

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

Energean Israel Limited 1Q 2021 Consolidated Management Accounts

London, 03 June 2021 - Energean plc (LSE: ENOG, TASE: אנא) is pleased to release Energean Israel Limited 1Q 2021 consolidated management accounts, publication of which is required under the terms of its \$2.5 billion senior secured notes, issuance of which was completed on 24 March 2021. Energean plc shall release quarterly management accounts for Energean Israel Limited within 70 days of the close of each quarter and 120 days for its annual consolidated financial statements.

Enquiries

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About Energean plc

Established in 2007, Energean is a London Premium Listed FTSE 250 and Tel Aviv 35 Listed E&P company with operations in nine countries across the Mediterranean and UK North Sea. Since IPO, Energean has grown to become the leading independent, gas-focused E&P company in the Eastern Mediterranean, with a strong production and development growth profile. The Company explores and invests in new ideas, concepts and solutions to produce and develop energy efficiently, at low cost and with a low carbon footprint.

Energean’s production comes mainly from the Abu Qir field in Egypt and fields in Southern Europe. The company’s flagship project is the 3.5 Tcf Karish, Karish North and Tanin development, offshore Israel, where it intends to use the newbuild fully-owned FPSO Energean Power, which will be the only FPSO in the Eastern Mediterranean, to produce first gas, commencing mid-2022. Energean has signed contracts for 7.4 Bcm/yr of gas sales on plateau into the Israeli domestic market, which have floor pricing, take-or-pay and/or exclusivity provisions that largely insulate the project’s revenues against global commodity price fluctuations and underpin Energean’s goal of paying a meaningful and sustainable dividend.

With a strong track record of growing reserves and resources, Energean is focused on maximising production from its large-scale gas-focused portfolio to deliver material free cash flow and maximise total shareholder return in a sustainable way. ESG and health and safety are paramount to Energean; it aims to run safe and reliable operations, whilst targeting carbon-neutrality across its operations by 2050. These aspirations were significantly advanced with the completion of the Edison E&P acquisition in December 2020, which is now being successfully integrated in Energean’s business.

www.energean.com

Energean Israel Limited

Unaudited interim condensed consolidated financial statements

31 March, 2021

ENERGEAN ISRAEL LIMITED

Unaudited interim condensed consolidated financial statements

AS OF 31 MARCH 2021

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ENERGEAN ISRAEL LIMITED**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Amounts in thousands US Dollars, unless otherwise stated)

		31 March 2021	31 December 2020
		Unaudited	Audited
	Note	Dollars in thousands	
ASSETS:			
NON-CURRENT ASSETS:			
Property, plant and equipment	3(A)	1,943,485	1,813,523
Intangible assets	3(B)	16,598	13,807
Other accounts receivable		46	43
Deferred senior secured notes fees		6,482	-
Deferred tax asset		7,491	7,839
		<u>1,974,102</u>	<u>1,835,212</u>
CURRENT ASSETS:			
Trade and other receivables		1,201	1,304
Cash and cash equivalents		30,925	37,421
		<u>32,126</u>	<u>38,725</u>
TOTAL ASSETS		<u>2,006,228</u>	<u>1,873,937</u>
EQUITY AND LIABILITIES:			
EQUITY:			
Share capital		1,708	1,708
Share premium		572,539	572,539
Other reserves		(3,581)	(5,328)
Accumulated losses		(25,459)	(25,114)
TOTAL EQUITY		<u>545,207</u>	<u>543,805</u>
NON-CURRENT LIABILITIES:			
Borrowings	3(C)	1,223,135	-
Provisions for decommissioning		38,537	38,399
Trade and other payables	3(E)	71,673	84,360
		<u>1,333,345</u>	<u>122,759</u>
CURRENT LIABILITIES:			
Current borrowings		-	1,093,965
Trade and other payables	3(E)	123,026	90,489
Loans from related parties		-	16,000
Derivative financial instrument	3(D)	4,650	6,919
		<u>127,676</u>	<u>1,207,373</u>
TOTAL LIABILITIES		<u>1,461,021</u>	<u>1,330,132</u>
TOTAL EQUITY AND LIABILITIES		<u>2,006,228</u>	<u>1,873,937</u>

03 June 2021

Panagiotis Benos
Director

Matthaios Rigas
Director

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

ENERGEAN ISRAEL LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Amounts in thousands US Dollars, unless otherwise stated)

	For the period of 3 months ended 31 March 2021 Unaudited US Dollars	For the period of 3 months ended 31 March 2020 Unaudited in thousands
Administrative expenses	(878)	(929)
Other expenses	(23)	-
Operating loss	(901)	(929)
Finance income	23	138
Finance costs	(157)	(10)
Foreign exchange gain	517	347
Loss for the period before taxes	(518)	(454)
Tax income	173	101
Net loss for the period	(345)	(353)
<u>Other comprehensive income (loss):</u>		
Items that may be reclassified subsequently to profit or loss		
Gain (loss) on Cash flow hedge	2,269	(11,237)
Tax relating to items that may be reclassified subsequently to profit or loss	(522)	2,584
Other comprehensive income /(loss) for the period	1,747	(8,653)
Total comprehensive income / (loss) for the period	1,402	(9,006)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

ENERGEAN ISRAEL LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Amounts in thousands US Dollars, unless otherwise stated)

For the period of 3 months ended 31 March 2021 (unaudited):

	Share capital	Share Premium	Other reserves	Accumulated losses	Total equity
Balance as of 1 January 2021	1,708	572,539	(5,328)	(25,114)	543,805
Changes during period:					
<u>Comprehensive Income (Loss):</u>					
Loss for the period	-	-	-	(345)	(345)
Other comprehensive income, net of tax	-	-	1,747	-	1,747
Balance as of 31 March 2021	<u>1,708</u>	<u>572,539</u>	<u>(3,581)</u>	<u>(25,459)</u>	<u>545,207</u>

For the period of 3 months ended 31 March 2020 (unaudited):

	Share capital	Share Premium	Other reserves	Accumulate d losses	Total equity
Balance as of 1 January 2020	1,676	540,071	434	(20,234)	521,947
Changes during period:					
<u>Comprehensive Loss:</u>					
Loss for the period	-	-	-	(353)	(353)
Other comprehensive loss, net of tax	-	-	(8,653)	-	(8,653)
Total comprehensive loss	<u>-</u>	<u>-</u>	<u>(8,653)</u>	<u>(353)</u>	<u>(9,006)</u>
<u>Transactions with shareholders:</u>					
Shares issuance	32	32,468	-	-	32,500
Balance as of 31 March 2020	<u>1,708</u>	<u>572,539</u>	<u>(8,219)</u>	<u>(20,587)</u>	<u>545,441</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

ENERGEAN ISRAEL LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in thousands US Dollars, unless otherwise stated)

	For the period of 3 months ended 31 March	
	2021	2020
	Unaudited	Unaudited
	Dollars in thousands	
<u>Cash flows from operating activities:</u>		
Loss for the period before tax	(518)	(454)
<u>Adjustments for:</u>		
Depreciation and amortization	29	53
Loss from disposal on property, plant and equipment	23	-
Increase in provisions for decommissioning	138	-
Finance income	(23)	(138)
Finance expenses	19	10
Net foreign exchange gain	(517)	(347)
	(849)	(876)
Changes in working capital:		
Decrease in other receivables	27	674
Increase in trade and other payables	270	493
Cash generated from (used) in operating activities	(552)	291
Net cash generated from (used) in operating activities	(552)	291
<u>Cash flows from investing activities:</u>		
Payment for purchase of oil & gas leases	(10,850)	(10,850)
Payment for purchase of intangible assets	(2,812)	(3,793)
Payment for purchase of property, plant and equipment	(77,956)	(62,093)
Interest received	59	182
Net cash used in investing activities	(91,559)	(76,554)
<u>Cash flows from financing activities:</u>		
Proceeds from shares issuance	-	32,500
Drawdown of borrowings	118,000	50,000
Loan repayment from related parties	(16,000)	-
Short term related party transfer in relation with the secure notes escrow account	10,384	-
Debt arrangement fees paid	-	(2,614)
Finance cost paid	(21,810)	(13,511)
Finance costs paid for deferred license payments	(3,494)	(3,993)
Transaction cost in relation to Secured Notes issuance	(1,197)	-
Repayment of obligations under leases	(82)	(74)
Net cash generated from financing activities	85,801	62,308
Net decrease in cash and cash equivalents	(6,310)	(13,955)
Cash and cash equivalents at the beginning of the period	37,421	110,488
Effect of exchange rate fluctuations on cash held	(186)	(222)
Cash and cash equivalents at the end of the period	30,925	96,311

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

ENERGEAN ISRAEL LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands US Dollars, unless otherwise stated)

NOTE 1: GENERAL

- A. Energean Israel Limited (the “Company”) was incorporated in Cyprus on 22 July 2014 as a private company with limited liability under the Companies Law, Cap. 113. Its registered office is at Lefkonos 22, 1st Floor, 2064, Nicosia, Cyprus.
- B. The Company and its subsidiaries (the “Group”) has been established with the objective of exploration, production and commercialisation of crude oil and natural gas. The Group’s main activities are performed in Israel by its Israeli Branch.
- C. The Group’s core assets as of 31 March 2021 are comprised of:

Country	Asset	Working interest	Field phase
Israel	Karish (including Karish North)	100%	Development
Israel	Tanin	100%	Development
Israel	Blocks 12, 21, 23, 31	100%	Exploration
Israel	Four licenses Zone D (1)	80%	Exploration

- (1) The Company holds 80% interests in four licenses, blocks 55, 56, 61 and 62 (together, “Zone D”) in Israel’s Exclusive Economic Zone (“EEZ”).
- D. COVID-19: Despite COVID-related challenges experienced during the period (mainly at the Admiralty Yard in Singapore, where the FPSO is being completed), the Group has made solid progress on its flagship Karish project, offshore Israel. The project expected to deliver first gas in mid-2022. The health and safety of its workers remains of paramount importance to the Company, and it supports all necessary measures to prevent further transmission of COVID-19.

NOTE 2: ACCOUNTING POLICIES AND BASIS OF PREPARATION

These interim condensed consolidated financial statements for the three months ended 31 March 2021, have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union (EU). The interim condensed consolidated financial statements do not include all the information and disclosures that are required for the annual financial statements and must be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

These Interim Financial Statements have been prepared on a going concern basis.

ENERGEAN ISRAEL LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands US Dollars, unless otherwise stated)

NOTE 3: FINANCIAL POSITION

A. Property, Plant and Equipment:

1) Composition:

	Petroleum and Gas Assets	Leased Assets	Furniture, fixtures and equipment	Total
	US Dollars in thousands			
Cost:				
At 1 January 2020	1,238,724	469	337	1,239,530
Additions	404,613	365	298	405,276
Disposals	(2,984)	(230)	-	(3,214)
Capitalised borrowing cost	92,170	-	-	92,170
Capitalised depreciation	288	-	-	288
Change in decommissioning provision	38,125	-	-	38,125
Transfers from Exploration and evaluation assets	41,822	-	-	41,822
Total cost at 31 December 2020	1,812,758	604	635	1,813,997
Additions	84,700	22	6	84,728
Disposals	(23)	-	-	(23)
Capitalised borrowing cost	45,278	-	-	45,278
Capitalised depreciation	53	-	-	53
Total cost at 31 March 2021	1,942,766	626	641	1,944,033
Depreciation:				
At 1 January 2020	-	185	63	248
Expensed for the year	-	-	80	80
Disposals	-	(142)	-	(142)
Capitalised to petroleum and gas assets	-	288	-	288
Total Depreciation at 31 December 2020	-	331	143	474
Expensed for the period	-	-	21	21
Capitalised to petroleum and gas assets	-	53	-	53
Total Depreciation at 31 March 2021	-	384	164	548
Net Property, Plant and Equipment at 31 December 2020	1,812,758	273	492	1,813,523
Net Property, Plant and Equipment at 31 March 2021	1,942,766	242	477	1,943,485

- The additions to Petroleum and Gas assets for the period of three months ended 31 March 2021 are mainly due to the development costs of Karish field which relate to the EPCIC contract (FPSO, Sub Sea and On-shore construction cost) at the amount of US\$62.34 million (for the year ended 31 December 2020: US\$280.09 million).
- The borrowing costs capitalised for the period of three months ended 31 March 2021 at the amount of US\$45.28 million (for the year ended 31 December 2020: US\$92.17 million) are mainly due to the Senior Facility Loan for Karish development at the amount of US\$38.59 million (for the year ended 31 December 2020: US\$80.72 million) and for deferred license consideration of Karish & Tanin rights at the amount of US\$1.47 million (for the year ended 31 December 2020: US\$6.22 million). The weighted average interest rates used for the capitalisation of the borrowing cost was 8.93% (31 December 2020: 8.78%).

ENERGEAN ISRAEL LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands US Dollars, unless otherwise stated)

NOTE 3: FINANCIAL POSITION (Cont.)

2) Cash flow statement reconciliations:

	For the period of three months ended March 31, 2021	For the year ended December 31, 2020
	Dollars in thousands	
Additions to property, plant and equipment	130,036	574,467
<u>Less</u>		
capitalised borrowing costs	(45,278)	(92,170)
Right-of-use asset additions	(22)	(365)
Capitalised share-based payment charge	(24)	(65)
Capitalised depreciation	(53)	(288)
Change in decommissioning provision	-	(38,125)
Transfers from Intangible Assets	-	(41,822)
Total	84,659	401,632
Movement in working capital	4,147	(17,179)
Cash capital expenditures per the cash flow statement (*)	88,806	384,453

(*)The amount includes payment of US\$10.85 million which has been paid each period in 2021 and 2020 to the sellers of Karish and Tanin leases.

B.Intangible Assets:

1) Composition:

	Exploration and evaluation assets	Software License	Total
	US Dollars in thousands		
Cost:			
At 1 January 2020	49,574	160	49,734
Additions	6,539	95	6,634
Write off of exploration and evaluation costs	(492)	-	(492)
Transfers to property, plant and equipment	(41,822)	-	(41,822)
At 31 December 2020	13,799	255	14,054
Additions	2,799	-	2,799
At 31 March 2021	16,598	255	16,853
Amortisation:			
At 1 January 2020	-	33	33
Expensed for the year	-	214	214
Total Amortisation at 31 December 2020	-	247	247
Expensed for the period	-	8	8
Total Amortisation at 31 March 2021	-	255	255
Net Intangible assets at 31 March 2021	16,598	-	16,598
Net Intangible assets at 31 December 2020	13,799	8	13,807

ENERGEAN ISRAEL LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands US Dollars, unless otherwise stated)

NOTE 3: FINANCIAL POSITION (Cont.)

- The additions to Intangible assets for the period of three months ended 31 March 2021 are mainly due to the surveys, seismic and related works for the Israeli offshore exploration blocks. (for the year ended 31 December 2020 mainly related to drilling associated costs for Block 12 licenses and Karish North prior classifying it to property, plant and equipment).

2) Cash flow statement reconciliations:

	For the period of three months ended March 31, 2021	For the year ended December 31, 2020
	Dollars in thousands	
Additions to property, plant and equipment	2,799	(35,680)
Less		
Transfers to Fixed Assets	-	41,822
Total	2,799	6,142
Movement in working capital	13	1,864
Cash capital expenditures per the cash flow statement	2,812	8,006

C. Borrowings:

- 1) On March 2, 2018, the Group entered into a senior secured project finance for its Karish project amounting to US\$1.275 billion and on 16 March 2020, the senior credit facility was increased to US\$1,450 billion, providing an additional US\$175 million of liquidity for the Karish project and future appraisal activity in Israel.
Once drawn, interest is to be charged at LIBOR + 3.75% over months 1 to 12, LIBOR + 4.00% over months 13 – 24, LIBOR + 4.25% over months 25 – 36 and LIBOR + 4.75% over months 37 – 45. There is a commitment fee of 30% of the applicable margin.
The facility matures in December 2021 and has a bullet repayment on maturity. On 13 January 2021, the Company signed with its existing lenders for the US\$1.45 billion facility for Karish development a nine-month extension for the facility maturity date, from December 2021 to September 2022, as such the Company classify its borrowings from short term borrowings to long term borrowings.
As of 31 March 2021, the Group drew US\$1,268 million (US\$118 million drew in the period of three months ending 31 March 2021) from the US\$1,450 million Karish-Tanin project finance facility (31 December 2020: US\$1,150 million) and the amortised carrying value of the loan was US\$1,225 million (including short term accrued interest at the amount of US\$2.02 million as part of trade and other payables).
See also Note 5(A) for the senior credit facility repayment.
- 2) Short term loan from ultimate parent company repayment - On 5 January 2021, the Company paid Energean plc the short-term loan amounted US\$16 million.

ENERGEAN ISRAEL LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands US Dollars, unless otherwise stated)

NOTE 3: FINANCIAL POSITION (Cont.)

D. Fair value measurements:

The information set out below provides information about how the Group determines the fair values of various financial assets and liabilities.

The fair values of the Group's non-current liabilities measured at amortised cost are considered to approximate their carrying amounts at the reporting date.

The carrying value less any estimated credit adjustments for financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values due to their short term-nature.

The fair value hierarchy of financial assets and financial liabilities that are not measured at fair value (but fair value disclosure is required) is as follows:

Fair value hierarchy as of 31 March 2021				
Dollars in thousands				
	Level 1	Level 2	Level 3	Total
Financial assets				
Trade and other receivables	-	6	-	6
Cash and cash equivalents	30,925	-	-	30,925
Total	30,925	6	-	30,931
Financial liabilities				
Borrowings (*)	-	1,225,155	-	1,225,155
Derivative liability	-	4,650	-	4,650
Trade and other payables - long term	-	71,567	-	71,567
Trade and other payables - short term	-	120,804	-	120,804
Total	-	1,422,176	-	1,422,176

(*) Include short term accrued interest for the project senior facility loan in the amount of US\$2,020 thousands as part of trade and other payables.

Fair value hierarchy as of 31 December 2020				
Dollars in thousands				
	Level 1	Level 2	Level 3	Total
Financial assets				
Trade and other receivables	-	54	-	54
Cash and cash equivalents	37,421	-	-	37,421
Total	37,421	54	-	37,475
Financial liabilities				
Borrowings (*)	-	1,096,046	-	1,096,046
Derivative liability	-	6,919	-	6,919
Loans from related parties	-	16,000	-	16,000
Trade and other payables - long term	-	84,161	-	84,161
Trade and other payables - short term	-	88,520	-	88,520
Total	-	1,291,646	-	1,291,646

(*) Include short term accrued interest in the amount of US\$2,081 thousands as part of trade and other payables.

ENERGEAN ISRAEL LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands US Dollars, unless otherwise stated)

NOTE 3: FINANCIAL POSITION (Cont.)

Fair values of derivative financial instruments:

During 2019, the Group signed a hedge contract for 50% of the facility notional, to hedge the 3 months LIBOR component of the facility.

The Group held financial instruments at fair value on 31 March 2021 related to interest rate derivatives. All derivatives are recognised at fair value on the balance sheet with valuation changes recognised immediately in the income statement unless the derivatives have been designated as a cash flow hedge. Fair value is the amount for which the asset or liability could be exchanged in an arm's length transaction at the relevant date. Where available, fair values are determined using quoted prices in active markets. To the extent that market prices are not available, fair values are estimated by reference to market-based transactions or using standard valuation techniques for the applicable instruments and commodities involved. Values recorded are as at the balance sheet date and will not necessarily be realised. As of 31 March 2021, the Group recognized derivative liability at the amount of US\$4.65 million, net from tax.

As of 31 March 2021, the Group's interest rate derivatives are Level 2 (31 December 2020: Level 2). There were no transfers between fair value levels during the year.

E.Trade and other payables:

	31 March 2021	31 December 2020
	US Dollars in thousands	
Current		
Financial items		
Trade accounts payable (1)	23,092	68,706
Accrued expenses (1)	55,243	1,628
Payables to related parties	25,799	3,381
Deferred license payments due within one year (2)	13,845	14,344
Other finance costs accrued (3)	4,527	2,081
Current lease liabilities	212	262
	<u>122,718</u>	<u>90,402</u>
Non-Financial items		
Social insurance and other taxes	308	87
	<u>308</u>	<u>87</u>
	<u>123,026</u>	<u>90,489</u>
Non-current		
Financial items		
Accrued Expenses to related parties	106	199
Long term lease liabilities	12	8
Sales consideration received in advance (INGL) (4)	28,752	28,979
Deferred license payments (2)	42,803	55,174
	<u>71,673</u>	<u>84,360</u>
	<u>71,673</u>	<u>84,360</u>

ENERGEAN ISRAEL LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands US Dollars, unless otherwise stated)

NOTE 3: FINANCIAL POSITION (Cont.)

- (1) The main balance of the Trade Payables and Accrued expenses as of 31 March 2021 relates to development costs for a total amount of US\$78.34 million (31 December 2020: US\$68.72 million), US\$23.13 million (31 December 2020: US\$67.59 million) included in trade payable and US\$55.21 million (31 December 2020: US\$1.13 million) at the accrued expenses. The change in trade payables represents mainly timing differences and levels of work activity in Karish project. Trade payables are non-interest bearing.
- (2) In December 2016, the Company acquired the Karish and Tanin offshore gas fields for US\$40.0 million closing payment with an obligation to pay additional consideration of US\$108.5 million plus interest inflated at an annual rate of 4.6% in ten equal annual payments. As at 31 March 2021 the total discounted deferred consideration was US\$56.65 million (as at 31 December 2020: US\$69.52 million).
The Sale Purchase Agreement ("SPA") includes provisions in the event of Force Majeure that prevents or delays the implementation of the development plan as approved under one lease for a period of more than ninety (90) days in any year following the final investment decision ("FID") date. In the event of Force Majeure the applicable annual payment of the remaining consideration will be postponed by an equivalent period of time, and no interest will be accrued in that period of time as well.
- (3) As at 31 March 2021 include short term accrued interest for the Project Senior Facility Loan in the amount of US\$2,020 thousands (as at 31 December 2020: US\$2,081) and accrued interest for the senior secured notes in amount of US\$2,507 thousands.
- (4) The sales consideration received in advance is related to the agreement with Israel Natural Gas Lines ("INGL") for the transfer of title (the "hand over") of the near shore and onshore part of the infrastructure that will deliver gas from the Karish and Tanin FPSO into the Israeli national gas transmission grid. There were no additional proceeds received during the period of three months ended 31 March 2021. It is intended that the hand over to INGL will become effective shortly after the delivery of first gas from the Karish field expected in mid - 2022.

ENERGEAN ISRAEL LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(Amounts in thousands US Dollars, unless otherwise stated)**NOTE 4: SIGNIFICANTS EVENTS AND TRANSACTIONS DURING THE REPORTING PERIOD****A. Company's shareholders transaction completion:**

On 29 December 2020, Energean E&P Holdings Limited had entered into a conditional sale and purchase agreement to acquire Kerogen Investments No. 38 Limited's entire interest in Energean Israel Limited, which constitutes 30% of the total issued share capital of Energean Israel and completion took place during February 2021.

B. Issuance of US\$2,500,000,000 senior secured notes:

On 24 March 2021 ("Issue Date"), Energean Israel Finance Ltd (subsidiary of the company, held 100%) announced on closing of an offering of US\$2,500,000,000 senior secured notes.

The Notes will be issued in four series as follows:

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

The interest on each series of the Notes will be paid semi-annually, on 30 March and on 30 September of each year, beginning on 30 September 2021.

ENERGEAN ISRAEL LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands US Dollars, unless otherwise stated)

NOTE 5: SIGNIFICANTS EVENTS AND TRANSACTIONS AFTER THE REPORTING PERIOD

A. Issuance of US\$2,500,000,000 senior secured notes:

1. Satisfaction of the escrow release conditions and release from escrow of proceeds of the US\$2,500,000,000 senior secured notes offering:

On 29 April 2021 Energean Israel Finance Ltd has satisfied the escrow release conditions in respect of its US\$2.5 billion aggregate principal amount of the Notes offering, completed by it on 24 March 2021. As a result of satisfying the said escrow release conditions, the proceeds of the Offering have been released from escrow.

The Notes are listed for trading on the TACT Institutional of the Tel Aviv Stock Exchange Ltd. (the "TASE").

With regards to the Indenture document, signed on 24 March 2021 with HSBC BANK USA, N.A (the "Trustee"), no Indenture default or Indenture event of default has occurred and is continuing.

2. Security:

The Company undertaken to pledge in favor of the senior secured notes trustee:

- a) Fixed charge over the shares of Energean Israel Limited, Energean Israel Finance Ltd and Energean Israel Transmission Ltd, the Karish & Tanin Leases, the gas sales purchase agreements ("GSPAs"), Several bank accounts, Operating Permits, Insurance policies, the Company exploration licenses (Block 12, Block 21, Block 23, Block 31 and 80% of the licenses under "Zone D") and the INGL Agreement.
- b) Floating charge over all of the present and future assets of Energean Israel Limited, Energean Israel Finance Ltd.
- c) Energean Power FPSO (subject to using commercially reasonable efforts, including obtaining Israel Petroleum Commissioner approval and any other applicable governmental authority).

3. Repayment of outstanding indebtedness of US\$1.45 billion project finance facility:

On 29 April 2021, following the escrow release as stated above, the Company repaid its existing outstanding facility and as such the ultimate parent company guarantee ("PCG") granted by Energean PLC in the amount of US\$90 million terminated.

In addition, the Company terminated the standby letter of credit for US\$125 million in favor of the project finance facility lenders, and as such the PCG granted by the parent company Energean E&P Limited at the same amount terminated.

ENERGEAN ISRAEL LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands US Dollars, unless otherwise stated)

NOTE 5: SIGNIFICANTS EVENTS AND TRANSACTIONS AFTER THE REPORTING PERIOD (Cont.)

4. Reserves accounts:

On 29 April 2021, following the escrow release as stated above, the Company funded its reserves account as follow:

- a) US\$163.3 million Interest Payment Account for the accrued interest Prior to practical completion, accrued interest until 30 June 2022 (less coupons actually paid) and from 30 June 2022 the Interest Reserve Account will be funded 6 months forward.
- b) US\$100 Debt Payment Fund that would be released upon achieving three quarters annualized production of 3.8 BCM/year.
- c) Principal Reserve Fund will be funded 50% an upcoming maturity within 12 months for the 3 year and 5 year Notes, and 75% of an upcoming maturity within 18 months for the 7 year and 10 year Notes.

5. Credit rating:

Moody's assigns Ba3 rating the senior secured notes, and S&P Global assigns BB-rating the senior secured notes.

B. Loan agreement with Energean E&P Holdings Limited:

On 29 April 2021 (the "Closing Date") and in accordance with the Notes financing documents, the Company and its parent company Energean E&P Holdings Limited entered into a loan agreement which establish that the Company will provide a loan facility of up to US\$ 500 million to Energean E&P Holdings Limited for a period of 24 months from the Closing Date (the "Maturity Date"). The loan and interest will be paid at the maturity date.

Notwithstanding the above, Energean E&P Holdings Limited may, at its discretion, repay the loan, in whole or in part, at any time before 28 April 2023.

As of the reporting date, US\$175.9 million was loaned to Energean E&P Holdings Limited.

C. Letter of Credit Facility Agreement:

On April 2021, the Company signed with a banking corporation on a 250 million NIS (approx. US\$75 million) facility for issuing bank guarantees for the Company activities and needs in Israel. The facility term is 12 months, till 30 April 2022 and can be extended for additional 12 months. The facility bears 1.5% interest rate per annum and 0.8% commitment fee per annum for the undrawn amount. The banking corporation security is a US\$ 80 million PCG granted by Energean PLC.

