**Energean plc**
**(“Energean” or the “Company”)**

**2023 Full Year Results**

**London, 21 March 2024** - Energean plc (LSE: ENOG, TASE: אנאג) is pleased to announce its audited full-year results for the year ended 31 December 2023 ("**FY 2023**").

**Mathios Rigas, Chief Executive Officer of Energean, commented:**
*“2023 was another transformational year for Energean. We grew production by 200% year-on-year, reached c. 150 kboed peak production and brought NEA/NI online on time and on budget. Despite the challenging geopolitical environment, all of our operations were managed without any impact from the regional conflicts. Since the year-end, the start-up of Karish North and the second gas export riser mean we are now able to utilise the FPSO’s maximum gas capacity and our production guidance illustrates the next step towards our near-term target of 200 kboed.*

*“We also had a strong year financially, generating full-year revenues of $1,420 million and adjusted EBITDAX of $931 million. As a result, we have reduced our leverage ratio by 50% to 3x. These strong results coupled with our long-term gas contracting strategy, which underpins our dividend policy, has seen us return approximately $370 million[1] (210 US$ cents/share) to shareholders since our inaugural payment in Q3 2022.*

*“We are looking beyond our near-term targets and this is reflected in our new Morocco country entry project and in Italy, where we see a new era for the industry following the annulment[2] of prohibitive laws, thereby releasing previously restricted acreage. We also remain alert to opportunities that fit our key business drivers (paying a reliable dividend, deleveraging, growth, and our commitment to Net Zero[3]) and can move quickly to take advantage when they arise.*

*“On sustainability, we are contributing to Israel’s transition away from coal as well as its, and the wider region’s, energy security – helping to meet the growing demand for natural gas. We further reduced our emissions intensity and have now delivered an 86% reduction from our original 2019 baseline. We are also now rated AAA by MSCI[4]. Our Prinos Carbon Storage (“CS”) project will add another pillar and help decarbonise heavy industries in Southeast Europe, in line with our commitment during COP28.*

*“Our ongoing success is due to the entire global team working together during what has been a challenging period in the East Mediterranean. I am proud to lead such a diverse and dedicated team and as we continue to grow, our commitment to integrity, corporate sustainability and operational excellence will remain.”*

**Operational Highlights**

- First major step-up in production achieved.
    - FY23 production of 123 kboed (83% gas), up 200% year-on-year, primarily as a result of a full-year of production from Karish (Israel).
    - Day-to-day production in Israel continues to be unimpacted by the ongoing geopolitical developments.
    - FPSO uptime (excluding planned shutdowns) was 99%[5] in Q4 2023.
- Key growth projects complete.
    - The NEA/NI development (Egypt) was completed in December 2023.
    - Karish North and the second gas export riser were brought online in February 2024.

[1] Amounts shown after payment of Q4 2023 dividend, scheduled for 29 March 2024, which is the date upon which payment is to be initiated by Energean.
[2] Unless successfully appealed by the Ministry.
[3] Net Zero by 2050 commitment is for scope 1 and 2 emissions.
[4] Morgan Stanley Capital International.
[5] Uptime is defined as the number of hours that the Energean Power FPSO was operating; the Q4 2023 figure excludes the scheduled 6-day shutdown that occurred in December.

- Confirmed year-end 2P reserves of 1,115 mmboe, stable year-on-year before produced 2023 volumes and demonstrating material reserves life of around 19 years[6].
- New gas contract signed in Israel in February 2024.
  - Adds circa $2 billion of revenues over the life of the contract and is in line with the Group's strategy to secure long-term reliable cash flows.
- Morocco country entry through farm-in to Chariot Limited's Lixus and Rissana licences, expected to complete imminently.

**Financial Highlights**

- Strong financial performance, underpinned by a full-year of production from Karish.
  - 2023 sales and other revenues of $1,420 million, representing a 93% increase (2022: $737 million).
  - 2023 adjusted EBITDAX of $931 million, representing a 121% increase (2022: $422 million).
  - 2023 profit after tax of $185 million was a significant improvement versus the previous year (2022: $17 million). Profit after tax was negatively impacted by $100 million of deferred tax charges.
  - Group cash as of 31 December 2023 was $372 million (including restricted amounts of $26 million) and total liquidity was $607 million.
  - 50% reduction in Group leverage to 3x (FY 2022: 6x).
  - No immediate debt maturities following Energean Israel's bond refinancing in July 2023.
- Q4 2023 dividend of 30 US$cents/share declared on 22 February 2024 and scheduled to be paid on 29 March 2024[7].
  - A total of 210 US$cents/share (approximately $370 million), including the Q4 2023 dividend[1], returned to shareholders since maiden payments began.
- 42% year-on-year reduction in carbon emissions intensity to 9.3 kgCO2e/boe and an 86% reduction since our original baseline year[8], ahead of schedule with the Group's stated 2019-2025 target.

**Outlook**

- 2024 production guidance reiterated at 155 – 175 kboed (production to end-February was 144 kboed; 82% gas), a significant step up towards Energean's near-term targets.
  Production is second-half weighted due to:
  - Peak gas demand during the summer driving maximum gas output from the Energean Power FPSO.
  - Cassiopea (Italy) first gas expected in the summer of 2024.
- Focused on backfilling the Energean Power FPSO and meeting growing gas demand in Israel and the region.
  - The start of the Katlan (Israel) development will extend the gas production plateau and has potential for exports.
- New areas of development underway to grow the current business base:
  - Morocco farm-in expected to complete imminently; appraisal well planned for Q3 2024.
  - In March 2024, a court ruling annulled the PITESAI plan and its associated acts in Italy. This ruling[9] has unlocked previously restricted acreage in addition to those already identified and highlighted by Energean.
- Quarterly dividend payments intended to be declared in line with previously communicated dividend policy.
- Evaluating all opportunities, with continued capital discipline, that are dividend accretive, meet Energean's deleveraging targets, achieve its growth objectives and contribute to the Group's Net Zero target.

**Financial Summary**

| | | FY 2023 | FY 2022 | % Change |
|---|---|---|---|---|
| Average working interest production | Kboed | 123 | 41 | 200% |
| Sales and other revenue | $ million | 1,420 | 737 | 93% |

[6] Based upon mid-point of 155-175 kboed 2024 production guidance.
[7] Payment date is stated as the date upon which payment is to be initiated by Energean.
[8] Original baseline year was 2019. In 2023, this was revised to 2022.
[9] Unless successfully appealed by the Ministry.

| | | FY 2023 | FY 2022 | % Change |
|---|---|---|---|---|
| Cash Cost of Production | $/boe | 11 | 19 | (42%) |
| Adjusted EBITDAX[10] | $ million | 931 | 422 | 121% |
| Profit after tax | $ million | 185 | 17 | 988% |
| Cash flow from operating activities | $ million | 656 | 272 | 141% |
| | | | | |
| Development and production expenditure | $ million | 487 | 729 | (33%) |
| Exploration expenditure | $ million | 57 | 140 | (59%) |
| Decommissioning expenditure | $ million | 19 | 9 | 111% |
| | | | | |
| | | **31 December 2023** | **31 December 2022** | **% Change** |
| Cash (including restricted amounts) | $ million | 372 | 503 | (26%) |
| Net Debt | $ million | 2,849 | 2,518 | 13% |
| Leverage (Net Debt / Adjusted EBITDAX) | $ million | 3x | 6x | 50% |

**Conference Call**

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

**Webcast:** https://brrmedia.news/ENOG_FY23
**Dial-In:** +44 (0) 33 0551 0200
**Dial-in (Israel only):** +972 (0) 3 376 1321
**Confirmation code (if prompted):** Energean Results

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

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[10] Adjusted EBITDAX is calculated as profit or loss for the period, adjusted for discontinued operations, taxation, depreciation and amortisation, share-based payment charge, impairment of property, plant and equipment, other income and expenses, net finance costs and exploration and evaluation expenses.

## Operational Review

**HSE**

In 2023, Energean delivered another strong HSE record with zero serious injuries recorded. The Loss Time Injury Frequency ("LTIF") Rate was 0.47 (2022: 0.47) and the Total Recordable Incident Rate ("TRIR") was 1.09 (2022: 1.18).

**Reserves**

Full year 2023 working interest 2P reserves were 1,115 mmboe, stable year-on-year before produced 2023 volumes (47 mmboe) and demonstrating material reserves life of around 19 years[11].

| | 2023 2P Reserves mmboe (% gas) | 2022 2P Reserves mmboe (% gas) | % Increase / (Decrease) |
|---|---|---|---|
| Israel | 926 (89%) | 940 (89%) | (1%) |
| Egypt | 70 (88%) | 99 (87%) | (29%) |
| Rest of Portfolio | 119 (37%) | 122 (38%) | (2%) |
| **Total** | **1,115 (83%)** | **1,161 (84%)** | **(4%)** |

**Production and Operational Update**

In 2023, total production was 123 kboed (83% gas), up 200% year-on-year primarily due to the first full year of production from Karish (Israel).

| | 2023 kboed (% gas) | 2022 kboed (% gas) | % Increase / (Decrease) |
|---|---|---|---|
| Israel | 87 (89%) | 5 (92%) | 1640% |
| Egypt | 25 (86%) | 25 (87%) | 0% |
| Rest of portfolio | 11 (34%) | 11 (40%) | 0% |
| **Total** | **123 (83%)** | **41 (75%)** | **200%** |

2024 is expected to be another significant year for Energean and a material step towards its near-term targets. Group production in the first two-months of 2024 was 144 kboed (82% gas). Energean reiterates the guidance range of 155 – 175 kboed that was communicated in its January trading update, which is weighted towards the second half of the year owing to:

- Peak gas demand during summer in Israel driving maximum gas output from the Energean Power FPSO.
- The start-up of Cassiopea (Italy), expected in the summer of 2024.

**Israel**

***Production***

In the 12-months to 31 December 2023, working interest production from Israel averaged 87 kboed (89% gas). Commercial sales for the majority of Energean's long-term gas sale and purchase agreements ("GSPAs") began in April 2023. Slower than expected commissioning and ramp-up resulted in lower than expected production from Karish in the first half of the year. This was overcome, with production successfully increased in Q3 to the FPSO's initial capacity and uptime increased in Q4 to 99%[12]. Peak gas demand from Energean's GSPAs was seen during Q3. Day-to-day production was and continues to be unimpacted as a result of the ongoing geopolitical developments.

***Development***

In February 2024, Energean brought Karish North and the second gas export riser online, enabling utilisation of the FPSO's maximum gas capacity. The Energean Power FPSO now has four production wells in operation, increasing well

[11] Based upon mid-point of 155-175 kboed 2024 production guidance

[12] Uptime is defined as the number of hours that the Energean Power FPSO was operating; the Q4 2023 figure excludes the scheduled 6-day shutdown that occurred in December.

stock redundancy and flexibility to meet the demand requirements of Energean's gas buyers. The second oil train will be installed as soon as feasible.

Energean intends to develop the Katlan/Tanin area in a phased development. Phase 1 includes the Athena, Zeus, Hera and Apollo accumulations, for which the field development plan was approved by the Israeli Government in December 2023. Energean expects to take FID upon finalisation of EPC terms, which are currently under negotiation. Energean expects to be granted a 30-year production licence for Katlan from the Israeli Government in the upcoming weeks.

***Technip***

In February 2024, Energean signed an amendment to the terms of the deferred payment agreement with Technip and reduced the amount to $210 million. This remaining amount will be paid in twelve equal quarterly instalments starting in March 2024. Deferred amounts do not incur any interest. Energean's 2024 capital expenditure guidance does not include this amount, as it was accrued in 2022.

***Eshkol Energies Generation LTD***

Also in February 2024, Energean Israel Limited signed a new GSPA with Eshkol Energies Generation LTD, majority owned by Dalia Energy Companies Ltd, for the supply of an initial quantity of 0.6 bcm/yr[13], rising to 1 bcm/yr from 2032 onwards. The GSPA is for a term of approximately 15 years, for a total contract quantity of up to approximately 12 bcm and represents circa $2 billion in revenues over the life of the contract. The contract contains provisions regarding floor and ceiling pricing, take or pay and price indexation (not Brent-price linked). The GSPA has been signed at levels that are in line with the other large, long-term contracts within Energean's portfolio.

**Egypt**

***Production***

In the 12-months to 31 December 2023, working interest production from Egypt averaged 25 kboed (86% gas). The NEA/NI project achieved first gas from the first well (NEA#6) in March 2023, followed by the second (NEA#5) in July 2023 and then the remaining two in December 2023 (PY#1 and NI#1). The latter three wells are performing in line with expectations at 73 mmscfd (15 kboed). The NEA#6 well ceased production in November 2023 owing to higher than expected rates of decline. There is no read-across of this on the other wells. The project was delivered in line with budget.

An infill well (NAQPII#2) on the Abu Qir field was brought online in January 2024 and is producing in line with expectations at 19 mmscfd (4 kboed). Energean continues to evaluate other infill and exploration opportunities around its Abu Qir hub.

***Production Licences***

Conversations are ongoing with the Egyptian authorities to merge Energean's three production concessions (Abu Qir, NEA and NI) into a single concession. The resultant single concession is expected to streamline the fiscal conditions and extend the economic life of the fields.

***Receivables***

At 31 December 2023, net receivables (after provision for bad and doubtful debts) in Egypt were $147 million (31 December 2022: $117 million), of which $114 million (31 December 2022: $41 million) was classified as overdue.

***Exploration***

The Orion X1 exploration well (W.I. 19%[14]) reached the target reservoir in March 2024. Preliminary results indicate that the well contains no commercial hydrocarbons. Further appraisal activity is contingent upon the completion of post-drilling well analysis.

**Rest of the Portfolio**

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[13] From 3 June 2024 to 31 December 2031.

[14] Working interest shown as of the date of this report.

In the 12-months to 31 December 2023, working interest production from the rest of the portfolio averaged 11 kboed (34% gas).

***Italy***

First gas from Cassiopea (W.I. 40% non-operator) is expected in the summer of 2024. Pipelaying activities were completed in July 2023 and drilling operations began in November 2023, with the first production well completed in January 2024. The remaining offshore and onshore work is progressing well.

In March 2024, the administrative court of Lazio (Rome) ruled in favour on a claim presented by Energean and several other operators, annulling the PITESAI plan and its applicable acts[15]. The annulment of these restrictive laws allows potential new activities either on exploration acreages or in existing leases in addition to those highlighted by Energean in its January 2024 Trading and Operations Update. Energean welcomes this decision and looks forward to progressing certain concessions.

***Greece***

Energean's Prinos CS project in Greece has been included by the European Commission as a Project of Common Interest. Non-binding memoranda of understandings have been signed for c.5 million tonnes per annum of storage and EUR 150 million of grants have been committed. Energean is advancing the conversion of its exploration licence into a storage permit.

**Morocco Country Entry**

As announced on 7 December 2023, Energean has agreed to farm-in to Chariot Limited's ("Chariot", AIM:CHAR) Rissana (W.I. 37.5% operator) and Lixus (W.I. 45% operator) licences, the latter includes the 18 bcm (gross)[16] Anchois gas development.

Completion of the Morocco farm-in is expected imminently, upon receipt of the remaining approvals from the Moroccan Authorities.

Energean (Operator) and Chariot plan to drill an appraisal well on the Anchois field in Q3 2024.

**Financing**

Energean ended 2023 with total available liquidity of $607 million (2022: $720 million), including undrawn amounts of $235 million under its Revolving Credit Facilities.

In July 2023, Energean issued $750 million of senior secured notes via its subsidiary Energean Israel Finance Ltd ("Energean Israel"), maturing in 2033 with a coupon of 8.5%. The funds were used primarily to repay Energean Israel's $625 million notes due in March 2024. As a result of this refinancing, Energean's weighted average life of debt has been extended to more than six years and results in a weighted average interest rate of 6.13%.

In October 2023, the $350 million unsecured plc term loan facility was amended and restated to a $120 million unsecured RCF.

Energean remains committed to its near-term target of reducing leverage, which is defined as net debt / adjusted EBITDAX to around 1.5x.

**Kerogen Investments No. 38 Limited**

In 2023, the remaining two consideration items to Kerogen Investments No. 38 Limited ("Kerogen") as part of the 2020 acquisition of the 30% minority interest in Energean Israel Limited were completed:

- In July 2023, the remaining deferred consideration ($150 million) to Kerogen was paid.
- In December 2023, Kerogen exercised its option to convert its $50 million of convertible loan notes into shares. This resulted in the issuance of 4,422,013 new ordinary shares ("New Ordinary Shares") at a

[15] Unless successfully appealed by the Ministry.
[16] As per Chariot's latest competent person's report covering the Anchois Field that has certified gross 2C contingent resources of 18 bcm in the discovered gas sands.

conversion price of GBP 8.3843 per New Ordinary Share. The New Ordinary Shares were admitted to trading on the London and Tel Aviv Stock Exchanges on 20 December 2023.

**ESG and Climate Change**

Energean is committed to net zero scope 1 and 2 emissions by 2050 and industry-leading disclosure of its energy transition intentions.

***Emissions Reduction***

The Group recorded full-year 2023 scope 1 and 2 emissions intensity of 9.3 kgCO2/boe, a 42% year-on-year reduction, and a 86% reduction versus its original baseline year (2019), ahead of schedule for its stated 2019-2025 target. Energean expects to further reduce emissions intensity to 8.5 – 9.0 kgCO2/boe in 2024.

Energean maintains a rolling carbon intensity reduction plan and currently targets to halve its emissions intensity to 4.0-6.0 kgCO2/boe by 2035. Energean intends to reach this medium-term target through the advancement of CCS, electrification and natural-based solution projects.

***ESG Ratings and Affirmations***

In 2023, Energean has continued to receive strong ESG ratings across the major ESG rating agencies. This includes:

- Carbon Disclosure Project ("CDP") Climate Change rating maintained at A- and aligned with all recommended pillars of the Task Force on Climate Related Financial Disclosure ("TCFD").
- MSCI rating increased to AAA from AA, in the top 17% of our sector.
- Sustainalytics ranked in the top 18% of our sector, up from the top 30% in 2022.
- Maala Index rating maintained at platinum.
- Constituent of the FTSE4Good Index Series.

**2024 Guidance**

| | **FY 2024** |
|---|---|
| **Production** | |
| Israel (kboed) | 115-130 |
| Egypt (kboed) | 29-31 |
| Rest of portfolio (kboed) | 11-14 |
| **Total production (kboed)** | **155-175** |
| | |
| **Consolidated net debt ($ million)** | **2,800-2,900** |
| | |
| **Cash Cost of Production (operating costs plus royalties)** | |
| Israel ($ million) | 350-380 |
| Egypt ($ million) | 30-40 |
| Rest of portfolio ($ million) | 190-210 |
| **Total Cash Cost of Production ($ million)** | **570-630** |
| | |
| **Development and production capital expenditure** | |
| Israel ($ million) | 150-200 |
| Egypt ($ million) | 30-50 |
| Rest of portfolio ($ million) | 220-250[17] |
| **Total development & production capital expenditure ($ million)** | **400-500** |
| | |
| **Exploration expenditure ($ million)** | **130-170[18]** |
| | |
| **Decommissioning expenditure ($ million)** | **40-50** |

[17] Includes $20-25 million of expenditure on the Prinos Carbon Storage project in Greece, which is expected to be covered by EU grants.
[18] Includes the Anchois appraisal well in Morocco.

## Financial Review

### Financial results summary

| | 2023 | 2022 | *Change from 2022* |
|---|---|---|---|
| **Average working interest production (kboepd)** | **123** | 41 | 200% |
| **Revenue ($m)** | **1,420** | 737 | 93% |
| **Cash cost of production ($m)** | **475** | 284 | 67% |
| **Cost of production ($/boe)** | **11** | 19 | (42%) |
| **Administrative & selling expenses ($m)** | **43** | 46 | (7%) |
| **Operating profit ($m)** | **598** | 232 | 158% |
| **Adjusted EBITDAX ($m)** | **931** | 422 | 121% |
| **Profit after tax ($m)** | **185** | 17 | 988% |
| **Cash flow from operating activities ($m)** | **656** | 272 | 141% |
| **Capital expenditure ($m)** | **544** | 870 | (37%) |
| **Cash capital expenditure ($m)** | **541** | 460 | 18% |
| **Net debt ($m)** | **2,849** | 2,518 | 13% |
| **Leverage Ratio (Net debt/ Adjusted EBITDAX)** | **3** | 6 | (50%) |

### Revenue, production, and commodity prices

Revenue increased by $683 million to $1,420 million (2022: $737 million) primarily as a result of the successful ramp-up of production from our flagship Karish gas field, located offshore Northern Israel, to its initial capacity. The Group's realised weighted average oil and gas price for the year was $72/bbl (2022: $81/bbl) and $5/mcf (2022: $11/mcf), respectively.

Working interest production averaged 123 kboepd in 2023 (2022: 41 kboepd), with the Karish gas field accounting for over 70% of total output.

Adjusted EBITDAX amounted to $931 million (2022: $422 million). The increase from 2022 was due to higher revenue complimented by slightly lower operating costs.

### Cash cost of production

During the period, our cash unit production costs decreased to $11 per barrel of oil equivalent (boe), compared to $19/boe in 2022. This reduction was primarily due to the increased production for the year coming from the successful ramp-up of production from the Karish gas field in Israel. In addition, the Egyptian currency, has fallen sharply against the US dollar, also leading to a reduction of the cost per bbl in Egypt. Excluding royalties of $186 million (2022: $46 million), our cash production costs amounted to $289 million in 2023, (2022: $238 million including only 2 months of production in Israel). Consequently, the related cost per boe excluding royalties decreased to $6.4 in 2023, down from $15.9 in 2022.

### Depreciation, impairments and write-offs

Depreciation charges before impairment on production and development assets increased to $306 million (2022: $83 million) with the related increase in the depreciation unit expense to $6.8/boe (2022: $5.5/boe).

The Group's impairment assessment did not identify any cash generating units for which a reasonably possible change in a key assumption would result in impairment or impairment reversal.

Management has considered how the Group's identified climate risks and opportunities (as discussed in the Strategic Report) may impact the estimation of the recoverable amount of cash-generating units in the impairment assessments. The anticipated extent and nature of the future impact of climate on the Group's operations and future investment, and therefore estimation of recoverable value, is not uniform across all cash-generating units. There is a

range of inherent uncertainties in the extent that responses to climate change may impact the recoverable value of the Group's cash-generating units. These include the impact of future changes in government policies, legislation and regulation, societal responses to climate change, the future availability of new technologies and changes in supply and demand dynamics.
The Group has incorporated carbon pricing when preparing discounted cash flow valuations. Carbon prices are incorporated based on currently enacted legislation (where relevant). Carbon costs are based on the forecast carbon price per tonne/CO2e, multiplied by estimated Scope 1 and 2 emissions for the relevant operation(s).
As part of the impairment assessment the Group has run sensitivity scenarios based on the International Energey Agency's (IEA) 2023 World Energy Outlook climate projections including Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS) and Net-Zero Emissions by 2050 Scenario (NZE). These specific scenarios were not directly applied in the assets valuation for financial reporting purposes. This is because no single scenario fully aligns with the management consensus on the assumptions market participans may use in appraising the Group's assets. The assessment revealed that the Group's CGUs in Italy and Greece, particularly the Vega field, are significantly affected by these scenarios due to their sensitivity to fluctuations in Brent oil prices. Conversely, the Group's assets in Israel and Egypt are less influenced by these scenarios, attributed to the localized approach to price definition.

**Exploration and evaluation expenditure and new ventures**

During the period the Group expensed $34 million (2022: $71 million) for exploration and new ventures evaluation activities. This includes impairment costs of $29 million (2022: $66 million) for projects that will not progress to development, primarily Isabella in the UK.
In addition, new ventures evaluation expenditure amounted to $5 million (2022: $5 million), mainly related to pre-licence assessment costs.

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

Energean incurred G&A costs of approximately $43 million in 2023 (2022: $46 million). Cash SG&A was $31 million (2022: $36 million).
Cash G&A excludes certain non-cash accounting items from the Group's reported G&A. Management uses this alternative performance measure to monitor the Group's performance, as it assists in making informed decisions about capital allocation . Cash G&A is calculated as follows: Administrative and Selling and distribution expenses, excluding depletion and amortisation of assets and share-based payment charge that are included in G&A.

| | 2023 ($m) | 2022 ($m) |
|---|---|---|
| Administrative expenses | **43** | 46 |
| Less: | | |
| Depreciation | **5** | 4 |
| Share-based payment charge included in G&A | **7** | 6 |
| **Cash G&A** | **31** | 36 |

**Net other expenses**

Net other expenses of $2 million in 2023 (2022: $1 million income) includes reversal of provision for legal claims of $3 million, expected credit loss provisions of $4 million and other non-recurring items.

**Unrealised loss on derivatives**

The Group has recognised unrealised loss on derivative instruments of $7 million (2022: $5 million) related to the Cassiopea contingent consideration. A contingent consideration of up to $100.0 million is payable and determined based on future Italian gas prices recorded at the time of the commissioning of the field, which is expected in the summer of 2024.
As at 31 December 2023, the two-year Italian gas (PSV) futures curve indicated higher pricing than that at the date of acquisition, with a forward price in excess of €20/Mwh. As a result, the fair value of the contingent consideration as at 31 December 2023 was estimated to be $91 million based on a Monte Carlo simulation (31 December 2022: $86 million).

**Net financing costs**

Financing costs before capitalisation for the period were $268 million (2022: $237 million). Finance costs include: $193 million of interest expenses incurred on Senior Secured notes (2022: $167 million), $6 million on debt facilities (2022: $2 million), $7 million of interest expenses relating to long-term payables (2022: $15 million), $51 million unwinding of discount on deferred consideration, contingent consideration, long-term payables, convertible loan notes and decommissioning provisions (2022: $37 million); $11 million commissions for guarantees and other bank charges of (2022: $16 million).
Net finance costs include foreign exchange losses of $17 million (2022: $22 million) and finance income of $19 million (2022: $10 million), including Interest income from time deposits.

**Taxation**

In 2023, Energean recorded tax charges totalling $159 million, compared to $90 million in 2022. This comprised a current year tax expense of $59 million (down from $200 million in 2022) and a deferred tax expense of $100 million (compared to a credit of $110 million in 2022), resulting in an effective tax rate of 46% (down from 84% in 2022).

The decrease in current tax from 2022 was primarily due to a one-off windfall tax of $119 million charged in Italy in 2022. Additionally, the current tax expense for Italy and Egypt decreased by $13 million and $10 million respectively compared to the previous year.

Regarding deferred tax movement, both Italy and Israel realised previously recognised deferred tax assets due to the utilisation of tax losses, amounting to $15 million and $47 million respectively. Furthermore, Italy reassessed its deferred tax asset recognised on decommissioning provision, resulting in a reduction of $20 million.

**Operating cash flow**

Cash from operations before tax and movements in working capital was $874 million (2022: $373 million). After adjusting for tax and working capital movements, cash from operations was $656 million (2022: $272 million).

**Capital Expenditure**

During the year, the Group incurred capital expenditure of $544 million (2022: $870 million). Capital expenditure mainly comprise development expenditure in relation to the Karish Main and Karish North Fields in Israel ($148 million), NEA/NI project in Egypt ($123 million), Cassiopea field in Italy ($161 million), and exploration expenditures in Katlan, Athena, Zeus, Hermes and Hercules in Israel ($25 million) and in North East Happy and East Bir El Nus in Egypt ($26 million).

**Net Debt**

As at 31 December 2023, net debt of $2,849 million (2022: $2,518 million) consisted of $2,500 million Israeli senior secured notes, $450 million of corporate senior secured notes and $64 million draw down of the Greek loans, less deferred amortised fees and cash, bank deposits and restricted cash balances of $372 million. On 11 July 2023 Energean priced the offering of $750 million aggregate principal amount of senior secured notes. Net debt excluding Israel is $569 million (2022: $144 million).
In accessing the debt capital markets, Energean is only exposed to floating interest rates for the Greek loan and Revolving Credit Facility (‘RCF’).

**Credit ratings**

Energean maintains corporate credit ratings with Standard and Poor’s (S&P) and Fitch Ratings (Fitch). In November 2023:

- S&P affirmed 'B+' ratings on Energean and its senior secured notes maturing in 2027 however the Outlook was revised to Negative from Stable. The negative outlook reflects the escalated geopolitical and security risk in Israel. The ratings were affirmed at B+ as Energean's assets remain fully operational, cash flows have not been affected and the conflict is expected to have limited impact on Energean’s operations in Israel.
- Fitch upgraded Energean plc's corporate credit rating to 'BB-' from 'B+’ with Stable Outlook. Energean's senior secured notes maturing in 2027 were also upgraded to 'BB' from ‘B+’. Key drivers for the upgrade were: production performance, driven by the successful ramp-up of the Karish field, Energean’s clear path to deleveraging, defined Dividend Policy, low re-contracting risk and improving cost of production.

## Risk Management

**Principal Risks**

Energean has long identified geopolitical risks as one of the principal risks facing the Group. Considering the events since October 2023, the Group has introduced a new principal risk specifically relating to the increased regional and domestic geopolitical and security risks in Israel. Day-to-day production and payments from domestic gas offtakers have been unimpacted by the geopolitical developments. Energean continues to monitor the situation and has mitigations in place, including an insurance package for certain risks as a result of damage to the assets. There is also a potential compensation mechanism by the Israeli government under the Property Tax and Compensation Fund Law. A full description of the Group's mitigations in relation to this risk can be found in the 2023 Annual Report & Accounts.

The remainder of the principal risks are unchanged from those disclosed in the 2023 Interim Results. A full description of Energean's principal risks is disclosed in the 2023 Annual Report & Accounts.

**Liquidity risk management and going concern**

The Group carefully manages the risk of a shortage of funds by closely monitoring its funding position and its liquidity risk. The going concern assessment covers the period from the date of approval of the Group Financial Statements on 21 March 2024 to 30 June 2025 'the Assessment Period'.

As of 31 December 2023, the Group's available liquidity was approximately $607 million. This available liquidity figure includes: (i) c. $115 million available under the $300 million Revolving Credit Facility ('RCF') signed by the Group in September 2022 and as amended in May 2023 (with the remainder being utilized to issue Letters of Credit for the Group's operations) and (ii) c. $120 million under the $120 million Revolving Credit Facility signed up by the Group in October 2023.

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

The Base Case scenario assumes Brent at $80/bbl in 2024 and $75/bbl in 2025 and PSV (Italian gas price) at €30/MWH in 2024 and 2025. A reasonable ramp-up of production from the Karish Field is assumed throughout the going concern assessment period, with prices for gas sold assumed at contractually agreed prices. Under the Base Case, sufficient liquidity is maintained throughout the going concern period.

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

The two primary downside sensitivities considered in the RWC are: (i) reduced commodity prices; (ii) reduced production – these downsides are applied to assess the robustness of the Group's liquidity position over the Assessment Period. In a RWC downside case, there are appropriate and timely mitigation strategies, within the Group's control, to manage the risk of funding shortfalls and to ensure the Group's ability to continue as a going concern. Mitigation strategies, within management's control, modelled in the RWC include deferral of capital expenditure on operated assets and/or management of operating expenses to improve the liquidity.

Under the RWC scenario, after considering mitigation strategies, liquidity is maintained throughout the going concern period.

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

In forming its assessment of the Group's ability to continue as a going concern, including its review of the forecasted cashflow of the Group over the Forecast Period, the Board has made judgements about:

• Reasonable sensitivities appropriate for the current status of the business and the wider macro environment; and
• the Group's ability to implement the mitigating actions within the Group's control, in the event these actions were required.

After careful consideration, the Directors are satisfied that the Group has sufficient financial resources to continue in operation for the foreseeable future, for the Assessment Period from the date of approval of the Group Financial Statements on 21 March 2024 to 30 June 2025. For this reason, they continue to adopt the going concern basis in preparing the group financial statements.

**Post balance sheet events**

On 21 February 2024 Energean approved its 4Q dividend of US$30 cents per share, to be paid on 29 March 2024.

On 22 February 2024 Karish North first gas was achieved and the second gas export riser was completed.

The Orion X1 exploration well reached the target reservoir in March 2024. Preliminary results indicate that well contains no commercial hydrocarbons. Further appraisal activity is contingent upon the completion of post-drilling well analysis. The carrying value of the related capitalised exploration and evaluation expenses as of 31 December 2023 was $23.3 million. There has been no impairment recognized related to this investment.

## Non-IFRS measures

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

**Cash cost of production**

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

| ($m) | 2023 | 2022 |
|---|---|---|
| **Cost of sales** | **760** | 359 |
| **Less:** | | |
| **Depreciation** | **301** | 79 |
| **Change in inventory** | **(16)** | (4) |
| **Cost of production[1]** | **475** | 284 |
| **Total production for the period (kboe)** | **44,731** | 15,038 |
| **Cash cost of production per boe ($/boe)** | **11** | 19 |

1Numbers may not sum due to rounding

**Adjusted EBITDAX**

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

| ($m) | 2023 | 2022 |
|---|---|---|
| **Adjusted EBITDAX** | **931** | 422 |
| **Reconciliation to profit/(loss):** | | |

| ($m) | 2023 | 2022 |
|---|---|---|
| **Depreciation and amortisation** | **(306)** | (83) |
| **Share-based payment** | **(7)** | (6) |
| **Exploration and evaluation expense** | **(34)** | (71) |
| **Change in decommissioning cost** | **17** | (28) |
| **Other expense** | **(10)** | (4) |
| **Other income** | **8** | 3 |
| **Finance expenses** | **(250)** | (107) |
| **Finance income** | **19** | 10 |
| **Unrealised loss on derivatives** | **(7)** | (5) |
| **Net foreign exchange** | **(17)** | (22) |
| **Taxation income/(expense)** | **(159)** | (90) |
| **Profit/ (Loss) for the year** | **185** | 17 |

***Capital expenditure***

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

| ($m) | 2023 | 2022 |
|---|---|---|
| **Additions to property, plant and equipment** | **533** | 878 |
| **Additions to intangible exploration and evaluation assets** | **57** | 141 |
| **Less:** | | |
| Capitalised borrowing cost | **18** | 109 |
| Impairment of property, plant and equipment | **-** | 28 |
| Leased assets additions and modifications | **47** | 2 |
| Lease payments related to capital activities | **(16)** | (13) |
| Capitalised depreciation | **-** | 1 |
| Change in decommissioning provision | **(3)** | 22 |
| **Total capital expenditure** | **544** | 870 |
| Movement in working capital | **(3)** | (410) |
| **Cash capital expenditure per the cash flow statement** | **541** | 460 |

***Cash Capital Expenditure***

| ($m) | 2023 | 2022 |
|---|---|---|
| **Payment for purchase of property, plant and equipment** | **436** | 396 |
| **Payment for exploration and evaluation, and other intangible assets** | **105** | 64 |
| **Total Cash Capital Expenditure** | **541** | 460 |

***Net debt/(cash) and leverage ratio***

Net debt is defined as the Group’s total borrowings less cash and cash equivalents. Management believes that net debt serves as a valuable indicator of the Group's indebtedness, financial flexibility, and capital structure because it reflects the level of borrowings after accounting for any cash and cash equivalents that could be utilised to reduce borrowings.
The management closely monitors the leverage ratio, as it provides a comprehensive picture of the Group's financial leverage by comparing net debt to EBITDAX. This monitoring is crucial for making informed decisions regarding dividend distributions, ensuring that such payments are made from a position of financial strength. It maintains the balance between rewarding shareholders and sustaining the Group's long-term financial stability.

| ($m) | 2023 | 2022 |
|---|---|---|
| Current borrowings | **80** | 46 |
| Non-current borrowings | **3,141** | 2,975 |
| **Total borrowings** | **3,221** | 3,021 |
| Less: Cash and cash equivalents and bank deposits | **(347)** | (428) |
| Restricted cash | **(25)** | (75) |
| **Net Debt** | **2,849** | 2,518 |
| **Adjusted EBITDAX** | **931** | 422 |
| **Leverage Ratio (Net debt/ Adjusted EBITDAX)** | **3** | 6 |

**Forward Looking Statements**

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

# Group Income Statement

**Year ended 31 December 2023**

| ($'000) | Notes | 2023 | 2022 |
|---|---|---|---|
| Revenue | 4 | 1,419,633 | 737,081 |
| Cost of sales | 5a | (759,546) | (358,930) |
| **Gross profit** | | **660,087** | **378,151** |
| Administrative expenses | 5b | (43,073) | (45,942) |
| Exploration and evaluation expenses | 5c | (34,088) | (71,395) |
| Change in decommissioning provision | 15 | 16,996 | (27,628) |
| Expected credit (loss)/ reversal | 5d | (4,375) | 7,927 |
| Other expenses | 5e | (5,274) | (12,118) |
| Other income | 5f | 7,980 | 3,163 |
| **Operating profit** | | **598,253** | **232,158** |
| Finance income | 6 | 19,501 | 9,572 |
| Finance costs | 6 | (250,395) | (107,315) |
| Unrealised loss on derivatives | 17 | (6,610) | (5,203) |
| Net foreign exchange losses | 6 | (16,584) | (22,207) |
| **Profit before tax** | | **344,165** | **107,005** |
| | | | |
| Taxation expense | 7 | (159,230) | (89,734) |
| **Profit for the year** | | **184,935** | **17,271** |
| | | | |

| Basic and diluted earnings per share (cents per share) | | 2023 | 2022 |
|---|---|---|---|
| **Basic** | 2 | $1.04 | $0.10 |
| **Diluted** | 2 | $1.05 | $0.12 |

# Group Statement of Comprehensive Income

**Year ended 31 December 2023**

| ($'000) | 2023 | 2022 |
|---|---|---|
| **Profit for the year** | **184,935** | **17,271** |
| | | |
| Other comprehensive profit/(loss): | | |
| *Items that may be reclassified subsequently to profit or loss* | | |
| Cash Flow hedges | | |
| Gain/(loss) arising in the period | - | 11,665 |
| Income tax relating to items that may be reclassified to profit or loss | - | (2,799) |
| Exchange difference on the translation of foreign operations | 7,463 | 6,996 |
| | **7,463** | **15,862** |
| *Items that will not be reclassified subsequently to profit or loss* | | |
| Remeasurement of defined benefit pension plan | (161) | 267 |
| Income taxes on items that will not be reclassified to profit or loss | 38 | (64) |
| | **(123)** | **203** |
| **Other comprehensive profit after tax** | **7,340** | **16,065** |
| | | |
| **Total comprehensive profit for the year** | **192,275** | **33,336** |

# Group Statement of Financial Position

**As at 31 December 2023**

| ($'000) | Notes | 2023 | 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | 4,371,325 | 4,231,904 |
| Intangible assets | 9 | 325,389 | 296,378 |
| Equity-accounted investments | | 4 | 4 |
| Other receivables | 13 | 33,682 | 26,940 |
| Deferred tax asset | 10 | 217,504 | 242,226 |
| Restricted cash | 12 | 3,124 | 2,998 |
| | | **4,951,028** | **4,800,450** |
| **Current assets** | | | |
| Inventories | | 110,126 | 93,347 |
| Trade and other receivables | 13 | 353,257 | 337,964 |
| Restricted cash | 12 | 22,482 | 71,778 |
| Cash and cash equivalents | 11 | 346,772 | 427,888 |
| | | **832,637** | **930,977** |
| **Total assets** | | **5,783,665** | **5,731,427** |
| | | | |
| **Equity and Liabilities** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | | 2,449 | 2,380 |
| Share premium | | 465,331 | 415,388 |
| Merger reserve | | 139,903 | 139,903 |
| Other reserves | | 5,975 | 16,557 |
| Foreign currency translation reserve | | 1,636 | (5,827) |
| Share-based payment reserve | | 32,917 | 25,589 |
| Retained earnings | | 37,904 | 56,208 |
| **Total equity** | | **686,115** | **650,198** |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 14 | 3,141,197 | 2,975,346 |
| Deferred tax liabilities | 10 | 122,785 | 56,114 |
| Retirement benefit liability | | 1,595 | 1,675 |
| Provisions | 15 | 786,362 | 809,727 |
| Trade and other payables | 16 | 166,923 | 318,058 |
| | | **4,218,862** | **4,160,920** |
| **Current liabilities** | | | |
| Trade and other payables | 16 | 737,603 | 756,874 |
| Current portion of borrowings | 14 | 80,000 | 45,550 |
| Current tax liability | | 9,261 | 109,509 |
| Provisions | 15 | 51,824 | 8,376 |
| | | **878,688** | **920,309** |
| **Total liabilities** | | **5,097,550** | **5,081,229** |
| **Total equity and liabilities** | | **5,783,665** | **5,731,427** |

# Group Statement of Changes in Equity

**Year ended 31 December 2023**

| ($'000) | Share capital | Share premium | Hedges and Defined Benefit Plans reserve[19] | Equity component of convertible bonds[20] | Share based payment reserve[21] | Translation reserve[22] | Retained earnings | Merger reserves | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2022** | **2,374** | **915,388** | **(2,971)** | **10,459** | **19,352** | **(12,823)** | **(354,559)** | **139,903** | **717,123** |
| **Profit for the period** | - | - | - | - | - | - | 17,271 | - | 17,271 |
| **Remeasurement of defined benefit pension plan, net of tax** | - | - | 203 | - | - | - | - | - | 203 |
| **Hedges, net of tax** | - | - | 8,866 | - | - | - | - | - | 8,866 |
| **Exchange difference on the translation of foreign operations** | - | - | - | - | - | 6,996 | - | - | 6,996 |
| **Total comprehensive income** | - | - | 9,069 | - | - | 6,996 | 17,271 | - | 33,336 |
| ***Transactions with owners of the company*** | | | | | | | | | |
| **Share based payment charges** | - | - | - | - | 6,243 | - | - | - | 6,243 |
| **Exercise of Employee Share Options** | 6 | - | - | - | (6) | - | - | - | - |
| **Share premium reduction** | - | (500,000) | - | - | - | - | 500,000 | - | - |
| **Dividends (Note 18)** | - | - | - | - | - | - | (106,504) | - | (106,504) |
| **At 1 January 2023** | **2,380** | **415,388** | **6,098** | **10,459** | **25,589** | **(5,827)** | **56,208** | **139,903** | **650,198** |
| **Profit for the period** | - | - | - | - | - | - | 184,935 | - | 184,935 |

[19] Reserve is used to recognise remeasurement gain or loss on cash flow hedges and actuarial gain or loss from the defined benefit pension plan. In 2022 in the Statement of Financial Position this reserve was combined with the 'Equity component of convertible bonds' reserve.

[20] Refers to the Equity component of $50million of convertible loan notes, which were issued in February 2021 and converted into equity at maturity in December 2023.

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

[22] Reserve is used to record unrealised exchange differences arising from the translation of the financial statements of entities within the Group that have a functional currency other than US dollar.

| ($'000) | Share capital | Share premium | Hedges and Defined Benefit Plans reserve[19] | Equity component of convertible bonds[20] | Share based payment reserve[21] | Translation reserve[22] | Retained earnings | Merger reserves | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Remeasurement of defined benefit pension plan, net of tax** | | | (123) | | | | | | (123) |
| **Exchange difference on the translation of foreign operations** | | | | | | 7,463 | | | 7,463 |
| **Total comprehensive income** | - | - | (123) | - | - | 7,463 | 184,935 | - | 192,275 |
| ***Transactions with owners of the company*** | | | | | | | | | |
| **Conversion of the loan note** | 57 | 49,943 | - | (10,459) | - | - | 10,459 | - | 50,000 |
| **Exercise of Employee Share Options** | 12 | - | - | - | (12) | - | - | - | - |
| **Share based payment charges** | - | - | - | - | 7,340 | - | - | - | 7,340 |
| **Dividends (note 18)** | - | - | - | - | - | - | (213,698) | - | (213,698) |
| **At 31 December 2023** | **2,449** | **465,331** | **5,975** | **-** | **32,917** | **1,636** | **37,904** | **139,903** | **686,115** |

# Group Statement of Cash Flows

**Year ended 31 December 2023**

| ($'000) | Note | 2023 | 2022 |
|---|---|---|---|
| Operating activities | | | |
| **Profit before taxation** | | **344,165** | **107,005** |
| *Adjustments to reconcile profit before taxation to net cash provided by operating activities:* | | | |
| Depreciation, depletion and amortisation | 8, 9 | 306,144 | 83,360 |
| Impairment loss on property, plant and equipment | 8 | 342 | - |
| Loss from the sale of property, plant and equipment | 5e | 190 | 1,102 |
| Impairment loss on exploration and evaluation assets | 9 | 28,758 | 65,550 |
| Defined benefit (gain)/ loss | | 45 | (351) |
| Movement in provisions | 15 | (11,098) | (4,742) |
| Compensation to gas buyers | 4 | 4,929 | 18,029 |
| Change in decommissioning provision estimates | 15 | (16,996) | 27,628 |
| Finance income | 6 | (19,501) | (9,572) |
| Finance costs | 6 | 250,395 | 107,315 |
| Unrealised loss on derivatives | 17 | 6,610 | 5,203 |
| ECL on trade receivables | 5d | 4,375 | 565 |
| Non-cash revenues from Egypt[23] | | (48,254) | (57,766) |
| Impairment loss on inventory | 5e | - | 1,207 |
| Share-based payment charge | | 7,340 | 6,044 |
| Net foreign exchange loss | 6 | 16,584 | 22,207 |
| **Cash flow from operations before working capital adjustments** | | **874,028** | **372,784** |
| Increase in inventories | | (14,923) | (10,278) |
| Increase in trade and other receivables | | (45,178) | (74,454) |
| Increase/(Decrease) in trade and other payables | | (44,913) | 23,405 |
| **Cash flow from operations** | | **769,014** | **311,457** |
| Income tax paid | | (112,827) | (39,304) |
| **Net cash inflow from operating activities** | | **656,187** | **272,153** |
| **Investing activities** | | | |
| Payment for purchase of property, plant and equipment | 8 | (436,043) | (395,753) |
| Payment for exploration and evaluation, and other intangible assets | 9 | (105,024) | (64,414) |
| Movement in restricted cash | 12 | 49,226 | 124,953 |

23 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.

| ($'000) | Note | 2023 | 2022 |
|---|---|---|---|
| Proceeds from disposal of property, plant and equipment | | 2 | 227 |
| Amounts received from INGL related to the transfer of property, plant & equipment | 16 | 56,906 | 17,371 |
| Other investing activities | | (522) | - |
| Interest received | | 18,997 | 9,675 |
| **Net cash outflow for investing activities** | | **(416,458)** | **(307,941)** |
| **Financing activities** | | | |
| Drawdown of borrowings | 14 | 905,038 | 63,463 |
| Repayment of borrowings | 14 | (655,000) | - |
| Repayment of deferred consideration liability | 14 | (150,000) | (30,000) |
| Debt issue costs | 14 | (17,633) | - |
| Repayment of obligations under leases | 14 | (18,732) | (14,023) |
| Finance cost paid for deferred license payments | | (2,496) | (1,501) |
| Finance costs paid | | (174,833) | (178,914) |
| Dividend Paid | | (213,698) | (106,504) |
| **Net cash outflow from financing activities** | | **(327,354)** | **(267,479)** |
| **Net decrease in cash and cash equivalents** | | **(87,625)** | **(303,267)** |
| Cash and cash equivalents at beginning of the period | | 427,888 | 730,839 |
| Effect of exchange rate fluctuations on cash held | | 6,509 | 316 |
| **Cash and cash equivalents at end of the period** | **11** | **346,772** | **427,888** |

## *1. Basis of preparation and presentation of financial information*

Whilst the financial information in this preliminary announcement has been prepared in accordance with UK-adopted International Accounting Standards (UK-adopted IAS) and with the requirements of the United Kingdom Listing Authority (UKLA) Listing Rules, this announcement does not contain sufficient information to comply with IFRS. The Group will publish full financial statements that comply with IFRS in April 2024. The financial information for the year ended 31 December 2023 does not constitute statutory accounts as defined in sections 435 (1) and (2) of the Companies Act 2006. The group and parent company financial statements for the year ended 31 December 2022 have been delivered to the Registrar of Companies; the auditor's report on these accounts was unqualified, did not include a reference to any matters by way of emphasis and did not contain a statement under Section 498 (2) or Section 498 (3) of the UK Companies Act 2006.

The accounting policies applied are consistent with those adopted and disclosed in the Group's financial statements for the year ended 31 December 2023. There have been a number of amendments to accounting standards and new interpretations issued by the International Accounting Standards Board which were applicable from 1 January 2023, however these have not any impact on the accounting policies, methods of computation or presentation applied by the Group. Further details on new International Financial Reporting Standards adopted will be disclosed in the 2023 Annual Report and Accounts.
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 2. *Earnings per share*

Basic earnings per ordinary share amounts are calculated by dividing net income for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted income per ordinary share is calculated by dividing net income for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued if dilutive employee share options were converted into ordinary shares.

| ($'000) | 2023 | 2022 |
|---|---|---|
| Total profit attributable to equity shareholders | 184,935 | 17,271 |
| Effect of dilutive potential ordinary shares[24] | 4,450 | 4,054 |
| | **189,385** | **21,325** |

| | 2023 | 2022 |
|---|---|---|
| Basic weighted average number of shares | 178,447,141 | 177,931,019 |
| Dilutive potential ordinary shares | 2,041,193 | 6,714,731 |
| **Diluted weighted average number of shares** | **180,488,334** | **184,645,750** |
| **Basic earnings per share** | **$1.04/share** | **$0.10/share** |
| **Diluted earnings per share** | **$1.05/share** | **$0.12/share** |

### 3. *Segmental reporting*

The information reported to the Group's Chief Executive Officer and Chief Financial Officer (together the Chief Operating Decision Makers) for the purposes of resource allocation and assessment of segment performance is focused on four operating segments: Europe (including Greece, Italy, UK, Croatia), Israel, Egypt and New Ventures.

The Group's reportable segments under IFRS 8 Operating Segments are Europe, Israel and Egypt. Segments that do not exceed the quantitative thresholds for reporting information about operating segments have been included in Other.

Segment revenues, results and reconciliation to profit before tax

The following is an analysis of the Group's revenue, results and reconciliation to profit/(loss) before tax by reportable segment:

| ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| **Year ended 31 December 2023** | | | | | |
| Revenue from gas sales | 109,949 | 674,481 | 138,237 | - | 922,667 |
| Revenue from hydrocarbon liquids sales | - | 265,355 | 32,487 | - | 297,842 |
| Revenue from crude oil sales | 180,704 | - | - | - | 180,704 |
| Revenue from LPG sales | - | - | 14,376 | - | 14,376 |
| Other | - | - | - | 4,044 | 4,044 |

[24] In 2023 $4.5 million (2022: $4.1million) is the unwinding of the discount on the convertible loan notes (as disclosed in note 6). The notes were converted to ordinary shares on 20 December 2023. Refer to note 14 for further detail.

| ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| **Total revenue** | **290,653** | **939,836** | **185,100** | **4,044** | **1,419,633** |
| **Adjusted EBITDAX[25]** | **113,498** | **669,894** | **153,790** | **(6,684)** | **930,498** |
| *Reconciliation to profit before tax:* | | | | | |
| Depreciation and amortisation expenses | (36,702) | (201,882) | (65,922) | (1,638) | (306,144) |
| Share-based payment charge | (6,610) | (730) | (89) | 89 | (7,340) |
| Exploration and evaluation expenses | (30,148) | (50) | - | (3,890) | (34,088) |
| Change in decommissioning expenses | 16,996 | - | - | - | 16,996 |
| Expected credit loss | - | - | (4,375) | - | (4,375) |
| Other expense | (4,665) | (190) | (412) | (7) | (5,274) |
| Other income | 5,155 | 37 | 3,354 | (566) | 7,980 |
| Finance income | 10,498 | 11,319 | 1,348 | (3,664) | 19,501 |
| Finance costs | (44,264) | (169,467) | (972) | (35,692) | (250,395) |
| Unrealised loss on derivatives | (6,610) | - | - | - | (6,610) |
| Net foreign exchange gain/(loss) | (8,928) | (9,084) | (3,282) | 4,710 | (16,584) |
| **Profit/(loss) before income tax** | **8,220** | **299,847** | **83,440** | **(47,342)** | **344,165** |
| Taxation income / (expense) | (42,376) | (68,600) | (48,254) | - | (159,230) |
| **Profit/(loss) from operations** | **(34,156)** | **231,247** | **35,186** | **(47,342)** | **184,935** |
| **Year ended 31 December 2022** | | | | | |
| Revenue from gas sales | 328,506 | 45,153 | 156,264 | - | 529,923 |
| Revenue from crude oil sales | 206,959 | - | - | - | 206,959 |
| Other | (31,298) | (18,031) | 57,131 | (7,603) | 199 |
| **Total revenue** | **504,167** | **27,122** | **213,395** | **(7,603)** | **737,081** |
| **Adjusted EBITDAX[25]** | **262,655** | **(4,498)** | **164,581** | **(1,125)** | **421,613** |
| *Reconciliation to profit before tax:* | | | | | |
| Depreciation and amortisation expenses | (27,199) | (12,112) | (43,266) | (783) | (83,360) |
| Share-based payment charge | (1,423) | (214) | (89) | (4,318) | (6,044) |
| Exploration and evaluation expenses | (61,071) | (1,819) | - | (8,505) | (71,395) |
| Impairment loss on property, plant and equipment | (27,628) | - | - | - | (27,628) |
| Expected credit loss | (3,043) | - | 10,970 | - | 7,927 |
| Other expense | (2,699) | (1,102) | - | (8,317) | (12,118) |
| Other income | 1,284 | 54 | 1,097 | 728 | 3,163 |

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

| ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| Finance income | 3,777 | 6,379 | 1,705 | (2,289) | 9,572 |
| Finance costs | (32,395) | (29,811) | (858) | (44,251) | (107,315) |
| Unrealised loss on derivatives | (5,203) | - | - | - | (5,203) |
| Net foreign exchange gain/(loss) | 4,065 | (3,085) | (7,498) | (15,689) | (22,207) |
| **Profit/(Loss) before income tax** | **111,120** | **(46,208)** | **126,642** | **(84,549)** | **107,005** |
| Taxation income / (expense) | (42,283) | 10,951 | (57,766) | (636) | (89,734) |
| **Profit/(Loss) from continuing operations** | **68,837** | **(35,257)** | **68,876** | **(85,185)** | **17,271** |

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2023 and 31 December 2022, respectively:

| Year ended 31 December 2023 ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| Oil & Gas properties | 734,265 | 2,783,914 | 473,628 | 311,295 | 4,303,102 |
| Other fixed assets | 35,110 | 13,918 | 19,996 | (801) | 68,223 |
| Intangible assets | 20,303 | 243,965 | 46,846 | 14,275 | 325,389 |
| Trade and other receivables | 88,729 | 130,135 | 154,095 | (19,702) | 353,257 |
| Deferred tax asset | 217,504 | - | - | - | 217,504 |
| Other assets | 849,649 | 573,855 | 47,601 | (954,915) | 516,190 |
| **Total assets** | **1,945,560** | **3,745,787** | **742,166** | **(649,848)** | **5,783,665** |
| Trade and other payables | 375,390 | 391,379 | 74,893 | 62,864 | 904,526 |
| Borrowings | 108,392 | 2,588,491 | - | 524,314 | 3,221,197 |
| Decommissioning provision | 738,063 | 92,613 | - | 6,819 | 837,495 |
| Current tax payable | 7,597 | - | - | 1,664 | 9,261 |
| Deferred tax liability | - | 122,785 | - | - | 122,785 |
| Other liabilities | 7,502 | - | 1,601 | (6,817) | 2,286 |
| **Total liabilities** | **1,236,944** | **3,195,268** | **76,494** | **588,844** | **5,097,550** |
| **Other segment information** | | | | | |
| Capital Expenditure[26]: | | | | | |
| Property, plant and equipment | 220,461 | 138,490 | 130,099 | (1,630) | 487,420 |
| Intangible, exploration and evaluation assets | 4,152 | 24,959 | 26,253 | 1,288 | 56,652 |

26 Capital expenditure is defined as additions to property, plant and equipment and intangible exploration and evaluation assets less decommissioning asset additions, right-of-use asset additions, capitalised share-based payment charge and capitalised borrowing costs.

| Year ended 31 December 2022 ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| Oil & Gas properties | 536,874 | 3,264,364 | 409,732 | (14,440) | 4,196,530 |
| Other fixed assets | 13,365 | 4,750 | 17,325 | (66) | 35,374 |
| Intangible assets | 48,249 | 219,354 | 20,639 | 8,136 | 296,378 |
| Trade and other receivables | 141,509 | 82,611 | 131,453 | (17,609) | 337,964 |
| Deferred tax asset | 244,394 | - | - | (2,168) | 242,226 |
| Other assets | 883,576 | 24,933 | 96,942 | (382,496) | 622,955 |
| **Total assets** | **1,867,967** | **3,596,012** | **676,091** | **(408,643)** | **5,731,427** |
| Trade and other payables | 220,706 | 540,459 | 50,563 | 114,506 | 926,234 |
| Borrowings | 61,437 | 2,471,030 | - | 488,429 | 3,020,896 |
| Decommissioning provision | 724,458 | 84,299 | - | - | 808,757 |
| Current tax payable | 109,468 | - | - | 41 | 109,509 |
| Other liabilities | 124,201 | 40,882 | 18,498 | 32,252 | 215,833 |
| **Total liabilities** | **1,240,270** | **3,136,670** | **69,061** | **635,228** | **5,081,229** |
| **Other segment information** | | | | | |
| Capital Expenditure: | | | | | |
| Property, plant and equipment | 85,840 | 537,527 | 105,792 | (368) | 728,791 |
| Intangible, exploration and evaluation assets | 12,143 | 124,718 | 193 | 3,970 | 141,024 |

## Segment cash flows

| Year ended 31 December 2023 ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| Net cash from / (used in) operating activities | 25,737 | 586,570 | 52,032 | (8,152) | 656,187 |
| Cash outflow for investing activities | (134,681) | (194,833) | (91,238) | 4,294 | (416,458) |
| Net cash from financing activities | 65,012 | (129,801) | 26,896 | (289,461) | (327,354) |
| **Net increase/(decrease) in cash and cash equivalents** | **(43,932)** | **261,936** | **(12,310)** | **(293,319)** | **(87,625)** |
| Cash and cash equivalents at beginning of the period | 58,340 | 24,825 | 26,825 | 317,898 | 427,888 |
| Effect of exchange rate fluctuations on cash held | 775 | (136) | (3,281) | 9,151 | 6,509 |
| **Cash and cash equivalents at end of the period** | **15,183** | **286,625** | **11,234** | **33,730** | **346,772** |

| Year ended 31 December 2022 ($'000) | Europe | Israel | Egypt | Other & inter-segment transactions | Total |
|---|---|---|---|---|---|
| Net cash from / (used in) operating activities | 225,780 | (7,850) | 66,946 | (12,723) | 272,153 |
| Cash outflow from investing activities | (287,490) | (180,040) | (54,229) | 213,818 | (307,941) |
| Net cash from financing activities | 54,977 | (133,953) | (2,528) | (185,975) | (267,479) |
| **Net increase/(decrease) in cash and cash equivalents** | **(6,733)** | **(321,843)** | **10,189** | **15,120** | **(303,267)** |
| Cash and cash equivalents at beginning of the period | 71,312 | 349,827 | 19,254 | 290,446 | 730,839 |
| Effect of exchange rate fluctuations on cash held | (6,451) | (3,159) | (2,617) | 12,543 | 316 |
| **Cash and cash equivalents at end of the period** | **58,128** | **24,825** | **26,826** | **318,109** | **427,888** |

## *4. Revenue*

| ($'000) | 2023 | 2022 |
|---|---|---|
| Revenue from crude oil sales | 180,704 | 206,959 |
| Revenue from hydrocarbon liquids sales | 297,842 | 35,384 |
| Revenue from gas sales | 927,596 | 529,923 |
| Revenue from LPG sales | 14,376 | 21,747 |
| Compensation to gas buyers | (4,929) | (18,031) |
| Gain/(Loss) on forward transactions | - | (55,189) |
| Petroleum product sales | 4,044 | 2,697 |
| Rendering of services | - | 1,001 |
| **Revenue from contracts with customers** | **1,419,633** | **724,491** |
| Other operating income-lost production insurance proceeds | - | 12,590 |
| **Total Revenue** | **1,419,633** | **737,081** |

Since August 2021 in accordance with the GSPAs signed with a group of gas buyers, the Group have paid compensation to these counterparties due to the fact the gas supply date is taking place beyond a certain date as defined in the GSPAs (being 30 June 2021). The compensation is accounted as variable purchase consideration and deducted from revenue as gas is delivered to the offtakers.

In 2022 proceeds were received in relation to lost production under the business interruption insurance policy of $12.6million. No such proceeds were received in the current year.

100% of the gas produced at Abu Qir & North Idku and North El Amriya (Egypt) is sold to EGPC and EGAS respectively under a Brent-linked gas price. The gas price is determined based on Brent prices trading within a certain range, as set out in the agreement, and contains both a floor price and a cap; limiting volatility and exposure to commodity price fluctuations.

| Sales for the year ended 31 December (Kboe) | 2023 | 2022 |
|---|---|---|
| **Egypt (net entitlement)** | | |
| Gas | 4,533 | 5,059 |

| Sales for the year ended 31 December (Kboe) | 2023 | 2022 |
|---|---|---|
| LPG | 287 | 333 |
| Condensate | 436 | 390 |
| **Italy** | | |
| Oil | 2,190 | 2,440 |
| Gas | 1,270 | 1,406 |
| **Israel** | | |
| Gas | 28,416 | 1,781 |
| Oil | 3,492 | - |
| **UK** | | |
| Gas | 23 | 73 |
| Oil | 228 | 245 |
| **Croatia** | | |
| Gas | 28 | 38 |
| **Greece** | | |
| Oil | 367 | - |
| **Total** | **41,270** | **11,765** |

## 5. *Operating profit/(loss)*

| | ($'000) | 2023 | 2022 |
|---|---|---|---|
| **(a)** | ***Cost of sales*** | | |
| | Staff costs | 47,650 | 52,904 |
| | Energy cost | 22,166 | 15,947 |
| | Flux Cost | 33,998 | 36,970 |
| | Royalty payable | 185,622 | 45,770 |
| | Other operating costs[27] | 185,018 | 132,688 |
| | Depreciation and amortisation (note 8) | 300,876 | 79,362 |
| | Oil stock movement | (15,554) | (1,707) |
| | Stock (underlift)/overlift movement | (230) | (3,004) |
| | | **759,546** | **358,930** |
| **(b)** | ***Administration expenses*** | | |
| | Staff costs | 21,416 | 17,977 |
| | Other General & Administration expenses | 6,648 | 16,592 |
| | Share-based payment charge included in administrative | 7,340 | 6,044 |
| | Depreciation and amortisation (note 8 & 9) | 5,268 | 3,257 |
| | Auditor fees | 2,401 | 2,072 |
| | | **43,073** | **45,942** |
| **(c)** | ***Exploration and evaluation expenses*** | | |
| | Staff costs for Exploration and evaluation activities | 3,171 | 3,012 |
| | Exploration costs written off (note 9) | 28,758 | 65,550 |
| | Other exploration and evaluation expenses | 2,159 | 2,833 |
| | | **34,088** | **71,395** |
| **(d)** | ***Expected credit loss*** | | |
| | Expected credit loss expense | 4,375 | 3,043 |

[27] Other operating costs comprise of insurance costs, gas transportation and treatment fees concession fees and planned maintenance costs.

| | ($'000) | 2023 | 2022 |
|---|---|---|---|
| | Reversal of expected credit loss allowance | - | (10,970) |
| | | **4,375** | **(7,927)** |
| **(e)** | ***Other expenses*** | | |
| | Intra-group merger costs | 80 | 3,212 |
| | Loss from disposal of Property plant & Equipment | 190 | 1,102 |
| | Write-down of inventory | - | 1,207 |
| | Write-down of property, plant and equipment costs (note 8) | 342 | - |
| | Provision for litigation and claims | - | 1,198 |
| | Other expenses | 4,662 | 5,399 |
| | | **5,274** | **12,118** |
| **(f)** | ***Other income*** | | |
| | Profit from sale of inventory | 339 | 1,643 |
| | Reversal of provision for legal claims | 2,743 | - |
| | Other income | 4,898 | 1,520 |
| | | **7,980** | **3,163** |

## *6. Net finance cost*

| ($'000) | 2023 | 2022 |
|---|---|---|
| Interest on bank borrowings | 6,104 | 1,527 |
| Interest on Senior Secured Notes | 193,009 | 167,372 |
| Interest expense on long term payables | 7,158 | 14,660 |
| Interest expense on short term liabilities | - | 54 |
| Less amounts included in the cost of qualifying assets | (17,416) | (123,635) |
| | **188,855** | **59,978** |
| Finance and arrangement fees | 8,985 | 11,334 |
| Commission charges for bank guarantees | 2,274 | 2,118 |
| Other finance costs and bank charges | (229) | 2,136 |
| Unwinding of discount on right of use asset | 2,476 | 2,159 |
| Unwinding of discount on long term trade payables | 8,753 | - |
| Unwinding of discount on provision for decommissioning | 31,255 | 21,495 |
| Unwinding of discount on deferred consideration | 5,674 | 7,098 |
| Unwinding of discount on convertible loan | 4,450 | 4,054 |
| Unwinding of discount on contingent consideration | (1,855) | 2,667 |
| Less amounts included in the cost of qualifying assets | (243) | (5,724) |
| **Total finance costs** | **250,395** | **107,315** |
| Interest income from time deposits | (19,501) | (9,572) |
| **Total finance income** | **(19,501)** | **(9,572)** |
| Foreign exchange losses | 16,584 | 22,207 |
| **Net financing costs** | **247,478** | **119,950** |

## 7. *Taxation*

*(a) Taxation charge*

| ($'000) | 2023 | 2022 |
|---|---|---|
| Current income tax charge | (57,800) | (199,563) |
| **Adjustments in respect of current income tax of previous year**(s) | (1,598) | (583) |
| **Total current tax charge** | **(59,398)** | **(200,146)** |
| Deferred tax relating to origination and reversal of temporary differences (note 10) | (99,832) | 110,412 |
| **Income tax expense reported in the Income statement** | **(159,230)** | **(89,734)** |

*(b) Reconciliation of the total tax charge*

The Group calculates its income tax expense by applying a weighted average tax rate calculated based on the statutory tax rates of each country weighted according to the profit or loss before tax earned by the Group in each jurisdiction where deferred tax is recognised or material current tax charge arises.
The effective tax rate for the period is 46% (2022: 84%).
The tax (charge) for the period can be reconciled to the accounting profit per the Group Income statement as follows:

| ($'000) | 2023 | 2022 |
|---|---|---|
| **Profit before tax** | **344,165** | **107,005** |
| Tax calculated at 18.2% weighted average rate (2022: 27.5%)[28] | (62,752) | (29,453) |
| Impact of different tax rates[29] | (15,482) | (9,960) |
| Non recognition of deferred tax on current year tax losses and other temporary differences | (42,086) | (50,905) |
| Recognition of previously unrecognised deferred tax/ Derecognition of previously recognised deferred tax[30] | (27,107) | 134,642 |
| Permanent differences[31] | (12,623) | (16,341) |
| Foreign taxes | (29) | (54) |
| Windfall tax[32] | - | (119,425) |

[28] For the reconciliation of the tax rate, the weighted average rate of the statutory tax rates in Greece (25%), Cyprus (12.5%) Israel (23%), Italy (24%), United Kingdom (23.5%/75%) and Egypt (40.55%) were weighted according to the profit or loss before tax earned by the Group in each jurisdiction, excluding fair value uplifts profits.

[29] "Impact of different tax rates" mainly refer to the Italian regional taxes (IRAP).

[30] Change in estimate of decommissioning provision in 2023 resulted in $27.1 million of DTA recognised during the period. In 2022 the Group recognised $134.6 million of DTA mainly due to the change in decommissioning provision and reassessment of utilisation of tax losses carried forward in Italy.

[31] Permanent differences mainly consisted of non-deductible expenses ($13.2m), goodwill impairment ($0.4m) and foreign exchange income ($1.0m). In 2022, non-deductible tax expenses primarily relate to financial instruments associated with the acquisition of 30% of Energean Israel from Kerogen Capital, which was finalised during the year.

[32] In 2022, Italy introduced:

1) a windfall tax in the form of a law decree which imposed a 25% one-off tax on profit margins that rose by more than $5.26 million (€5.0 million) between October 2021 and April 2022 compared to the same period a year earlier. The amount of the windfall tax paid by Energean Italy was $29.3 million; and
2) a new windfall tax that imposed a 50% one-off tax, calculated on 2022 taxable profits that are 10% higher than the average taxable profits between 2018-2021. This amount has a ceiling equal to 25% of the value of the net assets at end-2021. The exposure has been provided for accordingly in 2022. Consequently, the Group paid a one-off windfall tax of $94.7 million (€87.0 million) in June -July 2023.

In addition, the Energy (Oil and Gas) Profits Levy (EPL) was announced by the UK Government on 26 May 2022 and legislated for in July 2022. This was a new, temporary 25% (to be increased to 35% from 1st January 2023) levy on ring fence profits of oil and gas companies. This was in addition to Ring Fence Corporation Tax which is charged at 30% and the Supplementary Charge which is charged at 10%. The Group's exposure to the EPL is de minimis.

| ($'000) | 2023 | 2022 |
|---|---|---|
| Tax effect of non-taxable income & allowances | 2,556 | 2,217 |
| Other adjustments | (109) | 128 |
| Prior year tax | (1,598) | (583) |
| **Taxation expense** | **(159,230)** | **(89,734)** |

There are no income tax consequences attached to the payment of dividends in either 2023 or 2022 by the Group to its shareholders.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. However, this legislation does not currently apply to the Group as its consolidated revenue has not exceeded the threshold of €750 million in at least two of the four preceding fiscal years prior to the enactment of the legislation. Therefore, the consolidated financial statements do not include information required by paragraphs 88A-88D of IAS 12.

## *8. Property, plant & equipment*

| ($'000) | Oil and gas assets[33] | Leased assets[34] | Other property, plant and equipment | Total |
|---|---|---|---|---|
| **Property, Plant & Equipment at Cost:** | | | | |
| **At 1 January 2022** | **3,897,787** | **57,245** | **59,046** | **4,014,078** |
| Additions | 742,665 | 1,195 | 1,534 | 745,394 |
| Lease modification | - | 831 | - | 831 |
| Disposal of assets | (900) | | - | (900) |
| Capitalised borrowing cost | 109,184 | - | - | 109,184 |
| Capitalised depreciation | 632 | - | - | 632 |
| Change in decommissioning provision | 21,685 | - | - | 21,685 |
| Other movements | (241) | 37 | (74) | (278) |
| Foreign exchange impact | (31,388) | (596) | (388) | (32,372) |
| **At 31 December 2022** | **4,739,424** | **58,712** | **60,118** | **4,858,254** |
| Additions | 469,023 | 38,278 | 2,203 | 509,504 |
| Lease modification | - | 8,706 | - | 8,706 |
| Disposal of assets | (111,448) | | - | (111,448) |
| Capitalised borrowing cost | 17,658 | - | - | 17,658 |
| Change in decommissioning provision | (2,504) | - | - | (2,504) |
| Other movements | (313) | - | (307) | (620) |
| Foreign exchange impact | 89,811 | 2,582 | 2,090 | 94,483 |
| **At 31 December 2023** | **5,201,651** | **108,278** | **64,104** | **5,374,033** |
| **Accumulated Depreciation and Impairment:** | | | | |
| **At 1 January 2022** | **442,522** | **19,102** | **52,981** | **514,605** |

[33] Included within the carrying amount of Oil & Gas assets are development costs of the Karish field related to the Sub Sea and On-shore construction. In line with the agreement with Israel Natural Gas Lines ("INGL"), the transfer of title ("hand over") of these assets to INGL was completed at the end of March 2023. Following Handover, INGL is responsible for the operation and maintenance of this part of the infrastructure and the related asset.

[34] Included in the carrying amount of leased assets at 31 December 2023 are right of use assets related to Oil and gas properties and Other property, plant and equipment of $58.0 million and $3.9 million respectively (2022: $21.3 million and $8.1 million). The depreciation charged on these classes for the year ending 31 December 2023 was $13.4 million and $2.0 million respectively (2022: $7.9 million and $2.1 million).

| ($'000) | Oil and gas assets[33] | Leased assets[34] | Other property, plant and equipment | Total |
|---|---|---|---|---|
| Charge for the period | 71,464 | 10,091 | 1,171 | 82,726 |
| Impairments | 27,878 | - | - | 27,878 |
| Foreign exchange impact | 1,030 | 105 | 6 | 1,141 |
| **At 31 December 2022** | **542,894** | **29,298** | **54,158** | **626,350** |
| Charge for the period | 287,926 | 15,432 | 1,808 | 305,166 |
| Impairment | 342 | - | - | 342 |
| Foreign exchange impact | 67,387 | 1,607 | 1,856 | 70,850 |
| **At 31 December 2023** | **898,549** | **46,337** | **57,822** | **1,002,708** |
| **Net carrying amount:** | | | | |
| **At 31 December 2022** | **4,196,530** | **29,414** | **5,960** | **4,231,904** |
| **At 31 December 2023** | **4,303,102** | **61,941** | **6,282** | **4,371,325** |

Borrowing costs capitalised for qualifying assets during the year are calculated by applying a weighted average interest rate of 5.52% for the year ended 31 December 2023 (for the year ended 31 December 2022: 5.16%).
The additions to Oil & Gas properties for the year ended 31 December 2023 are mainly due to development costs for the FPSO, Karish North field and second oil train at the amount of $148 million, development cost for Cassiopea project in Italy at the amount of $161 million and NEA/NI project in Egypt at the amount of $123 million.
In 2023 the Group entered in new vessel lease agreements for offshore concessions in Italy.
The impairment of $27.9 million recognised in 2022 was a result of a change to the decommissioning estimate on certain fields in Italy and the UK where the recoverable amount was lower than the carrying value, subsequent to recognising the change in estimate. The remaining 2022 change in decommissioning provision of $21.7 million was in relation to fields across the group whereby the recoverable amount exceeded the carrying value.

### *9. Intangible assets*

| ($'000) | Exploration and evaluation assets | Goodwill | Other Intangible assets | Total |
|---|---|---|---|---|
| **Intangible assets at Cost:** | | | | |
| **At 1 January 2022** | **205,333** | **101,146** | **9,707** | **316,186** |
| Additions | 139,911 | - | 1,113 | 141,024 |
| Other movements | - | - | 280 | 280 |
| Exchange differences | (6,890) | - | (125) | (7,015) |
| **31 December 2022** | **338,354** | **101,146** | **10,975** | **450,475** |
| Additions | 56,379 | - | 273 | 56,652 |
| Other movements | 313 | - | 307 | 620 |
| Exchange differences | 2,670 | - | (12) | 2,658 |
| **At 31 December 2023** | **397,716** | **101,146** | **11,543** | **510,405** |
| **Accumulated amortisation and impairments:** | | | | |
| **At 1 January 2022** | **83,279** | **-** | **4,766** | **88,045** |
| Charge for the period | 39 | - | 595 | 634 |
| Impairment | 47,240 | 18,310 | - | 65,550 |
| Exchange differences | (110) | - | (22) | (132) |

| ($'000) | Exploration and evaluation assets | Goodwill | Other Intangible assets | Total |
|---|---|---|---|---|
| **31 December 2022** | **130,448** | **18,310** | **5,339** | **154,097** |
| Charge for the period | 46 | - | 932 | 978 |
| Impairment | 26,583 | 2,175 | - | 28,758 |
| Exchange differences | 1,197 | - | (14) | 1,183 |
| **31 December 2023** | **158,274** | **20,485** | **6,257** | **185,016** |
| Net carrying amount | | | | |
| **At 31 December 2022** | **207,906** | **82,836** | **5,636** | **296,378** |
| **At 31 December 2023** | **239,442** | **80,661** | **5,286** | **325,389** |

Goodwill arises principally because of the requirement to recognise deferred tax assets and liabilities for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination. Total impairment of $28.8 million was recognised in the period for projects that will not progress to development. The Group exited Isabella licence in December 2023 and as a result the related exploration asset ($26.6 million) and goodwill ($2.2 million) were impaired.
The remaining goodwill balance is in relation to the Israel CGU ($75.8 million), and UK ($4.8 million). We have performed the annual goodwill impairment test and note that no reasonably possible change would result in impairment.
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### *10. Net deferred tax (liability)/asset*

| Deferred tax (liabilities)/assets ($'000) | Property, plant and equipment | Right of use asset IFRS 16 | Decom-missioning | Prepaid expenses and other receivables | Inventory | Tax losses | Deferred expenses for tax | Retirement benefit liability | Accrued expenses and other short-term liabilities | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2022** | **(140,553)** | **(990)** | **89,440** | **(1,571)** | **183** | **120,180** | **11,030** | **266** | **9,388** | **87,373** |
| Increase / (decrease) for the period through: | | | | | | | | | | |
| Profit or loss (Note 7) | (11,836) | (103) | 41,688 | 1,642 | 265 | 83,814 | (4,822) | (22) | (214) | 110,412 |
| Other comprehensive income | | | | | | | | (64) | (2,799) | (2,863) |
| Exchange difference | 3,466 | 15 | (4,882) | 115 | (8) | (6,986) | | (15) | (515) | (8,810) |
| **31 December 2022** | **(148,923)** | **(1,078)** | **126,246** | **186** | **440** | **197,008** | **6,208** | **165** | **5,860** | **186,112** |
| Increase / (decrease) for the period through: | | | | | | | | | | |
| Profit or loss (Note 7) | (13,874) | (2,644) | (26,955) | (2,225) | (440) | (57,185) | (630) | 163 | 3,958 | (99,832) |
| Other comprehensive income | - | - | - | - | - | - | - | 38 | - | 38 |
| Exchange difference | (1,197) | (15) | 4,269 | (12) | 6 | 5,043 | | 3 | 304 | 8,401 |
| **31 December 2023** | **(163,994)** | **(3,737)** | **103,560** | **(2,051)** | **6** | **144,866** | **5,578** | **369** | **10,122** | **94,719** |

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| ($'000) | 2023 | 2022 |
|---|---|---|
| Deferred tax liabilities | (122,785) | (56,114) |
| Deferred tax assets | 217,504 | 242,226 |
| | **94,719** | **186,112** |

At 31 December 2023 the Group had gross unused tax losses of $907.4 million (as of 31 December 2022: $1,093.8 million) available to offset against future profits and other temporary differences. A deferred tax asset of $144.9 million (2022: $197.0 million) has been recognised on tax losses of $571.5 million, based on the forecasted profits. The Group did not recognise deferred tax on tax losses and other differences of total amount of $655.1 million.

In Greece, Italy and the UK, the net DTA for carried forward losses recognised in excess of the other net taxable temporary differences was $77.8 million, $19.6 million and $10.8 million (2022: $69.2 million, $33.4 million and $15.1 million) respectively. An additional DTA of $109.3 million (2022: $124.6 million) arose primarily in respect of deductible temporary differences related to property, plant and equipment, decommissioning provisions and accrued expenses, resulting in a total DTA of $217.5 million (2022: $242.2 million). During the period, Italy recognised a DTA of $19.6m on tax losses of $81.6m in accordance with its latest tax losses utilisation forecast.

Greek tax losses (Prinos area) can be carried forward without limitation up until the relevant concession agreement expires (by 2039), whereas the tax losses in Israel, Italy and the United Kingdom can be carried forward indefinitely. Based on the Prinos area forecasts (including the Epsilon development), the deferred tax asset is fully utilised by 2032. In Italy, deferred tax asset of $94.6 million recognised on decommissioning costs scheduled up to the year the Italian assets expect to enter into a declining phase assuming that there still be available profits from Cassiopea asset and other long-lived assets. Finally, in the UK, decommissioning losses is expected to be tax relieved up until 2028 in accordance with the latest taxable profits forecasts.

### *11. Cash and cash equivalents*

| ($'000) | 2023 | 2022 |
|---|---|---|
| Cash and bank deposits | 346,772 | 427,888 |
| | **346,772** | **427,888** |

Bank demand deposits comprise deposits and other short-term money market deposit accounts that are readily convertible into known amounts of cash. The effective interest rate on short-term bank deposits was 4.371% for the year ended 31 December 2023 (2022: 1.716%).

### *12. Restricted cash*

Restricted cash comprises cash retained under the Israel Senior Secured Notes and the Greek State Loan requirement as follows:

Current

The current portion of restricted cash at 31 December 2023 was $22.48 million. It mainly relates to the March 2024 coupon payment on Senior Secured Notes.

In 2022 it was $71.8 million comprising $3 million for bank guarantees and $68.8 million for debt repayment fund.

Non-Current

The cash restricted for more than 12 months after the reporting date was $3.1 million (2022: $3.0 million) mainly comprising $2.3 million (2022: $2.3 million) held on the Interest Service Reserve Account ('ISRA') in relation to the Greek Loan Notes and $0.8 million (2022: $0.7million) for Prinos Guarantee.

### *13. Trade and other receivables*

| ($'000) | 2023 | 2022 |
|---|---|---|
| **Trade and other receivables – Current** | | |
| Financial items: | | |
| Trade receivables | 297,305 | 215,215 |
| Receivables from partners under JOA | 1,996 | 4,539 |
| Other receivables[35] | 9,479 | 2,344 |
| Government subsidies[36] | 82 | 3,025 |
| Refundable VAT | 19,273 | 89,400 |
| Accrued interest income | 1,016 | 1,445 |
| | **329,151** | **315,968** |
| Non-financial items: | | |
| Deposits and prepayments[37] | 19,174 | 15,084 |
| Other deferred expense | 4,932 | 6,912 |
| | **24,106** | **21,996** |
| | **353,257** | **337,964** |
| **Trade and other receivables - Non-Current** | | |
| Financial items: | | |
| Other tax recoverable | 15,544 | 14,701 |
| | **15,544** | **14,701** |
| Non-financial items: | | |
| Deposits and prepayments | 17,612 | 11,726 |
| Other non-current assets | 526 | 513 |
| | **18,138** | **12,239** |
| | **33,682** | **26,940** |

### *14. Borrowings*

| ($'000) | 2023 | 2022 |
|---|---|---|
| **Non-current** | | |
| *Bank borrowings – after one year but within five years* | | |
| 4.5% Senior Secured notes due 2024 ($625 million) | - | 620,461 |
| 4.875% Senior Secured notes due 2026 ($625 million) | 619,932 | 617,912 |
| *Bank borrowings - more than five years* | | |
| 6.5% Senior Secured notes due 2027 ($450 million) | 444,313 | 442,879 |
| 5.375% Senior Secured notes due 2028 ($625 million) | 618,145 | 616,767 |
| 5.875% Senior Secured notes due 2031 ($625 million) | 616,762 | 615,890 |
| 8.50% Senior Secured notes due 2033 ($750 million) | 733,653 | - |
| BSTDB Loan and Greek State Loan Notes | 108,392 | 61,437 |
| **Carrying value of non-current borrowings** | **3,141,197** | **2,975,346** |
| **Current** | | |

[35] Other receivables mainly comprise the consideration receivable from INGL as discussed in note 16.

[36] Government subsidies relate to grants from Greek Public Body for Employment and Social Inclusion (OAED) to financially support the Kavala Oil S.A. labour cost from manufacturing under the action plan for promoting sustainable employment in underdeveloped or deprived districts of Greece, such as the area of Kavala. In September 2020, the Greek Government issued a law and a subsequent ministerial decision whereby any legal person who has launched legal proceedings in relation to the aforementioned employment costs, may set off such receivables against tax liabilities provided the judicial proceedings already commenced are abandoned. Energean investigated the process and potential benefits of this approach decided to apply for the set off which has been approved and the first offset was in January 2023 decreasing the receivable.

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

| ($'000) | 2023 | 2022 |
|---|---|---|
| Revolving credit facility | 80,000 | - |
| Convertible loan notes ($50 million) | - | 45,550 |
| **Carrying value of current borrowings** | **80,000** | **45,550** |
| **Carrying value of total borrowings** | **3,221,197** | **3,020,896** |

The Group has provided security in respect of certain borrowings in the form of share pledges, as well as fixed and floating charges over certain assets of the Group.

**$2,500,000,000 senior secured notes:**

On 24 March 2021, the Group completed the issuance of $2.5 billion aggregate principal amount of senior secured notes. The Notes have been issued in four series as follows:

- Notes in an aggregate principal amount of $625 million, maturing on 30 March 2024, with a fixed annual interest rate of 4.500%.
- Notes in an aggregate principal amount of $625 million, maturing on 30 March 2026, with a fixed annual interest rate of 4.875%.
- Notes in an aggregate principal amount of $625 million, maturing on 30 March 2028, with a fixed annual interest rate of 5.375%.
- Notes in an aggregate principal amount of $625 million, maturing on 30 March 2031, with a fixed annual interest rate of 5.875%.

The Notes are listed for trading on the TACT Institutional of the Tel Aviv Stock Exchange Ltd. (the "TASE").
The March 2024 notes of $625 million were repaid on 30 September 2023.

**$750,000,000 senior secured notes:**

On the 11 July 2023 Energean priced the offering of $750 million aggregate principal amount of senior secured notes due 30 September 2033, with a fixed annual interest rate of 8.5%. The interest on the Notes will be paid semi-annually, on March 30 and September 30 of each year, beginning on March 30, 2024.
The Notes are listed for trading on the TASE-UP of the Tel Aviv Stock Exchange Ltd.
The funds were mainly used to repay Energean Israel's $625 million notes due in March 2024.

**Kerogen Convertible Loan:**

On 20 December 2023, the loan was converted into equity, resulting in the issuance of 4,422,013 ordinary shares at a conversion price of £8.3843 per share (equivalent to $10.60).

**$450,000,000 senior secured notes:**

On 18th November 2021, the Group completed the issuance of $450 million of senior secured notes, maturing on 30 April 2027 and carrying a fixed annual interest rate of 6.5%.
The interest on the notes is paid semi-annually on 30 April and 30 October of each year, beginning on 30 April 2022.
The notes are listed for trading on the Official List of the International Stock Exchange ("TISE").
The issuer is Energean plc and the Guarantors are Energean E&P Holdings, Energean Capital Ltd and Energean Egypt Ltd

**Energean Oil and Gas SA ('EOGSA') loan for Epsilon/ Prinos Development:**

On 27 December 2021 EOGSA entered into a loan agreement with Black Sea Trade and Development Bank for €90.5 million to fund the development of Epsilon Oil Field. The loan is subject to an interest rate of EURIBOR plus a margin of 2% on 90% of the loan (guaranteed portion) and 4.9% margin on 10% of the loan (unguaranteed portion). The loan has a final maturity date 7 years and 11 months after first disbursement.
On 27 December 2021 EOGSA entered into an agreement with Greek State to issue €9.5 million of notes maturing in 8 years with fixed rate -0.31% plus margin. The margin commences at 3.0% in year 1 with annual increases, reaching 6.5% in year 8.
At 31 December 2023 the loan was fully drawn.

**Revolving Credit Facility ('RCF'):**

On 8 September 2022, Energean signed a three-year $275 million RCF with a consortium of banks, led by ING Bank N.V. In May 2023, this facility's limit was increased to $300 million. The RCF is designed to provide additional liquidity for general corporate needs as necessary. The interest rate applied to any amounts drawn as loans is set at 5% plus the SOFR rate.
Throughout 2023, the Company utilized $80 million from this facility at an average interest rate of 10.3%. Of this amount, $40 million has been repaid subsequent to the reporting date.

## 15. *Provisions*

| ($'000) | Decommissioning | Provision for litigation and other claims | Total |
|---|---|---|---|
| **At 1 January 2022** | **802,098** | **11,294** | **813,392** |
| New provisions | - | 1,619 | 1,619 |
| Change in estimates | 49,313 | (551) | 48,762 |
| Spend | (8,898) | (344) | (9,242) |
| Reclassification | - | (1,568) | (1,568) |
| Unwinding of discount | 21,495 | - | 21,495 |
| Currency translation adjustment | (55,251) | (1,104) | (56,355) |
| **At 31 December 2022** | **808,757** | **9,346** | **818,103** |
| **Current provisions** | **8,376** | **-** | **8,376** |
| **Non-current provisions** | **800,381** | **9,346** | **809,727** |
| **At 1 January 2023** | **808,757** | **9,346** | **818,103** |
| New provisions | 4,913 | - | 4,913 |
| Change in estimates | (24,413) | (2,076) | (26,489) |
| Spend | (18,697) | - | (18,697) |
| Reclassification | (1,023) | - | (1,023) |
| Unwinding of discount | 31,255 | - | 31,255 |
| Currency translation adjustment | 29,884 | 240 | 30,124 |
| **At 31 December 2023** | **830,676** | **7,510** | **838,186** |
| **Current provisions** | **51,824** | **-** | **51,824** |
| **Non-current provisions** | **778,852** | **7,510** | **786,362** |

**Decommissioning provision**

The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties, which are expected to be incurred up to 2044 when the producing oil and gas properties are expected to cease operations. The future costs are based on a combination of estimates from an external study completed in previous years and internal estimates. These estimates are reviewed annually to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices and the impact of energy transition and the pace at which it progresses which are inherently uncertain. The decommissioning provision represents the present value of decommissioning costs relating to assets in Italy, Greece, UK, Israel and Croatia. No provision is recognised for Egypt as there is no legal or constructive obligation as at 31 December 2023.

The principal assumptions used in determining decommissioning obligations for the Group are shown below:

| | Inflation assumption | Discount rate assumption | Cessation of production assumption | Spend in 2023 | 2023 ($'000) | 2022 ($'000) |
|---|---|---|---|---|---|---|
| **Greece** | 1.8%- 2.7% | 3.08% | 2034 | - | 19,359 | 13,036 |
| **Italy** | 3.0%- 2.0% | 4.17% | 2023-2039 | 8,831 | 497,827 | 519,749 |
| **UK** | 2.34% | 3.31% | 2023-2030 | 9,866 | 202,874 | 176,063 |
| **Israel** | 3.0%- 1.6% | 4.18% | 2044 | - | 92,613 | 84,299 |
| **Croatia** | 3.0%- 2.0% | 4.17% | 2036 | - | 18,003 | 15,610 |
| **Total** | | | | **18,697** | **830,676** | **808,757** |

### *16. Trade and other payables*

| ($'000) | 2023 | 2022 |
|---|---|---|
| **Trade and other payables-Current** | | |
| *Financial items:* | | |
| Trade accounts payable | 225,451 | 298,091 |
| Payables to partners under JOA[38] | 170,470 | 58,336 |
| Deferred licence payments due within one year | 46,154 | 13,345 |
| Deferred consideration for acquisition of minority | - | 144,326 |
| Other payables[39] | 53,756 | 34,644 |
| Contingent consideration (note 17) | 91,075 | - |
| Short term lease liability | 16,498 | 9,208 |
| Deferred income | 548 | |
| VAT payable | 20 | |
| | **603,972** | **557,950** |
| *Non-financial items:* | | |
| Accrued expenses[40] | 65,033 | 98,650 |
| Contract Liability[41] | - | 56,230 |
| Other finance costs accrued (note 6) | 63,893 | 39,672 |
| Social insurance and other taxes | 4,705 | 4,372 |
| | **133,631** | **198,924** |
| | **737,603** | **756,874** |
| **Trade and other payables-Non-Current** | | |
| Financial items: | | |
| Trade and other payables[42] | 117,796 | 169,360 |
| Deferred licence payments[43] | - | 38,488 |
| Contingent consideration (note 17) | - | 86,320 |
| Long term lease liability | 48,598 | 23,063 |
| | **166,394** | **317,231** |
| Non-financial items: | | |
| Social insurance | 529 | 827 |
| | **529** | **827** |
| | **166,923** | **318,058** |

[38] Payables to partners under JOA include payables and working capital estimates provided by the operators.. Increase in 2023 is due to Cassiopea development, In Italy

[39] Other payables mainly comprise royalties accrued in Israel (2023: $32 million, 2022: $6.7 million) and Italy (2023: $18 million, 2022: $27.3 million).

[40] Included in trade payables and accrued expenses are mainly development expenditures incurred in Israel (mainly FPSO, Karish North, Second oil train), development expenditure for Cassiopea project in Italy and NEA/NI project in Egypt.

[41] The contract liability relates to the agreement with Israel Natural Gas Lines ("INGL") for the transfer of title (the "Hand Over") of the near shore and onshore segments of the infrastructure that delivers gas from the Energean Power FPSO into the Israeli national gas transmission grid. The Hand Over became effective in March 2023. Following the Hand Over, INGL is responsible for the operations and maintenance of this part of the infrastructure and the related asset and contract liability was derecognised. The final consideration ($7.3 million) became receivable after Handover and was recognised within other receivables.

[42] The amount represents a long-term amount payable in terms of the EPCIC contract. Following the amendment to the terms of the deferred payment agreement with Technip signed in February 2024 the remaining amount payable under the EPCIC contract reduced to $210 million. The amount is payable in twelve equal quarterly deferred payments starting in March and therefore has been discounted at 8.668%. p.a. (being the yield rate of the senior secured loan notes, maturing in 2026, at the date of agreeing the payment terms).

[43] A settlement agreement was signed on 2nd November 2023 in relation to remaining deferred consideration for Karish and Tanin licences whereby it was agreed that the final amount owing would be paid in two instalments in March ($30.0 million) and May 2024 ($17.4 million). As at 31 December 2023 the total discounted deferred consideration was $46.2 million (as at 31 December 2022: $51.8 million).

### *17. Contingent consideration*

The share purchase agreement (the "SPA") dated 4 July 2019 between Energean and Edison SpA provides for a contingent consideration of up to $100.0 million subject to the commissioning of the Cassiopea development gas project in Italy. The consideration was determined to be contingent on the basis of future gas prices (PSV) recorded at the time of the at the time of first gas production at the Cassiopea field, which is expected in 2024. No payment will be due if the arithmetic average of the year one (i.e., the first year after first gas production) and year two (i.e., the second year after first gas production) Italian PSV Natural Gas Futures prices is less than €10/Mwh when first gas production is delivered from the field. $100 million is payable if that average price exceeds €20/Mwh. The fair value of the contingent consideration is estimated by reference to the terms of the SPA and the simulated PSV pricing by reference to the forecasted PSV pricing, historical volatility and a log normal distribution, discounted at an estimated cost of debt

The contingent consideration to be payable on 1 October 2024 was estimated at acquisition date to amount to $61.7 million, which discounted at the selected cost of debt resulted in a present value of $55.2 million as at the acquisition date.

As at 31 December 2023, the two-year future curve of PSV prices increased from the date of acquisition and indicate an average price in excess of €20/Mwh (the threshold for payment of $100 million), we estimate the fair value of the contingent consideration as at 31 December 2023 to be $91.1 million based on a Monte Carlo simulation (31 December 2022: $86.3 million).

The fair value of the consideration payable has been recognised at level 3 of the fair value hierarchy.

| Contingent consideration | 2023 |
|---|---|
| **1 January** | **86,320** |
| **Fair value adjustment including** | 4,755 |
| Discount unwinding | (1,855) |
| Unrealised loss on derivates | 6,610 |
| **31 December** | **91,075** |

### *18. Dividends*

In line with Energean's dividend policy, Energean returned US$1.2/share to shareholders in 2023, representing four quarters of dividend payments. US$0.60/share was returned to shareholders in 2022, representing two quarters of dividend payments (maiden dividend was declared in September 2022).

| | US$ cents per share | | $' 000 | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **Dividends announced and paid in cash** | | | | |
| Ordinary shares | | | | |
| March | 30 | - | 53,252 | - |
| June | 30 | - | 53,411 | - |
| September | 30 | 30 | 53,518 | 53,252 |
| December | 30 | 30 | 53,517 | 53,252 |
| **Total** | **120** | **60** | **213,698** | **106,504** |