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

Trading Statement & Operational Update

London, 19 January 2023 - Energean plc (LSE: ENOG TASE: אנאג) is pleased to provide an update on recent operations and the Group's trading performance in the 12-months to 31 December 2022 together with guidance for 2023. This information is unaudited and subject to further review. Energean will release its 2022 full year results on 23 March 2023.

Mathios Rigas, Chief Executive of Energean, commented:
"2022 was a landmark year for Energean. We commenced production from the only FPSO in the strategically vital Eastern Mediterranean region; commenced payment of dividends to our shareholders; and we successfully discovered and de-risked new natural gas resources adjacent to our infrastructure, providing significant potential upside and export optionality. We are proud to have helped to underwrite Israeli and regional energy security and promote prosperity.

"Our focus for 2023 is on continued operational growth. We will continue to ramp up production from Karish and finalise the development concept for the strategically significant, 67 bcm Olympus Area. Production will also start from Karish North in Israel and NEA/NI in Egypt. 2023 is the year that we will make a significant step towards delivering our medium-term production target of 200 kboed.

"If we have learned anything in 2022, it is that the world needs additional secure supplies of energy, and that natural gas remains the catalyst for, and foundation of, a just energy transition and vital sustainable development. Our recent CDP rating upgrade demonstrates our commitment to being the best version of Energean that we can be. We are and remain an ESG leader in the sector. We will continue to deliver on our promises.

"We are committed to investing in projects where we can create value for all relevant stakeholders. In an uncertain world, we hope governments understand the value of enhanced domestic and regional energy production, value that is unlocked through long-term investment. We hope that the intelligent policy we have seen in Israel and Egypt can be replicated across the region, continuing the investment that will unlock the strategic value in the subsurface."

Operational Highlights

- Karish project brought onstream on 26 October 2022 and excellent reservoir deliverability confirmed

- Successfully identified and implemented solutions to resolve a range of typical above-ground commissioning issues at Karish, with no further impact to production levels anticipated following the FPSO commissioning process, expected February 2023
- Key development projects (Karish North, NEA/NI, Cassiopea) on track to deliver 200 kboed mid-term production target
- Successful completion of the 2022 growth drilling programme in Israel which discovered and de-risked approximately 75 bcm (approximately 480 mmboe) of new gas resource
    - Including 67 bcm (approximately 430 mmboe) of additional gas resource in the Olympus Area, for which the development concept is now being finalised

Corporate and Financial Highlights

- Strong financial performance for the year to 31 December 2022
    - Revenues were $736.7 million, a 48% increase versus 2021 comparable period ($497.0 million)
    - EBITDAX of $418.5 million, an increase of 97% versus 2021 comparable period ($212.1 million)
    - On track to deliver mid-term annualised targets of $2.5bn of revenues and $1.75bn of EBITDAX
    - Group cash as of 31 December 2022 was $498.0 million (including restricted amounts of $75 million) and total liquidity was $719.0 million
- Q3 2022 dividend of 30 US$cents/share paid on 30 December 2022; total of 60 US$cents/shares, representing two-quarters of dividend payments, returned to shareholders in 2022
- Carbon Disclosure Project ("CDP") rating increased A- (from B) and outperforming the global average for E&Ps of C

		FY 2022	FY 2021	% Change
Average working interest production	kboed	41.1	41.0	0.2%
Sales and other revenue	$ million	736.7	497.0	48.2%
Cash Cost of Production	$ million	284.4	261.6	8.7%
Adjusted EBITDAX[1]	$ million	418.5	212.1	97.3%
Capital expenditure	$ million	699.8	403.5	73.4%

[1] 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.

Exploration expenditure	$ million	135.7	48.7	178.6%
Decommissioning expenditure	$ million	7.6	2.7	181.5%
Cash (including restricted amounts)	$ million	498.0	930.5	(46.5%)
Net debt – consolidated	$ million	2,522.9	2,016.6	25.1%
Net debt – plc excluding Israel	$ million	146.9	102.6	43.2%
Net debt – Israel	$ million	2,376.0	1,914.0	24.1%

Outlook

- Continued ramp-up of Karish to initial capacity of 6.5 bcm/yr
  - Final stages of FPSO commissioning process now underway with completion expected February 2023
  - Total sales gas in 2023 is expected to be between 4.5 and 5.5 bcm. The top end of this range is driven by the Annual Contract Quantity ("ACQ") under the gas sales agreements, whilst the bottom end of the range represents the Take Or Pay ("TOP") volumes; TOP is viewed by Energean as a highly conservative case. No spot market sales[2] have been assumed in this range.
  - First cargo of hydrocarbon liquids lifted under the contract with Vitol expected in February 2023
- Practical completion under the EPCIC contract with TechnipFMC and Technip Energies
- Delivery of development projects that are key to achieving Energean's mid-term production target of 200 kboed
  - Installation of the second oil train and gas export riser, and first gas from Karish North expected by year-end 2023, debottlenecking FPSO capacity to 8 bcm/yr
  - First gas from NEA/NI, Egypt expected in 1H 2023
  - First gas from Cassiopea, Italy, expected in 1H 2024
- Israel expansion: development concept for the 67 bcm Olympus area to be communicated in 1H 2023
  - Various commercial and technical solutions under consideration to identify development concept that will deliver the most value to shareholders
  - Publication of Competent Persons Report ("CPR") to certify volumes, expected in 1Q 2023 and expected to include approximately 30 Bcm of 2P reserves and 37 bcm of volumes in nearby de-risked structures.
- Quarterly dividend payments to be declared in line with previously communicated dividend policy

[2] Post commencement of obligations under the gas sales agreements

3rd floor, Accurist House, 44 Baker Street, London W1U 7AL, United Kingdom
Tel:+44(0)2036557200
www.energean.com

Conference call

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

Webcast: https://edge.media-server.com/mmc/p/hrhvh72z

Conference call registration link:
https://register.vevent.com/register/BI0c90f15b4cf7495c84ea3e2cb8abc962

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

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

Enquiries

For capital markets: ir@energean.com
Kate Sloan, Head of IR and ECM Tel: +44 7917 608 645

For media: pblewer@energean.com
Paddy Blewer, Head of Corporate Communications Tel: +44 7765 250 857

Energean Operational Review

Production

Production excluding Israel was 35.7 kboed, in the middle of the guidance range of 34.0 – 37.0 kboed. In 2023, underlying production (excluding Israel) is expected to increase by approximately 12% at the mid-point of the guidance range (2023: 37.0 – 43.0 kboed), benefitting from contribution by the NEA/NI development, offshore Egypt.

Israel 2022 production was lower than forecast due to the project being in the commissioning phase. In 2023, Energean expects to produce between 4.5 and 5.5 bcm of sales gas plus 15 and 18 kboed of hydrocarbon liquids. The top end of this range is driven by the ACQ under the gas sales agreements, whilst the bottom end of the range represents the TOP volumes, and is viewed by Energean as a highly conservative case. No spot market sales[3] have been assumed within this range.

Portfolio-wide production in 2023 is expected to be between 131 and 158 kboed, a major step towards Energean's mid-term production target of 200 kboed.

	FY 2022 Kboed	**FY 2023 guidance Kboed**
Israel	5.3 (including 0.28 bcm of sales gas)	94 – 115 (including 4.5 – 5.5 bcm of sales gas)
Egypt	25.1 (87% gas)	28 - 32
Rest of portfolio	10.6 (39% gas)	9 - 11
Total production (including Israel)	**41.0 (75% gas)**	**131 – 158**
Total production (excluding Israel)	**35.7 (73% gas)**	**37 – 43**

Israel

Karish Main Development

Karish came onstream on 26 October 2022 and all three wells has been opened before year end. Data collected from the wells has demonstrated the reservoir's ability to produce in line with expectations.

[3] Post commencement of obligations under the gas sales agreements

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

A number of minor issues, which are typical of new infrastructure and systems, have been experienced with the topside processing infrastructure. Energean has successfully identified and implemented solutions to resolve these issues, with no further impact to production levels anticipated post the FPSO commissioning process. Energean is now undertaking the final steps of this process, which it expects to complete in February 2023.

Karish Growth Projects

Construction of the second gas export riser and second oil train are progressing in line with expectations. Both pieces of infrastructure are required to debottleneck the FPSO capacity to 8.0 bcm/yr, with this increase expected to be delivered by year-end 2023.

- Installation of the second gas export riser on the FPSO is expected in 1H 2023
- The second oil train is scheduled to be lifted and installed on the FPSO in 2H 2023, ahead of the completion of commissioning by year-end 2023

The Karish North development well was successfully drilled as part of the 2022 growth drilling campaign. The well is expected to be hooked-up to the Karish Main manifold using a spare slot in 2Q 2023 and will be ready to deliver first gas in 2H 2023. Due to the high liquids content of the field, Karish North will not have a material impact on production rates until the infrastructure discussed above has been installed and commissioned in late 2023.

Israel Expansion

The Olympus Area, the discovery of which is discussed below, will be the focus of near-term development plans. Energean is currently finalising the development concept and commercial solution for this strategically significant project and will communicate its plan to the market at the appropriate time (expected 1H 2023). A number of solutions have been considered, providing optionality around further debottlenecking of infrastructure above the current 8 bcm/yr nameplate capacity of the Energean Power FPSO, and also access to gas export markets.

In 2022, Energean's growth drilling programme discovered and de-risked approximately 75 bcm (approximately 480 mmboe) of natural gas through its growth drilling programme.

- The Zeus and Athena wells, block 12, discovered 25 bcm (approximately 160 mmboe) of natural gas resources. This, in turn, substantially de-risked a further 42 bcm (approximately 269 mmboe) of prospective resources across the Olympus Area in nearby prospects that have equivalent geological properties and seismic attributes.

  DeGolyer & MacNaughton, is producing a CPR to certify resource volumes across the Olympus Area, with results expected to be announced to the market in 1Q 2023. Energean expects approximately 30 Bcm – Zeus, Athena and Hera - to be classified as 2P reserves, with a further 37 bcm of prospective volumes contained within the de-risked prospects.

- Following post-well studies, recoverable resources in the Hermes discovery, block 31, are now estimated to be approximately 7 bcm (45 mmboe). The results from this well have provided important additional information about Orpheus and Poseidon, nearby prospects, that may be future targets of appraisal activity to firm up resource volumes within this area, which Energean has named the “Arcadia Area”

- Energean is preparing notices of commerciality for both the Olympus Area and Arcadia Area, required for the conversion of those exploration licences into development leases

- In December 2022, the Hercules well, block 23, made a discovery in the Miocene. The C and D sands are estimated to contain mean Gas Initially In Place (“GIIP”) of approximately 3 bcm. This *excludes* discovered volumes in the A and B sands (which were the subject of the upgrade to discovered Athena resource volumes in November 2022), which are currently being evaluated, and volumes will be communicated once available, along with Energean’s assessment of commerciality of the discovery. The large, deeper, liquids target in the Hercules prospect was not considered drill-ready and remains a potential target of future exploration.

Rest of Portfolio – Development

Egypt

The NEA/NI development project is on track to deliver first gas in 1H 2023. Gas will initially be produced from one well, NEA#6, drilling of which completed in January 2023, with the remaining three wells expected to be brought onstream over the course of 2023.

Italy

First gas from Cassiopea remains on track for H1 2024.

Rest of Portfolio – Exploration and Appraisal

Egypt – North East Hap'y Offshore

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

UK – Isabella appraisal well

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

Energean Corporate Review

Dividend

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

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

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

Windfall taxes

Energean notes the imposition of windfall taxes across the European Union and United Kingdom. Cash taxes borne by the contractor are not part of the Egypt fiscal regime and Israel has already implemented its Sheshinsky Levy. Energean's exposure in the United Kingdom is de minimis. As such, Energean's main exposure to windfall taxes primarily relates to Italy and recently introduced legislation.

In November 2022, Italy introduced a new windfall tax that imposed a 50% one-off tax, calculated on 2022 taxable profits that are 10% higher than the average taxable profits between 2018-2021. This amount has a ceiling equal to 25% of the value of the net assets at end-2021. Based on this, Energean estimates that it would be required to pay an additional one-off tax of EUR 87 million in June 2023. Energean expects to challenge this tax through the Italian and/or EU courts.

ESG

In December 2022, the Carbon Disclosure Project updated its rating for Energean to A-, up from B in the previous year, and outperforming the global average for E&Ps of C.

ENERGEAN

2023 guidance

	FY 2023
Consolidated net debt ($ million)	**2,600 – 2,800**
Cash Cost of Production (operating costs plus royalties)	
Israel ($ million)	350 - 400
Egypt ($ million)	50 - 60
Rest of portfolio ($ million)	200 - 240
Total Cash Cost of Production ($ million)	**600 - 700**
Development and production capital expenditure	
Israel ($ million)	140 - 160
Egypt ($ million)	140 - 150
Rest of portfolio ($ million)	300 - 330
Total development & production capital expenditure ($ million)	**580 - 640**
Exploration expenditure ($ million)	**40 - 60**
Decommissioning expenditure ($ million)	**30 - 40**

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.