3 million in relation to other various deferred tax assets due to an assessment that forecast future taxable profits in respect of the Italian entities no longer support DTA recognition to the same extent as prior periods

### Trade receivables

At 30 June 2020, this caption amounted to US\$267.7 million compared to US\$356.5 million at 31 December 2019.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

It may be analysed as follows:

<i>(in thousands of US\$)</i>	(Audited) 30 June 2020	(Audited) 31 December 2019
Trade receivables.....	267,651	356,516
Allowance for aged receivables.....	(30,748)	(36,259)
<b>Total.....</b>	<b>236,903</b>	<b>320,257</b>

### Trade receivables by geography

<i>(in thousands of US\$)</i>	(Audited) 30 June 2020	(Audited) 31 December 2019
Italy .....	35,919	83,970
United Kingdom.....	2,850	7,822
Egypt .....	226,560	262,037
Falkland.....	1,854	1,854
Croatia.....	28	597
Other Countries (*).....	440	236
<b>Total.....</b>	<b>267,651</b>	<b>356,516</b>

Management estimates the allowance on the basis of the expected losses, considering past experience for similar receivables, current and historical past due amounts, losses and collections, the careful monitoring of credit quality and projections about the economy and market conditions.

The worsening Days Sales Outstanding ("DSO") (30 June 2020: 393 days, 31 December 2019: 378 days) was in part because of the Egyptian receivables due to agreements entered into by the company with EGAS (Egyptian Natural Gas Holding Company) for the development of several exploration licences acquired. Indeed, such agreements establish that the EGPC (Egyptian General Petroleum

Corporation) trade receivables not yet collected will be pledged to secure future investment commitments that the company has undertaken with respect to the Egyptian state. The amount of such commitments comes to US\$115.5 million, and the duration of the exploratory period to be guaranteed is roughly 2 years; this means that the amount of such trade receivables may be collected only at the end of this period. As of September 2020 the amount related to financial commitment is about US\$52 million and the duration of the exploratory period to be guaranteed is roughly 1 year.

The allowance for impairment at 30 June 2020 was US\$30.7 million and US\$36.3 million, at the end of 2019.

<i>(in thousands of US\$)</i>	<b>(Audited) 31 December 2019</b>	<b>Accruals</b>	<b>Utilisation</b>	<b>Foreign Exchange Translation</b>	<b>(Audited) 31 December 2018</b>
Allowance for impairment	(36,259)	(395)	2,980	758	(39,602)

<i>(in thousands of USD)</i>	<b>(Audited) 30 June 2020</b>	<b>Accruals</b>	<b>Utilisation</b>	<b>Foreign Exchange Translation</b>	<b>(Audited) 31 December 2019</b>
Allowance for impairment	(30,748)	(172)	5,482	201	(36,259)

## Inventories

At 30 June 2020 this caption amounted to US\$58.0 million compared to US\$58.7 million at 31 December 2019. It may be analysed as follows:

<i>(in thousands of US\$)</i>	<b>(Audited) 30 June 2020</b>	<b>(Audited) 31 December 2019</b>
Production consumables .....	46,711	46,031
Write-down of production consumables .....	(2,856)	(2,866)
Stored crude oil .....	14,099	15,557
<b>Total.....</b>	<b>57,954</b>	<b>58,722</b>

The cost of production consumables recognised as an expense was US\$2.7 million as at 30 June 2020 and US\$4.1 million at 31 December 2019.

The Group recognised an allowance for inventory write-down to cover the difference between the cost and estimated realisable value of obsolete production consumables.

## Current tax assets

This caption includes current direct tax assets.

<i>(in thousands of US\$)</i>	<b>(Audited) 30 June 2020</b>	<b>(Audited) 31 December 2019</b>
IRAP.....	29	30
<b>Total.....</b>	<b>29</b>	<b>30</b>

## Other receivables

<i>(in thousands of USD)</i>	<b>(Audited) 30 June 2020</b>	<b>(Audited) 31 December 2019</b>
<b>Financial other receivables</b>		
Cash flow hedge derivatives.....	19,551	13,615
Other receivables.....	30,461	28,507
Allowance for doubtful accounts of non-commercial receivables.....	(402)	(405)
<b>Total financial.....</b>	<b>49,610</b>	<b>41,717</b>
<b>Non-financial other receivables</b>		
Advances paid to suppliers .....	3,171	4,220



Public institutions and local entities .....	566	333
Amounts payable to employees .....	150	35
VAT pool .....	-	1,735
Tax refund receivables .....	12,003	796
Receivables from Consolidated Income taxes .....	16,174	6,818
<b>Total non-financial .....</b>	<b>32,064</b>	<b>13,937</b>
<b>Total .....</b>	<b>81,674</b>	<b>55,654</b>

Other receivables are amounts due to related parties as disclosed in the related parties note (note 28).

### Loan receivables

<i>(in thousands of US\$)</i>	<b>(Audited)</b> <b>30 June 2020</b>	<b>(Audited)</b> <b>31 December 2019</b>
Amounts due from related parties.....	143,015	155,364
<b>Total.....</b>	<b>143,015</b>	<b>155,364</b>

Amounts due from related parties refer to the intercompany current accounts with Edison S.p.A. See Related Party Transactions note (note 28) for further details.

### Cash and equivalents

<i>(in thousands of US\$)</i>	<b>(Audited)</b> <b>30 June 2020</b>	<b>(Audited)</b> <b>31 December 2019</b>
Banks and postal accounts .....	29,810	49,506
Cash on hand .....	13	15
<b>Total.....</b>	<b>29,823</b>	<b>49,521</b>

### Asset held for sale

On 4 July 2019 Edison S.p.A entered into a conditional sale and purchase agreement ("SPA") with Energean Oil & Gas plc to sell Edison E&P S.p.A. The transaction remains subject to relevant government approvals, including the consent of the relevant Algerian authorities in respect of the Edison E&P assets located in Algeria (the "Algerian Interest"). On 2 April 2020 Energean and Edison S.p.A entered into a formal amendment to the SPA in which the Algerian Interest shall be transferred to Edison S.p.A for an adjustment to the total consideration of US\$100 million as at the locked box date of 31 December 2019. Energean retained the economic reward attributable to the Algerian Interest for the period to 31 December 2019. On 28 June 2020 Energean and Edison have entered into a further amendment to the SPA in which the Norwegian Subsidiary shall be transferred to Edison for an adjustment to the total consideration of US\$89.2 million as at the locked box date of 31 December 2019.

The results of the Algerian Interest for the periods ended 30 June 2020 and 30 June 2019 are presented below:

<i>(in thousands of USD)</i>	<b>Period ended</b> <b>30 June 2020</b> <b>(Audited)</b>	<b>Period ended</b> <b>30 June 2019</b> <b>(Unaudited)</b>
Revenue.....	12,866	16,685
Other revenue .....	3,729	3,731
Expenses.....	(5,061)	(9,382)
Profit before tax.....	11,528	12,391
<b>Results on disposal of discontinued operations .....</b>	<b>11,528</b>	<b>12,391</b>

The results of the Norwegian Subsidiary for the periods ended 30 June 2020 and 30 June 2019:

<i>(in thousands of USD)</i>	<b>Period ended</b> <b>30 June 2020</b> <b>(Audited)</b>	<b>Period ended</b> <b>30 June 2019</b> <b>(Unaudited)</b>
Other revenue .....	814	687
Expenses.....	(14,279)	(16,488)
Profit before tax.....	(16,638)	(17,870)

Attributable tax expense .....	5,653	6,068
<b>Results on disposal of discontinued operations .....</b>	<b>(10,985)</b>	<b>(11,802)</b>

The major classes of assets and liabilities of the Algerian Interest and the Norwegian Subsidiary classified as held for sale as at 30 June 2020 are, as follows:

<i>(in thousands of US\$)</i>	<b>Algeria</b>	<b>Norway</b>	<b>Total period ended 30 June 2020 (Audited)</b>
Property, plant and equipment .....	96,901	181,319	278,220
Intangible assets .....	-	63,659	63,659
Deferred tax assets .....	-	65,762	65,762
Trade receivables .....	7,840	10,138	17,978
Other receivables .....	-	30,131	30,131
Cash and cash equivalents .....	-	2,126	2,126
<b>Total assets classified as held for sale .....</b>	<b>104,741</b>	<b>353,135</b>	<b>457,876</b>
Borrowings .....	-	228,903	228,903
Provisions .....	6,045	26,427	32,472
Deferred tax liabilities .....	-	14,579	14,579
Trade payables .....	-	14,018	14,018
Other liabilities .....	-	2,618	2,618
<b>Total liabilities associated with assets classified as held for sale .....</b>	<b>6,045</b>	<b>286,545</b>	<b>292,590</b>
<b>Net assets of disposal group .....</b>	<b>98,696</b>	<b>66,590</b>	<b>165,286</b>

The major classes of assets and liabilities of the Algerian Interest and the Norwegian Subsidiary classified as held for sale as at 31 December 2019 are, as follows:

<i>(in thousands of US\$)</i>	<b>Algeria</b>	<b>Norway</b>	<b>Total period ended 31 December 2019 (Audited)</b>
Property, plant and equipment .....	96,636	162,931	259,567
Intangible assets .....	-	79,949	79,949
Deferred tax assets .....	-	72,984	72,984
Trade receivables .....	9,305	14,621	23,926
Other receivables .....	-	13,817	13,817
Cash and cash equivalents .....	-	14,618	14,618
<b>Total assets classified as held for sale .....</b>	<b>105,941</b>	<b>358,920</b>	<b>464,861</b>
Borrowings .....	-	221,332	221,332
Provisions .....	5,941	7,485	13,426
Deferred tax liabilities .....	-	18,282	18,282
Trade payables .....	-	20,344	20,344
Other liabilities .....	-	2,477	2,477
<b>Total liabilities associated with assets classified as held for sale .....</b>	<b>5,941</b>	<b>269,920</b>	<b>275,861</b>
<b>Net assets of disposal group .....</b>	<b>100,000</b>	<b>89,000</b>	<b>189,000</b>

The net cash flows incurred by the Algerian Interest are, as follows:

<i>(in thousands of USD)</i>	<b>Period ended 30 June 2020 (Audited)</b>	<b>Period ended 30 June 2019 (Unaudited)</b>
Cash flows from operating activities .....	16,487	49,720
Cash flows used in investing activities .....	(3,757)	(5,452)
Cash flows used in financing activities .....	(12,730)	(44,268)
<b>Net increase (decrease) in cash &amp; cash equivalents .....</b>	<b>-</b>	<b>-</b>

The net cash flows incurred by the Norwegian Subsidiary are, as follows:

<i>(in thousands of USD)</i>	<b>Period ended 30 June 2020 (Audited)</b>	<b>Period ended 30 June 2019 (Unaudited)</b>
Cash flows from/(used in) operating activities .....	(1,845)	(4,613)
Cash flows used in investing activities .....	(39,800)	(42,854)
Cash flows from financing activities .....	29,153	38,465
Net decrease in cash & cash equivalents .....	(12,492)	(9,002)
Cash and cash equivalents at beginning of period .....	14,618	12,049
Cash and cash equivalents at end of period .....	2,126	2,973

## Equity

There are no non-controlling interests throughout the HFI period.

The parent company, Edison Exploration & Production S.p.A. was established on February 21, 2018 with a share capital of 343,216 dollars divided into 300,000 shares. On 1 July 2018, the E&P business of Edison S.p.A. was transferred to the Parent Company for an amount of 986,172,824 dollars intended to increase the share capital to 571,682,784.4 dollars and the share premium reserve for the remaining amount. For this reason, from 1 July 2018, a legal sub group was established and as such at this point, the equity became the consolidated equity of the Group.

From 1 July 2018, the Company has one class of ordinary shares which carry no right to fixed income. As at 31 December 2019 and 30 June 2020 parent's fully paid-up and authorised share capital consists of 500,000,000 ordinary shares with a nominal amount of US\$1.144 (€1.00) each.

## Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations which relate to subsidiaries only, from their functional currency in to the parent's functional currency are recognised directly in the Translation reserve.

## Hedging reserve

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit and loss only when the hedged transaction impacts the profit or loss.

## Other reserves:

Business restructuring reserve refer mainly to the allocation of assets and liabilities referring to E&P business but not included in the statutory financial statements of E&P entities and to a 2015 reserve originated by the transfer of the Norwegian branch to Edison Norge AS.

## Borrowings

This caption may be analysed as follows:

<i>(in thousands of US\$)</i>	<b>(Audited) 30 June 2020</b>	<b>(Audited) 31 December 2019</b>
Bank borrowings at amortised cost .....	6,322	140
Current account parent company .....	107,604	102,577
Related party – parent company debt .....	38,159	56,301

<b>Current financial liabilities.....</b>	<b>152,085</b>	<b>159,018</b>
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The following tables provide the breakdown of “Other financial debt parent company” with the splitting between current and non-current maturities. Due to the short-term nature of the current financial liabilities, their carrying amount is considered to be the same as their fair value.

**Other financial debt parent company as of 31 December 2019**

<i>Counterpart</i>	<i>Currency</i>	<i>Original amount</i>	<i>Maturity</i>	<i>Interest rate</i>	<i>Terms</i>	<i>Outstanding liability</i>	<i>Current</i>	<i>Non-current</i>
Edison S.p.A (Edison International)	EURO	50,000	2020	Floating	Euribor 6M - 0,343 if negative floor + Spread 3%	56,301	56,301	
<b>Total</b>						<b>56,301</b>	<b>56,301</b>	<b>-</b>

**Other financial debt parent company as of June 30, 2020**

<i>Counterpart</i>	<i>Currency</i>	<i>Original amount</i>	<i>Maturity</i>	<i>Interest rate</i>	<i>Terms</i>	<i>Outstanding liability</i>	<i>Current</i>	<i>Non-current</i>
Edison Spa (Edison International)	EURO	50,000	2020	Floating	Euribor 6M - 0,343 if negative floor + Spread 3%	38,159	38,159	
<b>Total</b>						<b>38,159</b>	<b>38,159</b>	<b>-</b>

<i>(in thousands of US\$)</i>	<b>31 December 2019 (Audited)</b>	<b>Net cash flows</b>	<b>Change in translation reserve</b>	<b>HFS Reclass</b>	<b>31 December 2018 (Audited)</b>
Bank borrowings at amortised cost	140	(29)	(3)	-	172
Current account parent company	102,577	(40,259)	(2,544)	(21,781)	167,161
Other financial debt parent company	56,301	(11,196)	(3,582)	(98,445)	169,524
<b>Current financial liabilities</b>	<b>159,018</b>	<b>(51,484)</b>	<b>(6,129)</b>	<b>(120,226)</b>	<b>336,857</b>

<i>(in thousands of USD)</i>	<b>30 June 2020 (Audited)</b>	<b>Net cash flows</b>	<b>Change in translation reserve</b>	<b>HFS Reclass</b>	<b>31 December 2019 (Audited)</b>
Bank borrowings at amortized cost	6,322	6,182			140
Current account parent company	107,604	5,027			102,577
Other financial debt parent company	38,159	(18,142)			56,301
<b>Current financial liabilities</b>	<b>152,085</b>	<b>(6,933)</b>	<b>-</b>	<b>-</b>	<b>159,018</b>

<i>(in thousands of US\$)</i>	<b>31 December 2019 (Audited)</b>	<b>Net cash flows</b>	<b>Reclassification</b>	<b>Change in translation reserve</b>	<b>HFS Reclass</b>	<b>31 December 2018 (Audited)</b>
Other financial debt parent company	-	(67,507)	-	(1,539)	-	69,046
<b>Non-current financial liabilities</b>	<b>-</b>	<b>(67,507)</b>	<b>-</b>	<b>(1,539)</b>	<b>-</b>	<b>69,046</b>

**Provisions**

At 30 June 2020 the non-current portion of the provisions for risks amounted to US\$708.2 million, while at 31 December 2019 amounted to US\$715.6 million.

<i>(in thousands of US\$)</i>	(Audited) 30 June 2020	(Audited) 31 December 2019
Provision for decommissioning and remediation of industrial sites	684,912	692,229
Other risks and charges	23,321	23,396
<b>Total</b>	<b>708,233</b>	<b>715,625</b>

The caption “Provision for decommissioning and remediation of industrial sites” is broken down in the following table. No provision is recognized for Egypt as there is no legal or constructive obligation as at 30 June 2020.

<i>(in thousands of US\$)</i>	(Audited) 30 June 2020	(Audited) 31 December 2019
Italy	466,400	459,584
Croatia	17,506	17,205
UK	201,006	215,440
<b>Total</b>	<b>684,912</b>	<b>692,229</b>

The following table shows changes in this caption, where the column “Other” refers to the effect deriving from the review of the decommissioning provision’s estimate, which is capitalised as part of PPE and not transferred to the income statement:

<i>(in thousands of US\$)</i>	31 December 2019 (Audited)	Accruals	Utilisation	Reversals	Foreign exchange translation	Reclassified as held for sale	31 December 2018 (Audited)
Provision for decommissioning and remediation of industrial sites	692,229	50,496	(7,962)	(4,251)	(2,090)	(6,759)	662,795
Other risks and charges	23,396	1,119	(586)	(1,672)	(447)	-	24,982
Disputed tax items	-	192	(7,233)	-	(160)	-	7,201
<b>Total</b>	<b>715,625</b>	<b>51,807</b>	<b>(15,781)</b>	<b>(5,923)</b>	<b>(2,697)</b>	<b>(6,759)</b>	<b>694,978</b>

<i>(in thousands of USD)</i>	30 June 2020 (Audited)	Accruals	Utilisation	Reversals	Foreign exchange translation	Reclassified as held for sale	31 December 2019 (Audited)
Provision for decommissioning and remediation of industrial sites	684,912	10,502	-	(1,212)	(16,607)	-	692,229
Other risks and charges	23,321	-	-	-	(75)	-	23,396
Disputed tax items	-	-	-	-	-	-	-
<b>Total</b>	<b>708,233</b>	<b>10,502</b>	<b>-</b>	<b>(1,212)</b>	<b>(16,682)</b>	<b>-</b>	<b>715,625</b>

“Other risks and charges” are mainly related to specific claims in foreign countries (mostly Iran and Egypt) estimated to be US\$13.2 million and in Italy estimated to be US\$9.1 million and to state property fees in Italy estimated to be US\$1.1 million. It is not currently possible to accurately predict the timing of the settlement of these claims and therefore the expected timing of the cash flows.

### Retirement benefit liabilities

This caption mainly consists of the Group's liability for post-employment benefits and post-term of office benefits for directors. These benefits qualify as defined benefit plans pursuant to IAS19 and the related liabilities are calculated by an independent actuary.

<i>(in thousands of US\$)</i>	(Audited) 30 June 2020	(Audited) 31 December 2019
<b>Opening balance</b>	<b>2,931</b>	<b>3,059</b>
Interest cost	15	61
Other variations	-	236
Employee benefits paid	(408)	(460)
Exchange differences	(15)	(57)
Transfer in (out)	(16)	(33)
Actuarial gain (loss)	10	125
<b>Closing balance</b>	<b>2,517</b>	<b>2,931</b>

### Other non-current liabilities

<i>(in thousands of US\$)</i>	(Audited) 30 June 2020	(Audited) 31 December 2019
IFRS 16 non-current lease liabilities	23,305	27,371
<b>Total</b>	<b>23,305</b>	<b>27,371</b>

### Trade payables

At 30 June 2020, this caption amounted to US\$136.8 million, compared to US\$169.4 million at 31 December 2019.

Due to the short-term nature of the current financial liabilities, their carrying amount is considered to be the same as their fair value.

### Other current liabilities

This caption is broken down in the following table and includes personnel-related liabilities (wages and salaries, tax withholdings and social security contributions), payables from valuation of derivatives and IFRS 16 financial liabilities.

Payables for consulting and others mainly include payables to controlling company for corporate services and royalties for hydrocarbon exploitation.

<i>(in thousands of US\$)</i>	(Audited) 30 June 2020	(Audited) 31 December 2019
Excise duties, VAT and other taxes payable	542	-
Payables to social security institutions	2,433	3,338
Payables to personnel	3,733	6,686
Payables from valuation of derivatives	3,822	13,064
Payables for consulting and others	511	1,535
Advances	28	-
Lease liabilities	8,073	9,586
Related party payables	16,645	19,806
<b>Total</b>	<b>35,787</b>	<b>54,015</b>

## NOTE TO THE STATEMENT OF PROFIT OR LOSS

### Sales and other operating revenues

Sales and other operating revenue from continuing operations amounted to US\$161.0 million at 30 June 2020 compared to US\$264.8 million at 30 June 2019 respectively. It is shown net of discounts and allowances.

The main customer to which the Group sells its hydrocarbons' commodities is the Egyptian State through its national oil company EGPC (Egyptian General Petroleum Corporation).

<i>(in thousands of USD)</i>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
Revenues from natural gas	98,433	151,641
Revenues from oil and condensate	41,565	96,639
Revenues from LPG (Liquefied Petroleum Gas)	9,019	13,820
Revenues from other sales	1,244	1,024
Services supplied on behalf of third parties	2	79
Revenues from other services	644	1,685
Revenues from derivatives	10,137	(40)
<b>Total</b>	<b>161,044</b>	<b>264,848</b>

A breakdown of revenue by geography is as follows:

<i>(in thousands of USD)</i>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
Italy	42,433	87,497
United Kingdom	15,471	39,561
Croatia	510	-
Egypt	102,630	137,790
<b>Total</b>	<b>161,044</b>	<b>264,848</b>

### Operating loss before taxation

<i>(in thousands of USD)</i>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
<b>(a) cost of sales</b>		
Staff costs	(22,095)	(22,329)
Energy	(5,213)	(7,954)
Royalty payable	(8,433)	(5,484)
Other operating costs	(43,623)	(56,409)
Insurances	(3,898)	(4,234)
Depreciation and amortisation	(77,889)	(72,318)
Movement of inventories	1,401	(6,286)
<b>Total cost of hydrocarbon</b>	<b>(159,750)</b>	<b>(175,014)</b>

#### (b) Administrative expenses

<i>(in thousands of USD)</i>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
Staff costs	(1,713)	(1,774)
Depreciation and amortization	(327)	(354)
Auditor fees	(147)	(154)
Other general & administration expenses	(8,886)	(10,149)
<b>Total</b>	<b>(11,073)</b>	<b>(12,431)</b>

<b>(in thousands of USD)</b>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
<b>(c) Exploration and evaluation expenses</b>		
Staff costs	(3,023)	(2,865)
Exploration costs written off	(3,151)	(5,235)
Other exploration and evaluation expenses	-	(1,913)
<b>Total</b>	<b>(6,174)</b>	<b>(10,013)</b>

<b>(in thousands of USD)</b>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
<b>(d) Other operating expenses</b>		
Provision for bad debts	(3,511)	(400)
Provision for risks	(1,557)	(3,009)
Impairment of inventory	-	(1,027)
<b>Total</b>	<b>(5,068)</b>	<b>(4,436)</b>

<b>(in thousands of USD)</b>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
<b>(e) Other operating income</b>		
Reversal of provision for tax litigations	-	7,300
Gain on disposal of fixed assets	-	2,422
Reversal of prior period other provision	251	143
<b>Total</b>	<b>251</b>	<b>9,865</b>

<b>(in thousands of USD)</b>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
<b>(f) Fees payable to the Company's auditor</b>		
Fees payable to the Company's auditor for:		
The audit of the Company's accounts	(59)	(9)
The audit of the Company's subsidiaries	(88)	(145)
<b>Total</b>	<b>(147)</b>	<b>(154)</b>

There were no non-audit fees payable to the Company's auditor in any period.

## Personnel expenses

The average monthly number of employee (including Executing Directors) employed by the Group worldwide and aggregate remuneration were:

<b>(average number)</b>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
Administration	59	63
Technical	240	238
<b>Total</b>	<b>299</b>	<b>301</b>

<b>(in thousands of USD)</b>	<b>(Audited) 30 June 2020</b>	<b>(Unaudited) 30 June 2019</b>
Salaries	(8,840)	(11,118)
Social security costs	(2,261)	(2,704)
Severance Indemnity Reserve	(515)	(581)
Other costs	(199)	(145)
<b>Payroll cost expended</b>	<b>(11,815)</b>	<b>(14,548)</b>
Included in:		
Cost of sales	(8,191)	(9,909)
Administration expenses	(1,089)	(1,774)
Exploration & evaluation expenses	(2,535)	(2,865)
<b>Total</b>	<b>(11,815)</b>	<b>(14,548)</b>



Additionally, Edison International S.p.A. consolidate the personnel costs of its Operating Company, Abu Qir Petroleum Company, owned at 100%. The table below details the average number and costs related to Abu Qir employees:

<i>(average number)</i>	<b>(Audited)</b> <b>30 June 2020</b>	<b>(Unaudited)</b> <b>30 June 2019</b>
Technical	667	682
<b>Total</b>	<b>667</b>	<b>682</b>

<i>(in thousands of USD)</i>	<b>(Audited)</b> <b>30 June 2020</b>	<b>(Unaudited)</b> <b>30 June 2019</b>
Salaries	(15,015)	(12,420)
<b>Payroll cost expensed</b>	<b>(15,015)</b>	<b>(12,420)</b>
Included in:		
Cost of sales	(13,903)	(11,688)
Administration expenses	(624)	(585)
Exploration & evaluation expenses	(488)	(147)
<b>Total</b>	<b>(15,015)</b>	<b>(12,420)</b>

## Finance (costs)/income

<i>(in thousands of USD)</i>	<b>(Audited)</b> <b>30 June 2020</b>	<b>(Unaudited)</b> <b>30 June 2019</b>
Financial charges from capitalizations	(15)	(32)
Bank fees payables	(143)	(180)
Interest expense to banks	(56)	(159)
Interest expense on trade and other payables	(217)	(430)
Interest expenses on debt owed to parent company	(1,063)	(1,738)
Financial charges capitalized provision	(10,505)	(11,130)
Interest on lease liabilities	(754)	(808)
<b>Total finance costs</b>	<b>(12,753)</b>	<b>(14,477)</b>
Interest and income from bank accounts	376	334
Other interest and financial income	<b>562</b>	<b>577</b>
<b>Total finance income</b>	<b>938</b>	<b>911</b>
Foreign exchange gain	<b>521</b>	<b>(176)</b>
<b>Net financing costs</b>	<b>(11,294)</b>	<b>(13,742)</b>

## Gain on derivative

For the period ended 30 June 2020, this caption amounted to gain of US\$1.2 million, compared to US\$0.1 million gain for the period ended 30 June 2019.

## Taxation

### (a) Taxation charge

<i>(in thousands of USD)</i>	<b>(Audited)</b> <b>30 June 2020</b>	<b>(Unaudited)</b> <b>30 June 2019</b>
Corporation tax - current period	(9,735)	(35,778)
Corporation tax - prior period	(1,811)	2,681
Deferred tax	-	(12,862)
<b>Total</b>	<b>(11,546)</b>	<b>(45,959)</b>

## Reconciliation of the total tax charge

<i>(in thousands of USD)</i>	<b>(Audited)</b> <b>30 June 2020</b>	<b>(Unaudited)</b> <b>30 June 2019</b>
(Loss)/profit before tax	(144,296)	59,216
Tax credit/charge at applicable tax rate (24%)	34,632	(14,212)
Impact of different tax rates	(6,715)	(29,374)
Prior year tax	(1,811)	2,681
Tax assets write-down	(37,446)	(4,265)
Fiscal Consolidation income	9,228	-

De-recognition of deferred tax assets on losses carried forward	(9,434)	(789)
Taxation expense	(11,546)	(45,959)
<b>Effective tax rate</b>	<b>8%</b>	<b>(78%)</b>

Edison International S.p.A was part of an Italian national tax consolidation regime in place with Transalpina di Energia S.p.A. until September 2019 (effective from 1 January 2019).

Edison E&P S.p.A and Edison Idrocarburi Sicilia S.r.l were part of the Italian national tax consolidation regime in place with Transalpina di Energia S.p.A at the balance sheet date, however the company will leave the Italian national tax consolidation when Transalpina di Energia S.p.A no longer has legal control of the company.

For the periods when the companies were part of the Italian national tax consolidation the tax results of the companies were transferred to the Italian national tax consolidation regime such that companies in the Italian national tax consolidation were able to benefit from tax reliefs (such as tax losses) available in other companies. Companies were reimbursed at the respective tax rate for the benefit of reliefs transferred to other companies in the Italian national tax consolidation.

### Segment reporting

The Executive committee is the Group's chief operating decision-maker ("CODM"). Management has determined the operating segments based on the information reviewed by the Executive committee for the purposes of allocating resources and assessing performance. The Executive committee makes decision only at E&P level.

As part of Edison Group, the CODM did not consider the E&P hydrocarbon activities as an individual operating segment but they were part of a wider business sector.

In consideration of the transaction, the CODM considers the Group (E&P hydrocarbon activities) as a single segment. The Group produces vending hydrocarbons, the extractive process and type of customers are the same for all types of hydrocarbons. In consideration of the organisation structure of reporting, the process of allocating resources and activity of Group, the CODM has identified one segment (i.e., the Group).

### Financial Instruments

	(Audited) 30 June 2020				(Audited) 31 December 2019			
	Purchases	Sales	Positive fair value	Negative fair value	Purchases	Sales	Positive fair value	Negative fair value
<b>Swap</b>								
Gas - Mterm	-	82	9,169	-	-	43	10,676	-
LNG and oil - Mboe	-	3	7,002	-	-	1	-	(1,130)
USD	-	71,146	-	(2,984)	-	38,102	-	(5,529)
<b>Total Swap</b>	<b>-</b>	<b>71,231</b>	<b>16,171</b>	<b>(2,984)</b>	<b>-</b>	<b>38,146</b>	<b>10,676</b>	<b>(6,659)</b>
<b>Options</b>								
LNG and oil - Mboe	2	-	-	-	1	-	-	(1)
<b>Total Options</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
<b>Total</b>			<b>16,171</b>	<b>(2,984)</b>			<b>10,676</b>	<b>(6,660)</b>

### Categories of financial instruments and fair value hierarchy

31 December 2019 (Audited) (in thousands of US\$)			Fair value		
	IFRS 9 categories	Carrying amount	Level 1	Level 2	Level 3
<b>Derivatives</b>	Financial instruments	10,676		10,676	
<b>Total financial assets</b>		<b>10,676</b>	<b>-</b>	<b>10,676</b>	<b>-</b>
<b>Derivatives</b>	Financial instruments	(6,660)		(6,660)	
<b>Total financial liabilities</b>		<b>(6,660)</b>	<b>-</b>	<b>(6,660)</b>	<b>-</b>

<b>30 June 2020 (Audited)</b> <i>(in thousands of US\$)</i>	<b>IFRS 9 categories</b>	<b>Carrying amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Derivatives</b>	Financial instruments	16,171		16,171	
<b>Total financial assets</b>		<b>16,171</b>	-	<b>16,171</b>	-
<b>Derivatives</b>	Financial instruments	(2,984)		(2,984)	
<b>Total financial liabilities</b>		<b>(2,984)</b>	-	<b>(2,984)</b>	-

Level 3 is not applicable. For other derivatives, mainly swap, the Group calculate the fair value using observable inputs on the market directly. Any particular adjustment or model for the fair value of the swaps.

### Related party transactions

The amounts reported in the tables below refer to:

1. gas sales contract between Edison E&P S.p.A. and Edison S.p.A.
2. gas sales contract between Edison Idrocarburi Sicilia S.r.l. and Edison S.p.A.
3. corporate service contract between Edison S.p.A. and Edison E&P S.p.A., Edison International S.p.A. and Edison Idrocarburi Sicilia S.p.A.
4. lease contract between Edison S.p.A. and Edison E&P S.p.A.
5. logistic service contract between Edison S.p.A. and Edison E&P S.p.A.
6. technical service contract between Edison E&P S.p.A. and Edison Stoccaggio S.p.A.
7. electricity supply contract between Edison Energia S.p.A. and Edison E&P S.p.A. and Edison Idrocarburi Sicilia S.r.l.
8. fiscal consolidation contract between TdE (Transalpina d'Energia) and Edison E&P S.p.A.
9. derivatives contracts between Edison S.p.A. and Edison E&P S.p.A. and between Edison S.p.A. and Edison International S.p.A.
10. financing agreement between Edison S.p.A. and E&P Group entities (refer to note 14)

All companies are related parties by virtue of the same ultimate parent company.

### Balances and transactions with related parties of the Group as of 31 December 2019

<i>(in thousands of US\$)</i>	<b>Trade receivables</b>	<b>Loans assets</b>	<b>Trade payable</b>	<b>Loans liabilities</b>	<b>Revenue</b>	<b>Costs</b>	<b>Financial income</b>	<b>Financial expenses</b>
Edison S.p.A.	26,232	155,706	(16,182)	(135,482)	58,610	(18,187)	1,319	(3,285)
Edison Energia S.p.A.	-	-	(154)	-	-	(1,222)	-	-
Edison Stoccaggio	656	-	(3)	-	1,711	-	-	-
EDF Energie Nouvelle	-	-	-	-	5	-	-	-
TdE	6,818	-	-	-	-	6	-	-
<b>Total affiliated companies</b>	<b>33,706</b>	<b>155,706</b>	<b>(16,339)</b>	<b>(135,482)</b>	<b>60,326</b>	<b>(19,403)</b>	<b>1,319</b>	<b>(3,285)</b>

### Balances and transactions with related parties of the Group as of June 30, 2019

<i>(in thousands of USD)</i>	<b>Trade receivables</b>	<b>Loans assets</b>	<b>Trade payable</b>	<b>Loans liabilities</b>	<b>Revenue</b>	<b>Costs</b>	<b>Financial income</b>	<b>Financial expenses</b>
Edison Spa	17,068	153,579	(5,406)	(338,181)	37,552	(15,189)	14	(3,866)
Edison Energia Spa	-	-	(134)	-	-	(504)	-	-
Edison Stoccaggio	249	-	(12)	-	165	-	-	-

EDF Energie Nouvelle	-	-	-	-	-	-	5	(27)
Edison International Holding	-	-	-	-	-	-	555	-
TdE	4,880	-	-	-	-	-	-	-
<b>Total affiliated companies</b>	<b>22,197</b>	<b>153,579</b>	<b>(5,552)</b>	<b>(338,181)</b>	<b>37,717</b>	<b>(15,693)</b>	<b>574</b>	<b>(3,893)</b>

*Balances and transactions with related parties of the Group as of June 30, 2020*

(in thousands of USD)	Trade receivables	Loans assets	Trade payable	Loans liabilities	Revenue	Costs	Financial income	Financial expenses
Edison Spa	30,173	143,015	(9,682)	(145,763)	26,788	(10,533)	560	(1,236)
Edison Energia Spa	-	-	(88)	-	-	(618)	-	-
Edison Stoccaggio	88	-	-	-	240	-	-	-
TdE	16,173	-	-	-	-	-	-	-
<b>Total affiliated companies</b>	<b>46,434</b>	<b>143,015</b>	<b>(9,770)</b>	<b>(145,763)</b>	<b>27,028</b>	<b>(11,151)</b>	<b>560</b>	<b>(1,236)</b>

### Key management personnel

The Group considers key management personnel to be the Directors of the Group. The composition and the compensation of the members of the Parent Company's Board of Directors are shown in the table below:

(Unaudited) 30 June 2019	Salary and fees US\$'000	Benefits US\$'000	Annual bonus US\$'000	Total US\$'000
Executive Directors	-	-	-	-
Non-Executive Directors	28	-	-	28
<b>Total</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>28</b>

(Audited) 30 June 2020	Salary and fees US\$'000	Benefits US\$'000	Annual bonus US\$'000	Total US\$'000
Executive Directors	-	-	-	-
Non-Executive Directors	28	-	-	28
<b>Total</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>28</b>

Other than amounts shown above, the Directors are remunerated by other Group companies and no practical allocation of their remuneration to the E&P Group can be made.

## Subsidiaries and joint ventures

Information about the composition of the Group at the end of reporting period is as follows:

Company	Directly Parent	% Ownership	Classification	Consolidation	Notes
Edison Exploration & Production S.p.A			Parent Company		
Edison Idrocarburi Sicilia S.r.l	Edison Exploration & Production S.p.A	100%	Subsidiary Company	Full Consolidation	
Edison International S.p.A	Edison Exploration & Production S.p.A	100%	Subsidiary Company	Full Consolidation	
Edison Norge A.S	Edison International S.p.A	100%	Subsidiary Company	Full Consolidation	Discontinued Operations
Edison E&P UK Ltd	Edison Exploration & Production S.p.A	100%	Subsidiary Company	Full Consolidation	
Edison Exploration Ltd	Edison Exploration & Production S.p.A	100%	Subsidiary Company	Full Consolidation	
Edison North Sea Ltd	Edison E&P UK Ltd	100%	Subsidiary Company	Full Consolidation	
Edison Egypt- Energy Service J.S.C	Edison International S.p.A	1% 98%	Subsidiary Company	Full Consolidation	
Abu Qir Petroleum Company	Edison International S.p.A	50%	Joint Venture	Equity	
Ed-Ina D.o.o	Edison International S.p.A	50%	Joint Venture	Equity	
Fayoum Petrleum Co.	Edison International S.p.A	50%	Joint Venture	Equity	
Petrofayoum North Amrya Petroleum Company	Edison International S.p.A	50%	Joint Venture	Equity	
Petromryia North Idku Petroleum Company	Edison International S.p.A	50%	Joint Venture	Equity	New in FY2018
	Edison International S.p.A	50%	Joint Venture	Equity	New in FY2017

2.14 In Paragraph 6 (*Directors' and Senior Managers' Interests*) of Part 20 of the Original Prospectus, the following information is included:

Director / Senior Manager		Number of Shares	Percentage of issued share capital	A1.15.2
Kimberley Wood .....		-	-	
Andreas Persianis .....		-	-	
Name	Current directorships / partnerships	Past directorships		A1.12.1
Kimberley Wood .....	Africa Oil Corp. Gulf Keystone Petroleum Valeura Energy Inc. Peel House Limited	Specialist Healthcare Properties PLC		
Andreas Persianis .....	Fiduserve Asset Management Hellenic Bank PLC	-		

**PART 2**  
**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

The dates given in the table below are indicative only and are based on the Company's current expectations and may be subject to change without notice. All times shown in this Supplementary Prospectus are in London times unless otherwise stated.

<b>Expected timetable of principal events</b>	<b>Event Date</b>
Publication of the Original Prospectus	29 June 2020
Publication of this Supplementary Prospectus	3 December 2020
Expected date of Completion	No later than 30 December 2020
Cancellation of admission of Shares and subsequent Re-admission	No later than 31 December 2020

Each of the times and dates in the above timetable is subject to change without further notice.

### **PART 3**

#### **OTHER IMPORTANT INFORMATION**

No person has been authorised to give any information or make any representations other than those contained in the Original Prospectus and this Supplementary Prospectus in connection with the Re-admission and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the directors of the Company or the Sponsor.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation and PR 3.4.1 of the Prospectus Regulation Rules, the publication of this Supplementary Prospectus or any sale made under this Supplementary Prospectus does not, under any circumstances, create any implication that there has been no change in the affairs of the Group or the Edison E&P Group since, or that the information contained herein is correct at any time subsequent to, the date of this Supplementary Prospectus.

#### **Cautionary Note Regarding Forward-Looking Statements**

This Supplementary Prospectus and the Original Prospectus contain forward-looking statements which reflect the Group's current views or, as appropriate, those of the directors of the Company, with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group's business and that of the Edison E&P Group). These forward-looking statements relate to the Group and the Edison E&P Group and the sectors and industries in which it operates. Statements that include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "estimates", "will", "may", "targets", "aims", "may", "should", "would", "could", "continue", "budget", "schedule" and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the United States federal securities laws or otherwise.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Any forward-looking statements in this Supplementary Prospectus or the Original Prospectus reflect the Group's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the operations, financial condition, results of operations and growth strategy of the Group and/or the Edison E&P Group.

Forward-looking statements are not guarantees of future performance. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Supplementary Prospectus speak only as of the date of this Supplementary Prospectus, reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy (and those of the Edison E&P Group). All of the forward-looking statements made in this Supplementary Prospectus or the Original Prospectus are qualified by these cautionary statements.

Any forward-looking statements speak only as at the date of this Supplementary Prospectus. Subject to any obligations under the Prospectus Regulation Rules, the Listing Rules, the Market Abuse Regulation and/or the Disclosure Guidance and Transparency Rules, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph.

#### **Reserve and resource reporting**

Unless otherwise indicated, the D&M Israel Report has been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System published by the Society of

Petroleum Engineers, the World Petroleum Congress and the American Association of Petroleum Geologists.

The D&M Israel Report presents reserves at 30 June 2020. However, since this date, there has been continuing volatility in oil prices, which could have a significant adverse effect on the estimates of revenues generated by hydrocarbon liquids sales and, depending on the cost of production associated with in-place technical volumes, could have an adverse effect on estimated commercial reserve volumes. Prospective investors should not place undue reliance on the forward-looking statements in the D&M Israel Report or on the ability of DeGolyer and MacNaughton to predict actual reserves. The information on resources in this Prospectus and in the D&M Israel Report is based on economic and other assumptions that may prove to be incorrect.

### **Currency Presentation**

References to “U.S. Dollars” or “U.S.\$” are to United States Dollars, the lawful currency of the United States.



## PART 4 ADDITIONAL INFORMATION

### 1. Persons Responsible

The Company and the directors of the Company, whose names are set out in paragraph 2.3 of Part 1 of this Supplementary Prospectus, accept responsibility for this Supplementary Prospectus and declare that the information contained in this Supplementary Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

A1.1.1  
A1.1.2  
A11.1.1  
A11.1.2

### 2. No Significant Change

2.1 There has been no significant change in either the financial performance or the financial position of the Group since 30 June 2020, the end of the most recent financial period for which historical financial information of the Group has been published.

A1.18.7.1  
A1.10.1(b)

2.2 There has been no significant change in either the financial performance or the financial position of the Edison E&P Group since 30 June 2020, the end of the most recent financial period for which historical financial information of Edison E&P Group has been published.

### 3. Consents

3.1 Morgan Stanley has given and has not withdrawn its written consent to being named in this Supplementary Prospectus.

A11.1.4  
A11.10.1  
A11.10.2

3.2 Deloitte LLP, which is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales, has given and has not withdrawn its written consent to the inclusion in this Supplementary Prospectus of the accountant's report on the consolidated historical financial information of the Edison E&P Group set out in paragraph 2.13 of Part 1 of this Supplementary Prospectus in the form and context which it appears. For the purpose of Prospectus Rule 5.3.2R(2)(f), Deloitte LLP is responsible for and has authorised that report, and declares that it has taken all reasonable care to ensure that the information contained in its report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This consent and declaration is included in this Supplementary Prospectus in compliance with Annex 1 (item 1.2 and item 1.3) of Commission Delegated Regulation (EU) 2019/980 and for no other purpose.

A1.1.3  
A11.1.3

3.3 Degolyer and Macnaughton has given and has not withdrawn its written consent to being named in this Supplementary Prospectus and to the inclusion in this Supplementary Prospectus of information attributed to Degolyer and Macnaughton and references to the D&M Israel Report. For the purpose of Prospectus Rule 5.3.2R(2)(f), Degolyer and Macnaughton is responsible for and has authorised the inclusion in this Supplementary Prospectus of information attributed to Degolyer and Macnaughton and references to the D&M Israel Report, and declares that it has taken all reasonable care to ensure that such information attributed to Degolyer and Macnaughton and the information contained in the D&M Israel Report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This consent and declaration is included in this Supplementary Prospectus in compliance with Annex 1 (item 1.2 and item 1.3) of Commission Delegated Regulation (EU) 2019/980 and for no other purpose.

### 4. Documents Available for Inspection

In addition to those documents set out in paragraph 22 (*Documents Available For Inspection*) of Part 20 "Additional Information" of the Original Prospectus, copies of this Supplementary Prospectus may be inspected on the website <https://www.energean.com/investors/acquisition->

A1.21.1

of-edison-ep/ from the date of publication of this Supplementary Prospectus until Re-admission.

**5. General**

- 5.1 To the extent that there is any inconsistency between any statement in this Supplementary Prospectus and any other statement in the Original Prospectus, the statements in this Supplementary Prospectus will prevail.
- 5.2 Save as disclosed in this Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy relating to information included in the Original Prospectus has arisen or been noted, as the case may be, since the publication of the Original Prospectus.
- 5.3 This Supplementary Prospectus is dated 3 December 2020.