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

Trading Statement & Operational Update

London, 18 January 2022 - Energean plc (LSE: ENOG TASE: אנאג) is pleased to provide an update on recent operations and the Group's trading performance in the 12-months to 31 December 2021 together with guidance for 2022. This information is unaudited and subject to further review.

Mathios Rigas, Chief Executive of Energean, commented:
"2021 was an outstanding year for Energean, one in which we delivered excellent operational and record financial results. Production came in above initial expectations and we recognised all-time-high gas prices in Italy. As a result, we've generated full year revenues of over $495 million and EBITDAX in excess of $200 million.

"The FPSO for our flagship project, Karish, is expected to be ready for sail-away by the end of this quarter. This will kick-start an eventful 2022 with the high-impact drilling programme in Israel beginning in mid-March, first gas from Karish by Q3 and first gas from NEA/NI in Egypt by Q4. With our other development projects in Israel, Italy and Greece also on track we are well positioned to reach our medium-term targets of over 200 kboed production, $2 billion annual revenue and $1.4 billion EBITDAX.

"In 2021, we raised over $3 billion from the debt capital markets to refinance existing borrowings and increase liquidity. In doing so, we extended our weighted average maturity to approximately six years, pushed out commencement of major debt repayment obligations to 2024 and converted floating interest rates to fixed rates. We end the year with over $1 billion[1] of liquidity, ensuring we are fully funded to deliver our projects and a sustainable dividend – the policy for which we expect to announce in March with our annual results.

"On the ESG front, we remain focused on reducing our CO2 emissions intensity and are working towards accelerating our 2050 net zero target. As such, we are assessing the feasibility of a number of carbon capture and storage, and eco-friendly hydrogen projects."

Highlights

- 2021 average working interest production was approximately 41.0 kboed (72% gas), above initial expectations and at the mid-point of the revised full year guidance range of 40.0 - 42.0 kboed
- Revenues for the period were $495.0 million and EBITDAX was $202.9 million, representing record full year consolidated results
- 2021 capital expenditure was $359.3 million versus the revised full year guidance range of $415 – 485 million
- The Karish development remains within budget and is on track to deliver first gas by Q3 2022
    - On 31 December 2021, the overall project was 92.5% complete[2] with the FPSO being 98.4% complete
    - The vessel is expected be ready for sail-away from Singapore by the end of this quarter

[1] Including restricted cash amounts of $200 million and undrawn Greek debt facility of EUR100 million
[2] As measured by project milestones under the TechnipFMC EPCIC

- At 31 December 2021, Energean had total liquidity of over $1 billion[1] and remains fully-funded for all of its key development projects which remain on track and on budget
- Issued $450 million senior-secured notes in November 2021, maturing in 2027, with a fixed coupon rate of 6.5%
    - Combined with the $2.5 billion senior secured notes issued in February 2021 and the €100 million Epsilon funding signed in December 2021 this has increased the weighted average maturity to six years, with first major repayment in 2024 and blended coupon rate of 5.5%
    - Converted floating interest rates to fixed
    - Increased near-term liquidity
- Signed EUR 100 million non-recourse project funding package backed by the Greek State, for the Epsilon development project in Greece which is due online in H1 2023
- Reduced EGPC receivables to $92 million at 31 December 2021 (40% y-o-y reduction)
    - This continues the trend of materially reducing the receivables balance since the economic reference date of the acquisition of Edison E&P (31 December 2019: $222m).

		12-Months to 31 December 2021	**12-Months to 31 December 2020 (Pro Forma)**
Revenues	$ million	495.0	335.9
Cost of production (excluding flux)	$ million	246.2	198.9
Cost of production (excluding flux)	$/boe	16.4	11.3
Cash SG&A	$ million	35.6	33.1
EBITDAX	$ million	202.9	107.7
Development & production capital Expenditure	$ million	359.3	460.4
Exploration Expenditure	$ million	54.0	105.4
Decommissioning Expenditure	$ million	4.0	3
Cash (including restricted amounts)	$ million	930.4	202.9
Net debt – consolidated	$ million	2,048.9	1,241
Net debt – plc excluding Israel	$ million	102.7	183.6
Net debt – Israel (Israel debt is non-recourse)	$ million	1,946.2	1,056.5

2022 Outlook

- 2022 average working interest production, excluding Israel, is expected to be 35.0 – 40.0 kboed. Israel production rate in 2022 is expected to average 25.0 – 30.0 kboed and will be a function of both the first gas date and the commercial ramp up achieved in the initial days and weeks of production
- 2022 development and production capital expenditure is expected to be $710 - 760 million[3]
    - Includes completing the flagship Karish development and continued progress on other key development projects in Israel (Karish North, Second Oil Train & Riser), Egypt (NEA/NI), Greece (Epsilon) and Italy (Cassiopea)
- Excluding any further impact from COVID-19, the Energean Power FPSO is expected to be ready to sail-away this quarter, with first gas from Karish by Q3 2022

[3] Includes (i) $140 million of payments to Technip under the EPCIC which may be deferred (ii) $120 million of underspend carried over from 2021 and (iii) $120 million of Karish North, Second Oil Train and Riser growth expenditure

- Commencement of the high-impact growth drilling campaign in Israel, including Block 12, in March 2022
    - First drilling results anticipated during Q2 2022
- First gas from the first well at NEA/NI (Egypt) expected in H2 2022
- Ongoing progress towards net zero target and detailing of plans to accelerate net zero commitment ahead of 2050
    - Pre-Front-End Engineering Design ("**pre-FEED**") on the carbon capture and storage ("**CCS**") project in Greece underway and expected to complete by Q2 2022
- Dividend Policy to be announced with annual results in March 2022

Webcast & conference call

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

Webcast: https://edge.media-server.com/mmc/p/fkryxi6m

Dial-In: +44 (0) 2071 928338

Dial-In (Israel only): 035308845

Confirmation code: 2576809

Should you have any questions please contact energean@fticonsulting.com.

The presentation will be made available at www.energean.com ahead of the call.

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Energean Operational & Financial Review

Production

In the 12-months to 31 December 2021, average working interest production was 41.0 kboed (72% gas), at the mid-point of the revised full year guidance of 40.0 – 42.0 kboed and above the initial guidance range given in January 2021 of 35.0 – 40.0 kboed.

2022 Israel production is dependent on both the timing of first gas, the speed at which Energean's gas buyers transition away from existing suppliers and the extent to which additional volumes can be sold on a spot basis on the domestic market. The three Karish production wells are expected to have an immediate ability to ramp up to fill the FPSO capacity, which will be an initial 6.5 Bcm/yr, increasing to 8 Bcm/yr once the growth projects come onstream in H2 2023. The 2022 guidance range of 25.0 – 30.0 kboed represents gas sales of 1.0 – 1.3 Bcm plus 5.0 – 6.6 kbod liquids. Energean expects its gas buyers to ramp up to full annual contracted quantity by Q3 2023, 12-months following first production.

	FY 2021 **Kboed**	**FY 2022 guidance** **Kboed**
Israel	-	25.0 – 30.0 (including 1.0 – 1.3 bcm of gas)
Egypt	29.1	24.5 – 28.0
Italy	9.9	9.0 – 10.0
Greece and Croatia	1.3	1.0 – 1.5
UK	0.7	0.5
Total production (including Israel)	**41.0**	**60.0 – 70.0**
Total production (excluding Israel)	**41.0**	**35.0 – 40.0**

Israel

Karish Project Progress

Energean remains on track to deliver first gas from the Karish gas development project by Q3 2022. At 31 December 2021, the project was approximately 92.5% complete[4].

In December 2021, the penultimate major technical milestone associated with the construction of the Energean Power FPSO was successfully completed. This involved testing the telescopic design of the emergency flare stack which will allow the vessel to pass under the Suez Canal Bridge, hence avoiding the need to either sail around Africa or to install the system in the Mediterranean Sea. This has further reduced the environmental footprint of the construction phase whilst shortening the schedule.

[4] As measured by project milestones under the TechnipFMC EPCIC

The FPSO is expected to be ready for sail-away from Singapore by the end of this quarter. We expect approximately four – five months from sail-away to first gas, including the tow from Singapore to Israel, hook-up and commissioning. Commissioning and testing of mechanical and electrical systems is being done in the yard before sail-away with the final commissioning work to be performed offshore upon arrival in Israeli waters.

	% Completion at 31 December 2021[5]
Production Wells	100.0
FPSO	98.4
Subsea	83.6
Onshore	99.9
Total	92.5

Growth Projects

In December 2021, Energean signed an EPC contract with KANFA AS for the second oil train, which will increase the FPSO's liquid production capacity to 32.0 kbod from 18.0 kbod.

The second oil train, second gas sales riser and Karish North are progressing on schedule and are on track to come onstream in H2 2023.

The Karish North development well is scheduled to be drilled during the summer 2022 following completion of the Athena (Block 12) exploration well and the Karish Main-04 appraisal well.

Drilling Campaign

Energean's preparatory work ahead of this quarter's drilling campaign is progressing in line with expectations. The Drilling Campaign is expected to commence in March 2022 with the following sequence:

Athena (Block 12) – Exploration - Firm

Karish Main 4 – Appraisal – Firm

Karish North – Development – Firm

Hermes (Block 31) – Exploration – Optional

Hercules (Block 23) – Exploration - Optional

A decision on whether to drill the optional wells, as part of this drilling campaign, will be made in Q3 2022.

Local Israeli market opportunities as well as export commercialisation routes are being matured to access international gas prices if (and when) additional volumes become available.

Gas Contracts

[5] As measured by project milestones under the TechnipFMC EPCIC

As previously announced, in November 2021, Dalia sent notices to Energean purporting to terminate its gas sales agreement (which represents 0.8bcm/yr of contracted gas sales), whilst also attempting to reserve its rights by claiming that should the notices be determined to be invalid or wrongly issued, the gas sales agreement would not have been terminated.

Energean believes that the notices served by Dalia are invalid and constitute a material breach of contract, giving it the right to terminate the contract. Energean has exercised this right. If Dalia does not withdraw its notices the gas sales agreement will be terminated and Energean will seek to recover any damages suffered by it as a result.

Energean has identified a number of incremental buyers for its gas reserves and prospective resources. In Israel, the third gas fired power plant auctioned as part of the IEC privatisation process (Hagit) has been awarded. The winning consortium is now seeking gas supply.

In December 2021, Energean signed an MOU with EGAS for the sale and purchase of up to 2 Bcm/yr of natural gas on average for a period of 10 years, commencing with initial volumes of up to 1 Bcm/yr. This represents a commercialisation option for gas resources discovered in the 2022/23 drilling campaign.

Energean is confident of selling all volumes profitably and commercial discussions are underway with a number of domestic and international buyers.

Egypt

In the 12-months to 31 December 2021, working interest production from the Abu Qir area averaged 29.1 kboed (87% gas), around the mid-point of full year production guidance (28.5 – 30.0 kboed). Q4 production was impacted by scheduled work-over activities.

NEA/NI is progressing on budget and on schedule, being 37.0% complete as of 31 December 2021. Onshore fabrication of the subsea kit is progressing well. First gas from one well is anticipated in 2H 2022, with the remaining three wells expected online in 1H 2023. On 9 January 2022, the rig contract for the four well drilling campaign was signed with EDC for the El Qaher-1 jack-up rig.

At 31 December 2021, net receivables (after provision for bad and doubtful debts) in Egypt were $92 million, of which $49 million was classified as overdue. Energean has reduced its net EGPC receivables balance by over 50% compared to the balance prevailing at the economic reference date of the Edison E&P acquisition (31 December 2019: $222 million), highlighting the successful outcome of Energean's strategy to reduce the receivables balance and generating additional value from the acquisition.

Cash collection from EGPC during the 12-months of 2021 was $209 million, which was above budget.

New onshore exploration acreage signed

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

The work programme for the licence includes a 170km 2D seismic survey, a 200km^2 3D seismic survey plus two exploration wells, which are expected to target estimated resources (in place) of approximately 100 mmboe.

Europe

Italy

In the 12-months to 31 December 2021, working interest production from Italy averaged 9.9 kboed (41% gas), at the top end of full year production guidance (9.5 – 10.0 kboed).

First gas from Cassiopea remains on track for 1H 2024, being 24.2% complete as of 31 December 2021.

Greece and the Adriatic

In the 12 months to 31 December 2021, working interest production from Greece and Croatia averaged 1.3 kboed (12% gas), slightly lower than the full year production guidance of 1.5 kboed due to downtime for scheduled maintenance on the Prinos Assets in Greece.

Greece

On 27 December, the EUR 100 million funding package, backed by the Greek State, for the Epsilon and Prinos area development was finalised. EUR 90.5 million was provided by the Black Sea Trade and Development Bank ("**BSTDB**") and EUR 9.5 million directly by the Greek State. The tenor is seven and eight years respectively with first repayment not due until 2027. The blended interest rate is 2%. This Facility is non-recourse to the Group.

Following the signing of the funding package, Energean has recommenced work on the Epsilon development which includes the completion of the Lamda platform, tie back to the existing Prinos complex and completion of three wells which were pre-drilled in 2019. First oil from the Epsilon development, which has 2P reserves and 2C resources of 53 mmboe[6] in aggregate, is expected in 1H 2023.

Pre-FEED for the Prinos CCS project is progressing well and is expected to complete by Q2 2022.

Croatia

Energean is currently in FEED for the development of the Irena gas field, located five kilometres north of the Izabela field offshore Croatia, with the target to take FID on the project in Q4 2022. If progressed, first gas is anticipated in Q4 2024. The field has mid-case resources of 0.93 bcm (5.6 mmboe).

United Kingdom

In the 12-months to 31 December 2021, production in the UK North Sea was 0.7 kboed (16% gas), ahead of full year guidance of 0.5 kboed due to extended production from the Wenlock field.

The Glengorm Central appraisal well contained no commercial hydrocarbons and has been plugged and abandoned. A comprehensive data analysis program is underway. The results of the Glengorm appraisal programme will be evaluated to inform forward plans for the P.2215 licence.

[6] YE 2020 CPR

Energean has received interest from third parties with respect to the potential sale of its UK assets portfolio and is continuing to consider and develop its options.

Malta

On 17 December 2021, Energean terminated its Malta Exploration Study Agreements (Blocks 1,2, and 3 of Area 3). This marked an exit from operations in the country.

Financing

During the course of 2021, Energean raised over $3 billion of funding including: (i) $2.5 billion senior secured notes, non-recourse to the Group, at the 100% subsidiary Energean Israel, (ii) EUR100 million Greek state-backed loan, non-recourse to the Group, at Energean Greece and (iii) $450 million senior secured notes at Energean plc.

- The funds raised were used mainly to refinance the Israel Project Finance bank facility, and the Reserve Based Lending ("**RBL**") facilities in place for the Greek and Egyptian assets, as well as to fund the ongoing Group developments.
- This funding has increased near-term liquidity in excess of $1 billion, pushed out commencement of debt repayments to 2024 and increased Energean's weighted average debt maturity to approximately six years as of 31 December 2021
- $2.6 billion of this funding is project funding non-recourse to Energean plc
- In accessing the bond markets, Energean has converted floating interest rate exposure to fixed rates giving a blended average interest rate of approximately 5%.

ESG

In December 2021, the Carbon Disclosure Project (CDP) upgraded its rating for Energean to B, from B- in the previous year (this compares to a flat y-o-y sector average of C). Energean implemented a zero flaring policy across its operated sites and rolled out 'Green electricity' in Israel, Greece and Italy.

Energean published its first Climate Change Policy and was awarded 'Best ESG Energy Growth Strategy – Europe 2021' by CFI.

12-months to 31 December 2021 performance and 2022 guidance

	FY 2022 guidance	**FY 2021**
Consolidated net debt ($ million)	2,600 – 2,800[7]	2,048.9
Cost of Production (Operating Costs plus Royalties)		
- Israel ($ million)[8]	90-120	-
- Egypt ($ million)	60	51.3
- Italy ($ million)	150 (including flux costs of approximately $20 million)	153.8 (including flux costs of approximately $13.9 million)
- Greece & Croatia ($ million)	30	26.8
- UK North Sea ($ million)	30	28.2
Total Cost of Production ($ million)	**360-390**	**260.1**
Cash SG&A ($ million)	35 - 40	35.6
Development and production capital expenditure		
- Israel ($ million)	450-500[9]	242.7
- Egypt ($ million)	140	52.4
- Italy ($ million)	80	42.9
- Greece and Croatia ($ million)	35	9.7
- UK North Sea ($ million)	5	11.6
Total Development & Production Capital Expenditure ($ million)	**710-760**	**359.3**
Exploration Expenditure		
- Israel ($ million)	85	6.0
- Egypt, Italy, Greece and Croatia ($ million)	5	7.2
- UK North Sea ($ million)	10	40.8
Total Exploration Expenditure ($ million)	**100**	**54.0**
Decommissioning		
- UK North Sea	5	0.0
- Italy	15	4.0
Decommissioning expenditure ($ million)	**20**	**4.0**

7 Forecast net debt is presented on a gross basis. i.e. without amortisation of fees

8 Based on 0.9-1.2bcm of gas sales

9 Includes (i) $140 million of payments to Technip under the EPCIC which may be deferred (ii) $120 million of underspend carried over from 2021 and (iii) $120 million of Karish North, Second Oil Train and Riser growth expenditure

Forward looking statements

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