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Energean PLC
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ANNOUNCEMENT PURSUANT TO UK LISTING RULE 7.3

For immediate release

Energean plc

("Energean" or the "Company")

Strategic sale of Egypt, Italy and Croatia portfolio

London, 29 August 2024 - Energean plc (LSE: ENOG, TASE: אנאג) is pleased to provide further information regarding the strategic sale of its Egyptian, Italian and Croatian portfolio to an entity controlled by Carlyle International Energy Partners ("**Carlyle**") (the "**Transaction**") as announced on 20 June 2024 (the "**Original Announcement**").

This announcement is made on the basis that the Transaction amounts to a significant transaction for the purposes of UKLR 7.3 (as came into effect on 29 July 2024). This announcement includes the additional information required to be disclosed in accordance with the requirements of UKLR 7.3.1R and UKLR 7.3.2R (as required by UKLR TP 6 6.5R(2) for a mid-flight transaction) and is supplemental to, and should be read in conjunction with, the Original Announcement. Certain information contained in the Original Announcement (accessible at Energean's website) is restated in this announcement.

Transaction terms and consideration

On 19 June 2024, Energean plc entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with CIEP Spin BidCo Limited (the "**Buyer**"), an entity controlled by Carlyle, pursuant to which the Buyer agreed to purchase the entire issued share capital of Energean Capital Limited (the "**Target**"). The Target is the intermediate holding company of Energean's Egypt, Italy and Croatian assets. The consideration for the acquisition of the Target comprises a total enterprise value of up to 945 million, of which 820 million is firm, plus a /boe contingent payment linked to the recent Location B well in Egypt. This is over a 3x increase versus the original acquisition value of 284 million in 2020[1], equalling an EV/2P multiple of 5.4/boe (versus c. 1.2/boe)[2].

The economic effective date of the Transaction is 31 December 2023 ("**Effective Date**").

After enterprise value to equity value adjustments as at the Effective Date, Energean will receive:

- 504 million upfront cash consideration upon completion of the Transaction ("**Completion**").
- Working capital/cash adjustments between the Effective Date and the date of Completion ("**Completion Date**").
- 139 million vendor loan (the "**Vendor Loan**") to be repaid with a 6 years and 3 months tenor plus interest at SOFR + 7% in year one, plus 0.5% for each year thereafter.
- 125 million capped contingent consideration, inflated at the US CPI from 1 January 2024 onwards, varying from nil to 125 million (as inflation adjusted) depending on:
  - Working interest Italian oil and gas production over the period 2025-2028 exceeding annual reference volumes, based off the Proved Developed Reserves and Proved Reserves respectively as taken from the YE23 Competent Person's Report ("**CPR**") report[3]; and
  - Brent and Italian PSV gas prices over the period 2025-2028 exceeding an annual reference price[4].
  - The contingent payment due is based on 25% of the incremental commodity price multiplied by the actual production and payable on an annual basis in respect of the years 2025-28.
- An uncapped contingent payment for the recently drilled Location B well in Egypt.
  - This payment will be calculated based off (i) the 2P reserves (as determined by an independent auditor at YE24) plus (ii) the actual 2024 production, that are in excess of the below pre-drill estimated volumes:
    - 2.00 per boe for gas in excess of 8,672,924 boe;
    - 5.00 per boe for oil in excess of 0 boe;
    - 4.50 per boe for condensate in excess of 490,055 boe; and
    - 3.75 per boe for LPG in excess of 539,060 boe.
  - The first 15 million of any payable amount shall be payable in cash in Q3 2025 and any balance due shall be payable (at Carlyle's option) either in cash or as a corresponding increase in the principal amount of the Vendor Loan.

Sale Portfolio

In 2020, Energean acquired Edison E&P, which included production, development and exploration assets in Egypt, Italy and Croatia. Energean's portfolio of assets in these countries has net working interest 2P reserves of 150 mmboe (70% gas) (D&M YE23 CPR) and 2023 net working interest production of 34 kboe/d (73% gas).

These assets generated Adjusted EBITDAX of 264 million in 2023. The gross assets attributable to the Transaction as at 31 December 2023 were 1.67 billion. Total liabilities attributable to the Transaction as at 31 December 2023 were 1.27 billion, of which 516 million was provision for decommissioning.

Strategic Rationale

Energean's strategy is to be the leading independent gas-focused E&P in the Mediterranean and beyond. The Group has taken the decision to sell certain non-core geographies, where at least 7.5 million per annum of G&A savings have been identified, in line with its key business drivers to:

- **Be cashflow accretive:** the Transaction is expected to be immediately free cash flow accretive. The Group expects to redefine its dividend policy upon Completion.
- **Focus on gas and gas development:** the Transaction enables management to focus on its core gas-weighted assets, underpinned by Israel and the recent farm-in to the Anchois field in Morocco, to maximise asset monetisation, free

underpinned by Israel and the recent farm-in to the Anchois field in Morocco, to maximise asset monetisation, free cash flow generation and returns to shareholders.
- **Achieve our growth objectives:** moving forward, Energean will continue to evaluate existing organic growth opportunities within its portfolio, as well as inorganic opportunities beyond the Mediterranean in the wider EMEA region, particularly where there is long-term policy support for gas and coal phase-out.
- **Deliver upon our Net Zero commitments:** the Transaction will accelerate the Group's decarbonisation efforts whereby post-close the Group's scope 1 and 2 emissions intensity will reduce by around 40% to ~5 kgCO2e/boe, accelerating its 2035 target of 4-6 kgCO2e/boe by 10 years. This is in addition to the Group's focus on creating a Carbon Storage Hub in Greece and the wider Mediterranean region via its EnEarth subsidiary.

Use of Proceeds and Dividend Policy

Energean expects sufficient cash proceeds at Completion to be able to repay in full the 450 million PLC corporate bond and facilitate a special dividend of up to 200 million.

In light of the Transaction, the Board will undertake a review of the Company's dividend policy and near-term targets and expects to redefine its dividend policy upon Completion.

Conditionality and timing to Completion

Completion of the Transaction is conditional upon customary regulatory approvals in Italy and Egypt together with antitrust approvals in Italy, Egypt and Common Market for Eastern and Southern Africa ("**COMESA**"). The Transaction constitutes a significant transaction under the UK Listing Rules. Following the implementation of the UKLRs on 29 July 2024, the Transaction is no longer subject to the approval of the Company's shareholders. The Transaction is subject to the conditions being satisfied by a longstop date of 20 March 2025 (or such other date as may be agreed by Energean and Carlyle), with Completion targeted to occur by year-end 2024.

Staff employed by Energean Italy (which includes Croatia) and Energean Egypt will continue their employment under Carlyle's ownership, which they have committed to guarantee for 18-months post-Completion, providing continuity for staff and contributing to ongoing operational reliability and safety.

Additional Information

Appendix 1 and Appendix 2 to this announcement contain further information regarding the terms of the Transaction as required by UKLR 7.3.1R and UKLR 7.3.2R. Appendix 3 includes certain defined terms used in this announcement.

Advisors

Rothschild & Co is acting as the Company's financial advisor and White & Case is acting as the Company's legal counsel.

<u>Enquiries</u>

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<u>Forward looking statements</u>

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.

Appendix 1

Additional Information

<u>PART A</u>

The following information is required to be disclosed in accordance with the requirements of UKLR 7.3.1R(as required by UKLR TP 6.2R(3) and UKLR TP 6.5R(2) for a mid-flight transaction) and was not required to be included in the Original Announcement.

1. Sale and Purchase Agreement

The Sale and Purchase Agreement consists of a share sale and purchase agreement between Energean and CIEP Spin BidCo Limited, an entity controlled by Carlyle,for the acquisition of 100% of the share capital of Energean Capital Limited (a wholly owned subsidiary of the Company). In addition, Energean and the Buyer will enter into a tax deed at Completion to govern the allocation of tax liabilities relating to the Target Group prior to and with effect from the Effective Date. At Completion, the Company (as lender) will also enter into a facility agreement with CIEP Spin MidCo 2 Limited (as borrower), an entity controlled by Carlyle, which will govern the terms of the Vendor Loan.

Other terms

Completion is conditional upon customary regulatory approvals in Italy and Egypt together with antitrust

Completion is conditional upon customary regulatory approvals in Italy and Egypt together with antitrust approvals in Italy, Egypt and COMESA. The Transaction constitutes a significant transaction under the UK Listing Rules. Following the implementation of the UKLRs on 29 July 2024, the Transaction is no longer subject to the approval of the Company's shareholders. Pursuant to the Sale and Purchase Agreement, the Target is also required to transfer the North Sea Assets (together with certain other non-Target Group assets currently held by the Target Group which are primarily for the benefit of the Group), to the Company on or prior to Completion. The Purchaser and Seller will also seek to procure the release of guarantees given by the Group in relation to the Target Group and by the Target Group in relation to the Group respectively.

The Transaction is subject to the conditions being satisfied by a longstop date of 20 March 2025 (or such other date as may be agreed by Energean and Carlyle) (the "**Longstop Date**").

Prior to Completion, Energean shall procure that the business of the Target Group is conducted in the ordinary course of business and shall not, without the written consent of the Buyer (not to be unreasonably withheld, delayed or conditioned) undertake certain specified actions.

The consideration for the Transaction is subject to certain customary adjustments including an equity adjustment calculated on the equity value of the Target for the period from the Effective Date until the Completion Date. To the extent that this equity adjustment is below a threshold amount of 10 million, it will be paid by the Buyer in cash on Completion. Where the equity adjustment exceeds such threshold amount, the amount in excess of such threshold amount will be added to the amount of the Vendor Loan.

Energean has provided certain indemnities to the Buyer in respect of the operations of the Target Group, together with certain customary warranties (including inter alia with respect to incorporation, capacity, and authority, ownership of the assets of the Target Group and insolvency). Energean's liability for a relevant claim made by the Buyer is subject to a number of contractual limitations, including a customary cap on Energean's total liability in respect of all claims under the SPA (excluding certain claims relating to indemnities and pre-Completion "leakage" to the Group from the Target Group).

Either Energean or the Buyer has a right to terminate the Sale and Purchase Agreement if any of the conditions have not been satisfied or waived by the Longstop Date. The Sale and Purchase Agreement may also be terminated by the Buyer for any breach of certain fundamental warranties and the occurrence of certain material adverse events affecting the Target Group following signing, subject to customary rights to remedy.

The Sale and Purchase Agreement is governed by English law. Any dispute arising in respect of the Sale and Purchase Agreement shall be referred to and finally resolved by arbitration under the Rules of the London Court of International Arbitration.

Non-Completion

If Completion does not occur in certain specified circumstances the Buyer will be liable to pay Energean an amount which is material by reference to the overall value of the transaction by way of liquidated damages (the "**Non-Completion Payment**").

2. Vendor Loan Agreement

In connection with the Transaction, at Completion Energean will enter into a vendor loan agreement (the "**Vendor Loan Agreement**") under which Energean as lender (the "**Lender**") will make available a senior secured facility to CIEP Spin Midco 2 Ltd as borrower (the **Borrower**") (the Borrower being the indirect parent company of the Buyer) and such facility will be deemed to be utilised through the Vendor Loan on a cashless basis by way of a deduction from the purchase price payable to Energean by the Buyer in respect of the Transaction.

The precise Vendor Loan amount is to be confirmed on the Completion Datein accordance with the purchase price mechanics set out in the Sale and Purchase Agreement, but prior to any equity adjustment for the period between the Effective Date and the Completion Date the Vendor Loan amount is 139,180,124.

The security arrangements under the Vendor Loan Agreement consist of (i) an English law governed share charge granted by CIEP Spin Holdco Ltd (**Topco**") in respect of the entire issued share capital of the Borrower and an assignment of intercompany receivables owed by the Borrower to Topco; and (ii) an English law governed assignment of intercompany receivables (A) owed by the Borrower to Topco; and (B) owed to the Borrower by its subsidiaries (which will include the Target Group on Completion).

The Vendor Loan will have a tenor of 6 years and 3 months from the Completion Date and shall be repaid in full on its termination date, subject to any voluntary or mandatory prepayments that occur prior to this date. The Borrower can voluntarily prepay the Vendor Loan with 5 business days' notice. The Vendor Loan contains mandatory prepayment events which are customary for this type of facility, along with certain customary restrictions on the activities of the Borrower by way of affirmative and negative covenants. The Vendor Loan Agreement also includes customary event of default provisions for this type of facility, including cross-payment default to the RBL facility.

The interest rate is Term SOFR plus a margin of 7% per annum which is increased by an additional 0.50% per annum for each anniversary of the Vendor Loan Agreement until the fifth anniversary where the margin will be 9.50% per annum until the final repayment date. For the first two years after the Completion Date, interest shall be paid as "payment in kind" (PIK) and shall capitalise and be compounded with the outstanding amount of the Vendor Loan on a quarterly basis unless the Borrower elects to pay the interest in cash. Following the initial two-year period, the interest then becomes payable in cash on a quarterly basis unless the Borrower elects for the interest to be payable as PIK subject to the total number of interest periods for which the Borrower may elect to pay interest as PIK being no more than 12 months in aggregate and there being no more than four PIK elections in total. For any interest period in which PIK applies, the interest will be increased by an additional premium of 0.25% per annum multiplied by the number of interest periods in respect of which the PIK interest applies.

3. Effects of the Transaction

The implementation of the Transaction is expected to have the following impacts or effects on Energean.

3.1 Material risks

The Directors consider the following to be the material risk factors related to the Transaction, material new risk factors to Energean as a result of the Transaction, or existing material risk factors to Energean which will be affected by the Transaction. These risks do not purport to be a comprehensive list of all potential risks in relation to the Transaction and do not include additional risks relating to the Transaction that are not presently known to the Directors, or which the Directors deem immaterial in the context of the Transaction. The risks described herein are based on information known at the date of this announcement but may not be the only risks to which the Group is or might be exposed. Additional risks and uncertainties, which are currently unknown to the Company or that the Company does not currently consider to be material, may adversely affect the business of the Group and could have material adverse effects on the business, financial condition, results of operations and future prospects of the Group.

3.1.1 Material risks relating to the Transaction not proceeding

The implementation of the Transaction is subject to the satisfaction of certain conditions and the conditions might not be satisfied or waived. The Transaction is conditional upon the satisfaction or, where applicable, waiver of the following conditions:

- regulatory approvals in Italy and Egypt;
- anti-trust approvals in Italy, Egypt and COMESA; and
- transfer of the North Sea Assets from the Target Group to a member of the Group.

There is no guarantee that these conditions will be satisfied or, where permitted, waived by the long stop date of 20 March 2025 or at all. Failure to satisfy or obtain waiver of any condition may result in the Transaction not being completed. The Sale and Purchase Agreement may also be terminated for any breach of certain fundamental warranties and the occurrence of certain material adverse events affecting the Target Group following signing, subject to customary rights to remedy.

If the Transaction is not completed, or the Sale and Purchase Agreement is terminated, the Group will not receive any of the consideration payable in respect of it. This would prejudice its ability to create shareholder value by being unable to repay the 2027 PLC Notes in full prior to their scheduled maturity and facilitate a special dividend of up to 200 million.

If Completion does not occur, or the Sale and Purchase Agreement is terminated, the Company will also have incurred significant costs and management time in connection with the Transaction, which it will not be able to recover (other than through the Non-Completion Payment, to the extent applicable). It will also not realise the anticipated benefits of the Transaction and its ability to implement its stated strategy may be prejudiced.

3.1.2 Material risks relating to the Group which result from the Transaction

3.1.2.1 <u>Warranties and indemnities in the Sale and Purchase Agreement</u>

The Sale and Purchase Agreement contains certain warranties and indemnities from Energean in favour of the Buyer which are customary in nature. Energean's total liability in respect of all claims is subject to a customary cap (excluding certain claims relating to indemnities and pre-Completion "leakage" to the Group from the Target Group). If Energean is required in the future to make payments under any of the warranties or indemnities the costs of such payments could have an adverse effect on its business, financial condition and results of operations.

3.1.2.2 <u>Energean will be exposed to the Buyer's credit risk on the Vendor Loan and the contingent payments</u>

In part consideration for the Transaction, Energean will make the Vendor Loan with a nominal amount of139 million (prior to any equity adjustment for the period between the Effective Date and the Completion Date). The Vendor Loan is repayable upon maturity, being the date falling 6 years and 3 months following Completion, unless repaid prior to this date in accordance with its terms. In addition, the Buyer has agreed to pay further amounts related to the working interest Italian oil and gas production and the recently drilled Location B well in Egypt (the "**Contingent Consideration**"). For the Italian working interests, such contingent payment will be based off production volumes and the average Brent Crude Oil Price and Italian PSV Gas Price during the calendar years 2025, 2026, 2027 and 2028 relative to annual reference production volumes and prices. For the Location B well in Egypt such contingent payment will be calculated based off (i) the 2P reserves (as determined by an independent auditor at YE24) plus (ii) the actual 2024 production, that are in excess of certain agreed pre-drill estimated volumes. The first 15 million of any payable amount in respect of the Location B well contingent consideration shall be payable in cash in Q3 2025 and any balance due shall be payable (at the Buyer's option) either in cash or as a corresponding increase in the principal amount of the Vendor Loan.

Carlyle has not provided any guarantee in respect of the repayment of the Vendor Loan or the payment of the Contingent Consideration. Energean will therefore be subject to the credit risk of the Buyer and there can be no assurance that the Buyer will be able to repay the Vendor Loan in accordance with its terms or the Contingent Consideration. Therefore, there is a risk that Energean may not be repaid in full pursuant to the Vendor Loan and receive the full consideration due in respect of the Transaction.

3.1.2.3 <u>The amount of the Contingent Consideration for the Italian working interests is subject to determination by reference to production volumes and yearly averages for the Brent Crude Oil Price and Italian PSV Gas Price</u>

The Sale and Purchase Agreement provides for a125 million capped contingent consideration, inflated at the US CPI from 1 January 2024 onwards, varying from nil to125 million (as inflation adjusted) which is payable on the following reference prices and production volumes being met (subject to certain adjustments in the event of new windfall taxes being levied on the relevant profits).

Year	**2025**	**2026**	**2027**	**2028**
/bbl (oil reference price)	77.33	73.56	70.00	70.00
Oil production trigger (mmbbl)	1.794	1.666	1.55	1.444
€/MWh gas reference price	29.87	29.16	25.00	25.00
Gas production trigger (mmscf)	26,918	24,551	21,574	19,063

A conversion factor of 3.412 mcf to 1 MWh applies in converting net production from mcf to MWh

If the production volumes or the average Brent Crude Oil Price or Italian PSV Gas Price in any of those calendar years is below the minimum threshold, no Contingent Consideration with respect to the Italian working interests will be payable in respect of that calendar year. Prices for crude oil and natural gas can fluctuate widely. Among the factors that can or could cause these price fluctuations are: (a) the level of consumer demand; (b) domestic and worldwide supplies of crude oil and natural gas; (c) the price and quantity of imported and exported crude oil and natural gas; (d) domestic and international drilling activity; (e) the actions of other crude oil and natural gas exporting nations; (f) weather conditions and changes in weather patterns; (g) the availability, proximity and exporting nations; (f) weather conditions and changes in weather patterns; (g) the availability, proximity and capacity of appropriate transportation facilities, gathering, processing and compression facilities and refining facilities; (h) worldwide economic and political conditions, including political instability or armed conflict in oil and gas producing regions; (i) the price and availability of, and demand for, competing energy sources, including alternative energy sources; (j) the nature and extent of governmental regulation, including environmental regulation, regulation of derivatives transactions and hedging activities, tax laws and regulations and import and export laws and regulations; (k) the level and effect of trading in commodity futures markets, including trading by commodity price speculators and others; and (l) the effect of worldwide energy conservation measures. Energean has, and will have, no control or influence over the Brent Crude Oil Price or Italian PSV Gas Price or production volumes for the Italian working interests and cannot accurately predict these for the four calendar years applicable to the Contingent Consideration with respect to the Italian working interests. Accordingly, there can be no assurance that any element of the Contingent Consideration with respect to the Italian working interests will become due and payable.

3.1.2.4 The amount of the Contingent Consideration payable by the Buyer to Energean is subject to determination by reference to 2P reserves and 2024 production from the Location B well in Egypt

The Sale and Purchase Agreement provides for a potential uncapped additional contingent consideration payable in respect of the recently drilled Location B well in Egypt, where such contingent payment will be calculated based off (i) the 2P reserves (as determined by an independent auditor at YE24) plus (ii) the actual 2024 production, that are in excess of the following pre-drill estimated volumes (using a conversion factor of one boe equals 5,650.4 cubic feet as applicable):

- 2.00 per boe for gas in excess of 8,672,924 boe;
- 5.00 per boe for oil in excess of 0 boe;
- 4.50 per boe for condensate in excess of 490,055 boe; and
- 3.75 per boe for LPG in excess of 539,060 boe.

If the 2P reserves (as determined by an independent auditor at YE24) plus the actual 2024 production from the Location B well are less than such pre-drill estimated volumes, the Buyer shall not be required to pay any amount in respect of the Contingent Consideration.

3.1.3 Existing material risks to the Group which will be impacted by the Transaction

3.1.3.1 The Group may be unable to implement its strategy

Energean's strategy is to be the leading independent gas-focused E&P in the Mediterranean and beyond. The Transaction enables management to focus on its core gas-weighted assets, underpinned by Israel and the recent farm-in to the Anchois field in Morocco, to maximise asset monetisation, free cash flow generation and returns to shareholders. In addition, Energean will continue to evaluate existing organic growth opportunities within its portfolio, as well as inorganic opportunities beyond the Mediterranean in the wider EMEA region, particularly where there is long-term policy support for gas and coal phase-out. There can be no assurance that the Group will be able to continue to implement this strategy successfully (for a variety of reasons, including the availability of, or competition for, additional growth opportunities) or that future oil and gas prices will support this business model in future. Any failure to do so could materially adversely affect the reputation, financial condition and/or operating results of the Group.

3.1.3.2 Without the addition of reserves through exploration, acquisition or development activities, the Group's reserves and production will decline over time as reserves are exploited

The Group's future oil and gas reserves, production and cash flows to be derived therefrom are highly dependent on its success in exploiting its current reserve and resource base. The Transaction will result in the disposal of assets with net working interest 2P reserves of 150 mmboe (70% gas) (D&M YE23 CPR) and 2023 net working interest production of 34 kboe/d (73% gas). Without the addition of reserves through exploration, acquisition or development activities, the Group's reserves and production will decline over time as reserves are exploited. A future increase in the Group's reserves will depend not only on its ability to develop present properties (including the Karish and the Katlan fields, in respect of which FID was announced on 23 July 2024), but also on its ability to select and acquire suitable producing properties or prospects. If such efforts are unsuccessful, the Group's total reserves may not increase or may decline, which could have a material adverse effect on its business, financial condition, prospects and results of operations.

3.1.3.3 Following Completion, the Group's assets will be concentrated in Israel, making it vulnerable to risks associated with having nearly all of its production in one country

Following Completion, the Group's oil and gas assets will continue to be concentrated in Israel (given Israel represented approximately 83% of the Group's 2P reserves of 1,115 mmboe prior to the implementation of the Transaction). As a result of this concentration, the Group's assets may be disproportionately exposed to the effect of regional supply and demand factors, regional and domestic geopolitical and security risks, delays or interruptions of production from wells caused by processing or transportation capacity constraints, governmental regulation, availability of equipment, equipment failure, facilities, personnel or services market limitations, weather events, or interruption of the processing or transportation of oil and gas.

Since 7 October 2023 and the conflict between Israel and Hamas in Gaza, there is greater geopolitical and security risk in the region, and essential infrastructure systems (such as the Energean Power FPSO offshore Israel) may be targets for missile fire and sabotage operations. Any potential damage thereto may cause significant damage and disrupt or disable the production and operations from the Karish and Karish North fields (the "**Karish Fields**") for a period and to an extent that may be material. While the Karish field has continued to produce in line with guidance and with no disruption to its operations since the start of the military conflict, any event that impacts production from this field could have a material adverse impact on the business, results of operations, cash flows, financial condition and prospects of the Group.

3.2 Financial Effects of the Transactions

The gross assets attributable to the Transaction as at 31 December 2023 were 1.67 billion. Total liabilities attributable to the Transaction as at 31 December 2023 were 1.27 billion, of which 516 million was provision for decommissioning. The Target Group generated Adjusted EBITDAX of 264 million in 2023.

The Directors believe that the Transaction will improve operating cash flows as a result of removing decommissioning liabilities and capex commitments associated with the Target Group with sufficient cash proceeds at Completion to be able to repay in full the 2027 PLC Notes and facilitate a special dividend of up to200 million.

Following Completion, the Group will no longer receive the contribution that the Target Group currently makes to

Following Completion, the Group will no longer receive the contribution that the Target Group currently makes to the Group's financial results. In the Group's forthcoming interim consolidated financial results for the six months ended 30 June 2024, which are expected to be published by 11 September 2024, the Target Group will be presented as a disposal group held for sale and discontinued operations in accordance with IFRS 5. As a result, comparative financial information will be restated in the Interim Consolidated Income Statement for the six months ended 30 June 2023 to present the financial results for the disposal group in the prior period as discontinued operations.

4. Other information

4.1 No persons are proposed to be appointed as directors of the Company in connection with the Transaction.

4.2 There are no key individuals important to the business of the Target Group (who are not already engaged by the Target Group).

5. Board's opinion

The Transaction is, in the opinion of the Directors, in the best interests of the shareholders of the Company as a whole.

PART B

The following information is required to be disclosed in accordance with the requirements of UKLR 7.3.2R(as required by UKLR TP 6.2R(3) and UKLR TP 6.5R(2) for a mid-flight transaction) and was not required to be included in the Original Announcement.

1. Financial Information

Appendix 2 includes the financial information on the Target required in accordance with UKLR 7 Annex 2 Part 2.

2. Legal and arbitration proceedings

2.1 Group

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months preceding the date of this announcement, which may have, or have had in the recent past significant effects on the Company and/or the Group's financial position or profitability, save for the following:

Tsabar Oil & Gas Ltd., et al., vs Energean Israel, EEPH, Energean Oil & Gas S.A., Mathios Rigas and Efstathios Topouzoglou

On 6 November 2019, Tsabar Oil & Gas Ltd., Nammax Oil & Gas Ltd. and Med Sea Ltd. (together, the "**Tsabar Group**"), which entities are beneficially controlled by Beny Steinmetz, issued a claim against Energean Israel Limited ("**Energean Israel**"), EEPH, Energean Oil & Gas S.A., Mathios Rigas and Efstathios Topouzoglou (together, the "**Respondents**"), in respect of what was described in the claim as "Energean's interests" in the project related to the Karish and Tanin gas reservoirs, offshore Israel (the "**Interests**" and the "**Project**", respectively). The Tsabar Group claims, *inter alia*, that the Respondents breached agreements and understandings allegedly reached in respect of the Tsabar Group's commercial stake in the Project, should the Israeli Petroleum Commissioner not approve its participation. The Tsabar Group is seeking a declaratory relief stating that it is entitled to a share of 20%-25% in the Interests or financial compensation estimated at 146.7 million; or, in the alternative, a declaratory relief stating that it is entitled to a share in the Project of at least 10% or to a financial compensation estimated at 172.6 million. The Israeli Petroleum Commissioner has suspended any participation by the Tsabar Group, as controlled by Mr Steinmetz, in the potential acquisition of any interest in Karish-Tanin. On the basis of legal advice obtained to date, the Tsabar Group's claim is considered more likely than not to be dismissed, and the matter is being defended vigorously. The Statement of Defence of the Respondents, filed in the Israeli courts on 21 May 2020, stated, among other things, that the alleged agreements and understandings described by the Tsabar Group in its claim never existed. The Respondents further noted that the Tsabar Group has failed to show any evidence that these alleged agreements and understandings existed and did not include even minimal details of any such agreement in its statement of claim. The Respondents also argued that the Tsabar Group's claim should be dismissed due to failure to state a claim and bad faith.

A preliminary hearing took place in February 2023. Following the hearing, the Court decided to bifurcate the questions of liability and damage, so claims regarding the damages will only be heard if the Respondents are found to be liable. The Court also referred the Tsabar Group and Respondents to mediation, which was concluded after several meetings. During 2023, the Tsabar Group and the Respondents completed the documents discovery stage and are currently at the witness statements stage of proceedings. The Tsabar Group filed their affidavits on 3 January 2024 and the submission date for the Respondents' affidavits is set for 1 September 2024. Another Court hearing is currently scheduled for September 2024.

2.2 Target Group

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months preceding the date of this announcement, which may have, or have had in the recent past significant effects on the Target Group's financial position or profitability, save for the following:

MATTM vs. Edison S.p.A. and others for the indemnification of environmental damages arising from the Vega field

On 30 May 2018, the Italian Ministry of Environment ("MATTM") filed a law suit before the "Tribunale civile di Catania" (a court in Catania) against Edison and others asking for indemnification of certain environmental damages (quantified in an aggregated amount of €76.5 million plus interest, for which each defendant could be jointly liable) allegedly caused by the waste disposal activities (mainly water re-injection) carried out by Edison S.p.A. ("Edison") as operator of the Vega field between 1989 and 2007.

In July 2022, the Court issued a decision rejecting MATTM's indemnification claim. This decision was subsequently appealed by MATTM before the Court of Appeal. On 4 June 2024, MATTM's appeal was rejected.

MATTM's may bring a further appeal before the Court of Cassation. If the claim by MATTM is successful, Energean Italy (as the owner of the Vega concession) may be liable to contribute to, or satisfy in full, any payment of this indemnification claim, and it is not possible to quantify any potential payment at this stage. Edison has provided an indemnity to the Target in the Edison Acquisition Agreement (as defined below) in respect of any liability suffered by any member of the Target Group in respect of this claim.

Energean Italy - Energean Sicilia / Italian Tax Authority - windfall taxes and real estate taxes

First windfall tax - Energean Italy

In connection with windfall profit tax introduced by the Italian Ministry of Finance in March 2022, Energean Italy paid a total amount of approximately €27 million.

In October 2023, Energean Italy engaged "Studio Salvini law firm", a specialist tax advisor, to advise on the possibility of appealing against the application of the decree pursuant to which windfall profit tax was introduced as unconstitutional and to assist with the preparation of the reimbursement request. On 7 November 2023, Energean Italy filed a reimbursement request for the full amount of the tax paid during 2022 and after 90 days the tax authority did not respond, thereby rejecting the request. Following this, Energean Italy filed a claim before the tax court at the end of March 2024.

On 27 June 2024, Constitutional Court Ruling No. 111/2024 was published, which declared that the windfall tax is constitutionally compatible, except for certain details that are not relevant to the case filed by Energean Italy. A hearing before the tax court was scheduled for 15 July 2024, but it was postponed by the judge to enable Energean Italy to analyze the impact of the Constitutional Court Ruling on its case. The next hearing is set for 9 December 2024. At the next hearing the judge will analyse the claims concerning a breach of EU law and will consequently decide if the cases must be referred to the EU Court of Justice.

Second windfall tax (EU Solidarity Contribution) - Energean Italy and Energean Sicilia

In December 2022, a further windfall tax was introduced in Italy following EU Regulation pursuant to which Energean Italy paid €85 million in June 2023. Energean Italy and Energean Sicilia filed a reimbursement request on 22 December and 29 December 2023 respectively, which amounted to approximately €87 million (€84 million for Energean Italy and €2.9 million for Energean Sicilia) and after 90 days the tax authority did not respond, thereby rejecting the request. Energean Italy filed a claim before the tax court in March 2024 and Energean Sicilia filed a claim in April 2024. The hearing for Energean Italy's case before the tax court was scheduled for 15 July 2024, but it was postponed, and a new date has not been set yet. At the next hearing the judge will analyse the claims concerning a breach of EU law and will consequently decide if the cases must be referred to the EU Court of Justice. The hearing for Energean Sicilia case has not yet been scheduled.

Imposta Municapale Unica and Tassa sui Servizi Indivisibili Comunali real estate tax litigations brought by Municipality of Scicli relating to offshore platforms, penalties, sanctions and interest, with reference to tax years 2016-2019

On 9 December 2020, the Municipality of Scicli issued a claim in relation to the Vega platform A for alleged unpaid taxes, penalties and legal sanctions for a total amount of €32,923,152.99 for the period from 2016 to 2019.

On 25 January 2021, Energean Italy submitted an application to the Municipality of Scicli for cancellation of the tax assessment, which was rejected. On 8 February 2021, Energean Italy filed an appeal against the above tax assessment with the Ragusa Provincial Tax Commission.

On 9 December 2021, the CTP of Ragusa upheld the request for cancellation of the tax assessment. At the hearing of 12 October 2023, the case was referred for a decision, which is awaited.

3. Significant change

3.1 Group

There has been no significant change in the financial position of the Group since 31 December 2023, the end of the most recent financial period for which historical financial information of the Group has been published.

3.2 Target Group

There has been no significant change in the financial position of the Target Group since 31 December 2023, the end of the most recent financial period for which historical financial information of the Target Group has been published.

4. Material Contracts

4.1 Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (i) within the two years immediately preceding the date of this document which are or may be, material or (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this announcement:

4.1.1 Sale and Purchase Agreement

Details of the Sale and Purchase Agreement are set out in paragraph 1 of Part A of this Appendix 1.

4.1.2 2026 EIFL Notes, 2028 EIFL Notes and 2031 EIFL Notes

Overview

On 24 March 2021, Energean Israel Finance Ltd. ("**EIFL**") issued: (i) the 2026 EIFL Notes; (ii) the 2028 EIFL Notes; and (iii) the 2031 EIFL Notes in three equal tranches of 625,000,000 under an indenture between EIFL and HSBC Bank USA, N.A. as trustee (the "**Trustee**") dated 24 March 2021 as amended on 9 January 2023 (the "**Indenture**"). Under the Indenture, EIFL also issued a further tranche of notes due March 2024 in the amount of 625,000,000 which were redeemed in full on 30 September 2023 following the issue of the 2033 EIFL Notes.

Interest and Maturity

The 2026 EIFL Notes were issued in the aggregate principal amount of 625,000,000 and will mature on 30 March 2026. Subject to redemption, prepayment, repayment, or discharge in part or in full prior to the maturity date, the principal amount shall be paid on the scheduled maturity date. The 2026 EIFL Notes bear interest at the rate of 4.875%. Interest on the 2026 EIFL Notes is paid semi-annually in arrears and is payable on 30 March and 30 September.

The 2028 EIFL Notes were issued in the aggregate principal amount of 625,000,000 and will mature on 30 March

The 2028 EIFL Notes were issued in the aggregate principal amount of 625,000,000 and will mature on 30 March 2028. Subject to redemption, prepayment, repayment, or discharge in part or in full prior to the maturity date, the principal amount shall be paid on the scheduled maturity date. The 2028 EIFL Notes bear interest at the rate of 5.375%. Interest on the 2028 EIFL Notes is paid semi-annually in arrears and is payable on 30 March and 30 September.

The 2031 EIFL Notes were issued in the aggregate principal amount of 625,000,000 and will mature on 30 March 2031. Subject to redemption, prepayment, repayment, or discharge in part or in full prior to the maturity date, the principal amount shall be paid on the scheduled maturity date. The 2031 EIFL Notes bear interest at the rate of 5.875%. Interest on the 2031 EIFL Notes is paid semi-annually in arrears and is payable on 30 March and 30 September.

Security and guarantees

The 2026 EIFL Notes, the 2028 EIFL Notes and the 2031 EIFL Notes (together, the "**Initial EIFL Notes**") are secured by:

- a first priority Cypriot fixed pledge granted in favour of HSBC Bank USA, N.A. as collateral agent (the "**Collateral Agent**") by Energean E&P Holdings Limited ("**EEPH**") on its rights and interests in the shares of Energean Israel Limited (the "**Sponsor**") ("**EEPH Collateral**");

- first priority pledges granted in favour of the Collateral Agent by the Sponsor with a first priority Israeli fixed charge over its rights and interests in, amongst other things, its shares in EIFL and Energean Israel Transmission Ltd. ("**Transco**"), certain leases, licences and permits for hydrocarbon interests, certain accounts of the Sponsor, certain material contracts and certain assets, a first priority Marshall Island fixed pledge on the Energean Power FPSO and a first priority Israeli floating charge on its rights and interests in all of its platforms, pipelines, plant and machinery and all of its present and future tangible and intangible assets of any kind whether contingent or absolute (the "**Sponsor Collateral**"); and

- first priority pledges granted in favour of the Collateral Agent by EIFL with a first priority Israeli fixed charge over its rights and interests in respect of the Sponsor Loan Agreement, as defined below (and the respective promissory notes issued by the Sponsor) and EIFL's accounts and a first priority Israeli floating charge on its rights and interests in and to all of its present and future tangible and intangible assets of any kind whether contingent or absolute (the "**Issuer Collateral**", and, together with EEPH Collateral and Sponsor Collateral, the "**Collateral**").

The Initial EIFL Notes are not guaranteed by the Company, EEPH, the Sponsor or any member of the Target Group.

Ranking

The Initial EIFL Notes are secured on a first-priority basis by the Collateral and constitute senior secured debt obligations of EIFL ranking *pari passu* with the 2033 EIFL Notes.

Certain Covenants and Events of Default

The Indenture contains a number of covenants that, among other things, restrict EIFL's ability to:

- sell assets;
- incur additional debt;
- create on incur liens; and
- engage in prohibited activities.

In addition, the Indenture contains certain customary information covenants and events of default.

Furthermore, pursuant to the sponsor loan agreement dated 24 March 2021 between EIFL, the Sponsor and the Trustee (the "**Sponsor Loan Agreement**"), the Sponsor, EIF and Transco are restricted (subject to certain exemptions) from:

- selling the working interests in the Sponsor group's projects or other property assets;
- subject to certain distribution conditions, make distributions on its equity;
- incur additional debt;
- create or incur liens; and
- engage in prohibited activities.

The Sponsor Loan Agreement also contain covenants that limit the EEPH's ability to create or incur liens on the EEPH Collateral.

EIFL and the Sponsor have also established various bank accounts that are pledged in favour of the Collateral Agent. Each account has a specified purpose related to the project, and the cash flows and allocation of funds in such accounts are governed by the relevant accounts agreement.

Each of these covenants is subject to certain exceptions and qualifications.

4.1.3 2033 EIFL Notes

Overview

On 11 July 2023, EIFL issued the 2033 EIFL Notes as additional notes under the Indenture, pursuant to a supplemental indenture to the Indenture entered into on 11 July 2023 with an aggregate principal amount of 750,000,000. The 2033 EIFL Notes constitute a separate series from each series of the Initial EIFL Notes under the Indenture but are treated as a single class with the Initial EIFL Notes for all other purposes under the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase.

Interest and Maturity

The 2033 EIFL Notes were issued in the aggregate principal amount of 750,000,000 and will mature on 30 September 2033. Subject to redemption, prepayment, repayment, or discharge in part or in full prior to the maturity date, the principal amount shall be paid on the scheduled maturity date. The 2033 EIFL Notes bear interest at the rate of 8.500%. Interest on the 2033 EIFL Notes is paid semi-annually in arrears and is payable on 30 March and 30 September.

Security and guarantees

The 2033 EIFL Notes are secured by the Collateral.

The 2033 EIFL Notes are not guaranteed by the Company, EEPH, the Sponsor or any member of the Target Group.

Ranking

The 2033 EIFL Notes are secured on a first-priority basis by the Collateral and constitute senior secured debt obligations of EIFL ranking *pari passu* with the 2026 EIFL Notes, the 2028 EIFL Notes and the 2031 EIFL Notes.

Certain Covenants and Events of Default

The 2033 EIFL Notes are subject to the same covenants and conditions as the Initial EIFL Notes under the Indenture, the Sponsor Loan Agreement and the accounts agreements. For further details see the sub-section entitled "*Certain Covenants and Events of Default*" under paragraph 4.1.2 of Part B of this Appendix 1.

4.1.4 Revolving Credit Facilities

On 8 September 2022, the Company entered into: (i) a super senior multicurrency revolving facility agreement (the "**Super Senior RCF**") with ING Bank N.V. ("**ING**"), Goldman Sachs International, J.P. Morgan Securities plc and Morgan Stanley Bank International Limited as mandated lead arrangers and original lenders (the "**RCF Lenders**"), the Target, Energean Egypt Ltd and EEPH as guarantors (the "**RCF Guarantors**") and ING as the facility agent (the "**Facility Agent**") pursuant to which the RCF Lenders made available to the Company a multicurrency revolving loan facility in the aggregate amount of 183,333,333 (the "**Super Senior Commitment**"); and (ii) a senior secured multicurrency revolving facility agreement (the "**Senior RCF**", and, together with the Super Senior RCF, the "**Revolving Credit Facilities**") with the RCF Lenders as mandated lead arrangers and original lenders, the Guarantors and the Facility Agent as the facility agent, pursuant to which the RCF Lenders made available to the Company a multicurrency revolving loan facility in the aggregate amount of 91,666,667 (the "**Senior Commitment**", and, together with the Super Senior Commitment, the "**Original Commitments**").

On 19 May 2023, the Original Commitments were increased in accordance with the terms of the Super Senior RCF and the Senior RCF so that the Super Senior Commitment was increased to 200 million and the Senior Commitment was increased to 100 million meaning the total commitments under the Revolving Credit Facilities were 300,000,000.

Purpose

The purpose of entering into the Super Senior RCF was: (i) to refinance letters of credit previously issued under an existing bilateral letter of credit facility that the Company entered into with ING on 18 November 2021; and (ii) for financing the Company's general corporate purposes including working capital requirements and exposure under letters of credit. Under the Super Senior RCF, the Company may utilise the Super Senior Commitment by way of Letters of Credit, the aggregate amount of which shall not exceed 200,000,000.

The purpose of entering into the Senior RCF was for general corporate purposes including working capital requirements. Pursuant to the terms of the Senior RCF, the Company is only entitled to draw from the Senior Commitment where the Super Senior Commitment has been fully utilised.

The Revolving Credit Facilities may not be used at any time to redeem, defease or repurchase the 2027 PLC Notes.

Interest and Maturity

Under the Revolving Credit Facilities, the interest rate applied to any amounts drawn as loans is set at 5% plus SOFR.

The Revolving Credit Facilities have a duration of 36 months from the date of signing (which was 7 September 2022) and the Company shall be able to draw funds under the facilities until the date falling 30 days prior to this date.

Security and Guarantees

The Revolving Credit Facilities are secured by the PLC Notes Collateral (as defined below) pursuant to the terms of an intercreditor agreement between, among others, the Company and GLAS Trust Corporation Limited as security agent dated 18 November 2021 (as amended on 8 September 2022) relating to the PLC Notes Indenture (as defined below) (the "**Intercreditor Agreement**").

The Revolving Credit Facilities are guaranteed by the RCF Guarantors on an irrevocable and unconditional joint and several basis.

Ranking

The Super Senior RCF ranks as super senior secured obligations of the Company and the Senior RCF ranks as senior secured obligations of the Company. The Super Senior RCF will receive priority ahead of the 2027 PLC Notes and the Senior RCF with respect to the receipt of proceeds of enforcement of the collateral securing the Revolving Credit Facilities.

Financial Covenant

The Revolving Credit Facilities require that the Fixed Charge Coverage Ratio for each four-quarter period, for which financial statements are prepared in accordance with the terms and conditions of the Revolving Credit Facilities, be at least 2.25:1.

Certain Covenants and Events of Default

The Revolving Credit Facilities contain undertakings and representations and warranties by the Company and the RCF Guarantors that are customary for agreements of this nature. Certain representations and warranties are repeated at specified dates, including the date that any utilisation request is submitted and the date a utilisation is made.

The Revolving Credit Facilities contain customary event of default provision.

4.1.5 2027 PLC Notes

Overview

On 18 November 2021, the Company issued the 2027 PLC Notes with an aggregate principal amount of 450,000,000 under an indenture between the Company and GLAS Trust Company LLC as trustee (the "**PLC Notes Trustee**") and GLAS Trust Corporation Limited as security agent dated 18 November 2021 (the "**PLC Notes Indenture**").

Interest and Maturity

The 2027 PLC Notes were issued in the aggregate principal amount of 450,000,000 and will mature on 30 April 2027. Subject to redemption, prepayment, repayment, or discharge in part or in full prior to the maturity date, the principal amount shall be paid on the scheduled maturity date. The 2027 PLC Notes bear interest at the rate of 6.5%. Interest on the 2027 PLC Notes is paid semi-annually in arrears and is payable on 30 April and 30 October.

Guarantees and Security

The 2027 PLC Notes are jointly and severally guaranteed on a senior secured basis by EEPH, the Target and Energean Egypt Ltd (the "**PLC Note Guarantors**"). The guarantees provided by the PLC Note Guarantors are subject to the terms of the Intercreditor Agreement.

The 2027 PLC Notes are secured by contractual first priority liens over, among other things, the shares of Energean Italy S.p.A., Energean Capital Ltd, Energean Egypt Ltd, material bank accounts of the Company and the PLC Note Guarantors, material intercompany loans owed by the Company or the PLC Note Guarantors to non-guarantor group entities, and a floating charge over all of the assets of the Company (other than its shares in EEPH) (the "**PLC Notes Collateral**").

The 2027 PLC Notes are not guaranteed by Energean Israel Limited or any subsidiaries of Energean Israel Limited.

Ranking

The 2027 PLC Notes are senior secured obligations secured by first priority liens over the PLC Notes Collateral, but receive proceeds from any enforcement of security over the PLC Notes Collateral only after any obligations under certain indebtedness including the Super Senior RCF has been paid in full. The 2027 PLC Notes rank *pari passu* in right of payment with all existing and future secured obligations of the Company. The 2027 PLC Notes are structurally subordinated to all existing and future obligations of the Company's subsidiaries that do not guarantee the 2027 PLC Notes, including the 2026 EIFL Notes, the 2028 EIFL Notes, the 2031 EIFL Notes, and the 2033 EIFL Notes. The 2027 PLC Notes are guaranteed on a senior basis by the PLC Note Guarantors subject to certain limitations.

Certain Covenants and Events of Default

The PLC Notes Indenture governing the 2027 PLC Notes contains a number of covenants that, among other things, restrict the Company's ability to:

- incur additional debt and issue guarantees and preferred stock;
- make certain payments including dividends and other distributions with respect to outstanding share capital;
- repay or redeem subordinated debt or share capital;
- create or incur certain liens;
- impose restrictions on the ability of subsidiaries to pay dividends or other payments to the Company;
- make certain investments, acquisitions or loans;
- sell, lease or transfer certain assets, including shares of any restricted subsidiary of the Company;
- guarantee certain types of other indebtedness of the Company or its restricted subsidiaries without also guaranteeing the 2027 PLC Notes;
- merge or consolidate with other entities, or make certain asset sales; and
- enter into certain transactions with affiliates.

Each of these covenants is subject to certain exceptions and qualifications.

In addition, the PLC Notes Indenture contains certain customary information covenants and events of default.

4.1.6 *Karish Engineering, Procurement, Construction, Installation and Commissioning Contract*

Energean Israel entered into lump-sum turnkey engineering, procurement, construction, installation and commissioning contracts with Technip UK Limited ("**Technip UK**"), Technip France SA and the Israeli branch of Technip Ships One Limited (together, "**Technip**") in respect of the development of the Karish field, including the construction and delivery of the Energean Power FPSO, effective 2 March 2018, as subsequently amended (the "**Technip Karish EPCIC Contract**").

Completion of the project was initially scheduled to occur no later than 31 March 2021. Such date was subsequently extended to 30 August 2022. A practical completion certificate was issued by Energean Israel to Technip on 18 June 2023.

Pursuant to the Technip Karish EPCIC Contract, Energean Israel agreed to pay Technip approximately 1.39 billion for delivery of the project. The Technip Karish EPCIC Contract contains typical EPCIC contractor warranties and certain mutual indemnities for a contract of this kind. A defects correction period is available for 21 months following practical completion, to be extended by up to 12 months for defects in modifications and repairs. Under the terms of an amendment agreement between Energean Israel and Technip signed in February 2024, the remaining amount payable under the Technip Karish EPCIC Contract has been reduced to 210 million (payable in twelve equal quarterly deferred payments starting in March 2024) and Energean Israel has taken responsibility for the performance of certain outstanding works.

Energean Israel is entitled to set off amounts owed to Technip against amounts due from Technip, and to withhold payment for defective work and disputed amounts in any invoice. The total cumulative liability of Technip to Energean Israel under the Technip Karish EPCIC Contract shall not exceed a cap based on the contract price, subject to exceptions. A performance bond equal currently to 5% of the contract price has been provided by Technip and will remain in place until no earlier than the end of the defects correction period.

4.1.7 Katlan Integrated Engineering, Procurement, Construction and Installation Contract

Energean Israel entered into an integrated engineering, procurement, construction and installation contract with TechnipFMC through its subsidiary Technip UK in respect of the subsea development of the Katlan field, effective 15 April 2024 (the "**TechnipFMC Katlan iEPCI™ Contract**"). The TechnipFMC Katlan iEPCI™ Contract is part of the Katlan development project. The capital expenditure of the overall development is expected to be approximately US 1.2 billion. This capital expenditure includes a four-well-slot tieback capacity to a single large approximately 30 kilometre production line, which can be used by future Katlan area phases, an upgrade of the Energean Power FPSO topsides related to MEG treatment, injection and storage (which will benefit all future subsea tie-back developments) and drilling the first two production wells of the Katlan development.

The contract includes an agreed milestone schedule on the basis of which payment is to be made. Mechanical completion of the project is scheduled to occur no later than 31 December 2026.

The TechnipFMC Katlan iEPCI™ Contract provides for customary daily liquidated damages for delays, which are subject to cap based on a percentage of the contract price.

The contract contains typical EPCI contractor warranties including an undertaking to correct or remedy any works that do not comply with such warranties. Technip UK's aggregate liability to Energean Israel under the TechnipFMC Katlan iEPCI™ Contract shall not exceed a cap based on the contract price, subject to exceptions.

The TechnipFMC Katlan iEPCI™ Contract also contains provisions typical for a contract of this kind regarding suspension, termination, force majeure, variation, intellectual property, dispute resolution, the duty to cooperate and reporting, including regarding monthly reports and documentation of milestone payment claims.

4.1.8 Anchois Farm-In Agreement

On 7 December 2023, Energean entered into a farm-in agreement with Chariot Limited ("**Chariot**") (the "**Farm-In Agreement**") pursuant to which Energean agreed to farm into a 45% working interest in the Lixus offshore licence, which contains the Anchois gas development (Chariot 30%, ONHYM 25%), and a 37.5% working interest in the Rissana licence (Chariot 37.5%, ONHYM 25%). Completion of the Farm-In Agreement was announced in April 2024, following receipt of the requisite approvals from the Moroccan Authorities. Pursuant to the Farm-In Agreement, Energean has assumed operatorship for both licences.

As consideration for the interests in the licences, Energean agreed to:

- pay 10 million cash consideration on closing of the transaction;
- carry Chariot for its share of pre-FID costs (which are recoverable from Chariot's future revenues, see terms below), up to a gross expenditure cap of 85 million, covering drilling of the appraisal well, all other pre-FID costs and up to 7 million of seismic expenditure on the Rissana licence; and
- pay 15 million in cash, which is contingent on FID being taken on the Anchois Development.

Following the drilling of the appraisal well, Energean has the option to increase its working interest in the Lixus licence (which includes the Anchois development) by 10%, to 55%. On exercise of this option, the amount payable would be:

- Chariot's choice between either (i) a 5-year, 50 million of convertible loan notes with a GBP20 strike price and 0% coupon; or (ii) 3 million Energean plc shares, issued immediately upon exercise of the option but subject to a lock-up period until the earlier of first gas and 3 years post FID;
- Energean will pay to Chariot a 7% royalty for every dollar achieved on gas prices (post transportation costs) in excess of a base hurdle; and
- An agreement to carry Chariot's 20% share of development costs for the Anchois development with the following terms (i) a net expenditure cap of 170 million, (ii) the carry available for development costs is reduced by costs carried in the pre-FID phase; and (iii) all carried amounts are recoverable from 50% of Chariot's future revenues with interest charged at SOFR + 7%.

If the option is not exercised, subject to FID, the partners have agreed to progress the Anchois development with an ownership structure of Energean 45%, Chariot 30%, ONHYM 25%. All amounts carried by Energean on behalf of Chariot would be recoverable from Chariot's future revenues under the same terms as above.

4.1.9 Edison Acquisition Agreement

Details of the Edison Acquisition Agreement are set out in paragraph 4.2 of Part B of this Appendix 1. The Company has guaranteed the payment obligations of the Target under the Edison Acquisition Agreement, including in respect of the Cassiopea Consideration.

4.2 Target Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Target Group (i) within the two years immediately preceding the date of this document which are or may be, material or (ii) which contain any provision under which any member of the Target Group has any obligation or entitlement which is material to the Target Group as at the date of this announcement:

4.2.1 Edison Acquisition Agreement

The Company (as guarantor), the Target (as purchaser) (the "**Edison Purchaser**") and Edison entered into a share sale and purchase agreement on 4 July 2019 (the "**Edison Acquisition Agreement**") for the acquisition of 100% of the share capital of Edison E&P (the "**Edison Acquisition**"). In addition, Edison, the Edison Purchaser and the Company entered into a tax deed to govern the allocation of tax liabilities relating to the Edison Acquisition prior to and with effect from 31 December 2018.

On 2 April 2020, the Company, the Edison Purchaser and Edison entered into an amendment agreement to the Edison Acquisition Agreement, pursuant to which the parties agreed (inter alia) to exclude the Algerian interests of Edison E&P from the perimeter of the Edison Acquisition. On 28 June 2020, the Company, the Edison Purchaser and Edison entered into a further amendment agreement to the Edison Acquisition Agreement, pursuant to which the parties agreed (inter alia) to exclude the Norwegian interests of Edison E&P from the perimeter of the Edison Acquisition and to amend the contingent consideration payable in respect of the Cassiopea development, offshore Italy.

Following the exclusion of the Algerian and Norwegian interests from the transaction perimeter and certain other agreed adjustments, the initial consideration for the Edison Acquisition was amended to 284 million, to be adjusted for working capital and on provisions and other adjustments at the economic reference date of the transaction (1 January 2019) that were provided for under the original Edison Acquisition Agreement. Edison and Energean also agreed to amend the terms of the contingent consideration for the Cassiopea development, offshore Italy, which is payable no later than 90 days after the first day of the month following the first month in which commercial gas production from the Cassiopea development has continued on a regular basis for at least 25 days (the "**Cassiopea Consideration**"). The revised consideration varies from between nil and 100 million, depending upon the average of the year one and year two Italian PSV Natural Gas Futures price at the date of first gas production. 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 (equivalent to approximately 3.4/mcf) when first gas production is delivered from the field. 100 million is payable if that average price exceeds €20/Mwh (equivalent to approximately 6.8/mcf). The Cassiopea Consideration remains outstanding as at the date of this announcement.

Edison provided certain indemnities to the Edison Purchaser and the Target in respect of the operations of the Edison E&P group, together with customary warranties to the Edison Purchaser (including inter alia with respect to incorporation, capacity, and authority, ownership of the assets of the Edison E&P group and insolvency), subject to certain limitations.

The Edison Acquisition Agreement is governed by English law. Any dispute arising in respect of the Edison Acquisition Agreement shall be referred to and finally resolved by arbitration under the Rules of the London Court of International Arbitration.

Appendix 2

Financial Information on the Target

The following historical financial information relating to the Target Group's performance has been extracted without material adjustment from the consolidation schedules that underlie the Energean plc audited consolidated financial statements for the 12-month reporting periods ended 31 December 2022 and 31 December 2023. The audit reports in respect of these annual consolidated financial statements were unqualified, and copies of those financial statements are available on the Company's website and at its registered address: Accurist House, 44 Baker Street, London, United Kingdom, W1U 7AL.

EY LLP served as the auditor for Energean plc during the periods presented and subsequently up to the date of this announcement.

The historical financial information provided here does not constitute statutory accounts as defined by section 434 of the Companies Act 2006, nor does it represent consolidated accounts under UK-adopted International Financial Reporting Standards. Instead, these figures are carve-out accounts of the Target Group, assembled under the following assumptions to illustrate the contribution of the Target Group within the Energean plc group:

- **Related Party Transactions:** Interest income and expenses, allowances for related party loans, and costs incurred from transactions between the Target Group and other entities within the Energean plc group (continuing operations) were not eliminated in the carve-out accounts, reflecting the related party transactions for the Target Group.
- **Exclusion of Certain Investments:** The Target indirectly holds 100% in two Energean plc group companies (the North Sea Assets) that will be transferred out of the Target Group prior to Completion. As these operations do not form part of the Target Group, the investment was excluded from the carve-out accounts presented below.
- **Allocation of Central Costs:** The carve-out accounts reflect the allocation of central Energean plc group costs to the Target Group, indicating services provided centrally. This suggests that the Target Group might have reported different results if it had operated as a separate business during the periods presented.

The carve-out accounts were prepared on a basis consistent with the accounting policies adopted in the Group's latest annual accounts, being the 2023 annual accounts.

Additional Information

Shareholders are advised to review the full details of the disposal and its implications for the Energean plc group's financial performance, which will be provided in the forthcoming announcements and interim consolidated financial statements. All relevant documents will be made available on the Company's website and its registered address.

Carve-out income statement of the Target Group for 12 months reporting periods ending 31 December 2022 and 31 December 2023:

	31 December 2023	31 December 2022
	' 000	' 000
Revenue	447,491	673,983
Cost of Sales	(254,484)	(280,475)
Gross profit	**193,007**	**393,508**
Administrative expenses	(17,207)	(20,684)
Exploration and evaluation expenses	(2,728)	(3,087)
Change in decommissioning provision	35,347	(26,051)
Expected credit loss	(4,508)	(565)
Other income	6,696	13,217
Other expenses	(1,041)	(7,267)
Operating profit	**209,566**	**349,071**
Finance income	7,231	3,260
Finance costs	(32,649)	(35,085)
Unrealised loss on derivatives	(6,610)	(5,203)
Net foreign exchange loss	(13,568)	(2,646)
Profit before tax	**163,970**	**309,397**
Taxation expense	(89,556)	(116,778)
Profit for the year	**74,414**	**192,619**

(Supplementary information)		
Adjusted EBITDAX[5]	263,904	437,762

Carve-out net asset statement of the Target Group as at 31 December 2023:

	31 December 2023
	' 000
ASSETS	
Non-current assets:	
Property, plant and equipment	1,000,749
Deferred tax assets	131,018
Other intangible assets	49,807
Other non-current assets	4
Current assets:	
Trade and other receivables	223,162
Loans receivable from related party	179,621
Inventories	75,123
Cash and cash equivalents	11,849
Total assets	**1,671,333**
LIABILITIES	
Non-current liabilities:	
Decommissioning provision	496,426
Loans payable to related party	172,294
Long term lease liability	38,254
Other provisions	8,697
Other payables	341
Current liabilities:	
Trade and other payables	430,387
Loans payable to related party	98,551
Decommissioning provisions	19,404
Short term lease liability	7,821
Total Liabilities	**1,272,175**
NET ASSETS	**399,158**

Appendix 3

Definitions

The following definitions apply throughout this announcement, unless stated otherwise:

2026 EIFL Notes	625m 4.875% Senior Secured Notes due 2026 issued by EIFL
2027 PLC Notes	450m 6.500% Senior Secured Notes due 2027 issued by PLC
2028 EIFL Notes	625m 5.375% Senior Secured Notes due 2028 issued by EIFL
2031 EIFL Notes	625m 5.875% Senior Secured Notes due 2031 issued by EIFL
2033 EIFL Notes	750m 8.500% Senior Secured Notes due 2033 issued by EIFL
Board	the board of the Company comprising the Directors
Borrower	CIEP Spin Midco 2 Ltd
Buyer	CIEP Spin BidCo Limited
Carlyle	Carlyle International Energy Partners
Cassiopea Consideration	the contingent consideration of 100m in connection with the Cassiopea development
Chariot	Chariot Limited
Collateral	the EEPH Collateral, the Sponsor Collateral and the Issuer Collateral
Collateral Agent	HSBC Bank USA, N.A.
COMESA	Common Market for Eastern and Southern Africa
Company or **Energean**	Energean plc
Completion	completion of the Transaction in accordance with the Sale and Purchase Agreement
Completion Date	the date of Completion
CPR	YE23 Competent Person's Report
Directors	the directors of the Company
Edison	Edison S.p.A.
Edison Acquisition	the acquisition by the Edison Purchaser from Edison of 100% of the share capital of Edison E&P

Edison Acquisition Agreement	the share sale and purchase agreement entered into between the Company, the Edison Purchaser and Edison dated 4 July 2019 (as amended)
Edison E&P	Edison Exploration & Production S.p.A., a company incorporated in Italy, currently named Energean Italy S.p.A.
Edison Purchaser	Energean Capital Limited
EEPH	Energean E&P Holdings Limited, a company incorporated in Cyprus
EEPH Collateral	the first priority Cypriot fixed pledge granted in favour of the Collateral Agent by EEPH on its rights and interests in the shares of the Sponsor
Effective Date	31 December 2023
EIFL	Energean Israel Finance Ltd, a company incorporated in Israel
Energean Israel or **Sponsor**	Energean Israel Limited, a company incorporated in Cyprus
Facility Agent	ING (in its capacity as facility agent)
Farm-In Agreement	the farm-in agreement entered into between the Company and Chariot dated 7 December 2023
FCA	the UK Financial Conduct Authority
FID	final investment decision
FSMA	Financial Services and Markets Act 2000 (as amended)
Group	the Company and its subsidiary undertakings (excluding the Target Group)
Indenture	the indenture dated 24 March 2021 as amended on 9 January 2023 between EIFL and the Trustee
ING	ING Bank N.V.
Initial EIFL Notes	the 2026 EIFL Notes, the 2028 EIFL Notes and the 2031 EIFL Notes
Intercreditor Agreement	the intercreditor agreement between, among others, the Company and GLAS Trust Corporation Limited dated 18 November 2021
Interests	Energean's interests in the Project
Issuer Collateral	the first priority pledges granted in favour of the Collateral Agent by the Issuer
Karish Fields	the Karish and Karish North fields
Lender	the Company
MATTM	the Italian Ministry of Environment
mid-flight transaction	as defined in UKLR TP 6.2R
Non-Completion Payment	the amount which the Buyer will be liable to pay to Energean where Completion does not occur due to a material breach by the Buyer of certain of its obligations under the Sale and Purchase Agreement
North Sea Assets	Energean UK Limited and Energean Exploration Limited, companies incorporated in England and Wales
Original Announcement	the original announcement made by the Company on 20 June 2024 in connection with the Transaction
Original Commitments	the Super Senior Commitment and the Senior Commitment
PLC Notes Collateral	The contractual first priority liens and floating charge constituting collateral for the 2027 PLC Notes
PLC Notes Guarantors	EEPH, the Target and Energean Egypt Ltd
PLC Notes Indenture	the indenture between the Company, the PLC Notes Trustee and GLAS Trust Corporation Limited as security agent dated 18 November 2021
PLC Notes Trustee	GLAS Trust Company LLC
Project	the project related to the Karish and Tanin gas reservoirs, offshore Israel
RCF Guarantors	EEPH, the Target and Energean Egypt Ltd
RCF Lenders	ING, Goldman Sachs International, J.P. Morgan Securities plc and Morgan Stanley Bank International Limited
Respondents	Energean Israel, EEPH, Energean Oil & Gas S.A., Mathios Rigas and Efstathios Topouzoglou
Revolving Credit Facilities	the Super Senior RCF and the Senior RCF
Sale and Purchase Agreement	the sale and purchase agreement dated 19 June 2024 between Energean and the Buyer in respect of the acquisition of the entire issued share capital of the Target
Senior Commitment	100,000,000
Senior RCF	the senior secured multicurrency revolving facility agreement dated 8 September 2022 between the Company, the RCF Lenders, the RCF Guarantors and the Facility Agent

Sponsor Collateral	the first priority pledges granted in favour of the Collateral Agent by the Sponsor
Sponsor Loan Agreement	the sponsor loan agreement dated 24 March 2021 between EIFL, the Sponsor and the Trustee
Super Senior Commitment	200,000,000
Super Senior RCF	the super senior multicurrency revolving facility agreement dated 8 September 2022 between the Company, the RCF Lenders, the RCF Guarantors and the Facility Agent
Target	Energean Capital Limited, a company incorporated in Cyprus
Target Group	Energean Capital Limited and its subsidiary undertakings (excluding the North Sea Assets)
Technip	Technip UK, Technip France SA and the Israeli branch of Technip Ships One Limited
Technip Karish EPCIC Contract	the lump-sum turnkey engineering, procurement, construction, installation and commissioning contracts with Technip in respect of the development of the Karish field effective 2 March 2018, as subsequently amended
TechnipFMC Katlan iEPCI™ Contract	the integrated engineering, procurement, construction and installation contract with Technip UK in respect of the subsea development of the Katlan field, effective 15 April 2024
Technip UK	Technip UK Limited
Topco	CIEP Spin Holdco Limited
Transaction	the proposed sale of the entire issued share capital of the Target pursuant to the Sale and Purchase Agreement
Transco	Energean Israel Transmission Ltd.
Trustee	HSBC Bank USA, N.A.
Tsabar Group	Tsabar Oil & Gas Ltd., Nammax Oil & Gas Ltd. and Med Sea Ltd.
UK Listing Rules or **UKLRs**	the rules and regulations made by the FCA under the FSMA (as came into effect on 29 July 2024), and as contained in the FCA's publication of the same name
Vendor Loan	the senior secured facility made available by the Lender to the Borrower which will be deemed to be utilised by way of a loan
Vendor Loan Agreement	the vendor loan agreement to be entered into in connection with the Transaction at Completion

All times referred to are London times unless otherwise stated.

All references to legislation in this document are to the legislation of England and Wales unless otherwise stated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

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[1] The Edison E&P acquisition also included the UK portfolio, which was ascribed minimal value.

[2] 5.4/boe multiple is based upon the firm EV of 820 million and 150 mmboe of YE23 2P reserves. Using the EV of 945 million, the EV/2P multiple is 6.3/boe. 1.2/boe multiple is on the EV of 284 million and 239 mmboe (excludes 4 mmboe of UK volumes) of YE18 2P reserves.

[3] Gas production (mmscf): 26,918 (2025), 24,551 (2026), 21,574 (2027), 19,063 (2028). Oil production (mmbbl): 1.794 (2025), 1.666 (2026), 1.55 (2027), 1.444 (2028)

[4] Reference price as follows - Brent (/bbl): 77.33 (2025), 73.56 (2026), 70.00 (2027), 70.00 (2028). PSV gas price (€/MWh): 29.87 (2025), 29.16 (2026), 25.00 (2027), 25.00 (2028).

[5] Adjusted EBITDAX is a non-IFRS measure used by the Energean plc group to measure business performance. It is calculated as profit or loss for the period, adjusted for taxation, depreciation and amortisation, other income and expenses (including the impact of derivative financial instruments and foreign exchange), net finance costs and exploration costs.

END

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