

**ENERGEAN ISRAEL LIMITED**

**UNAUDITED INTERIM CONDENCED CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2023**

**ENERGEAN ISRAEL LIMITED**  
**UNAUDITED INTERIM CONDENCED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 MARCH 2023**

**INDEX**

	<u>Page</u>
Interim Condensed Consolidated Statement of Comprehensive Income	3
Interim Condensed Consolidated Statement of Financial Position	4
Interim Condensed Consolidated Statement of Changes in Equity	5
Interim Condensed Consolidated Statement of Cash Flows	6
Notes to the Interim Condensed Consolidated Financial Statements	7-20

-----

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

THREE MONTHS ENDED 31 MARCH 2023

		31 March (Unaudited)	
	Notes	2023 \$'000	2022 \$'000
Revenue	3	158,853	-
Cost of sales	4	(83,905)	-
<b>Gross profit</b>		<b>74,948</b>	<b>-</b>
Administrative expenses	4	(3,922)	(2,205)
Exploration and evaluation expenses	4	(50)	-
Other expenses	4	-	(824)
Other income	4	-	53
<b>Operating profit (loss)</b>		<b>70,976</b>	<b>(2,976)</b>
Financial income	5	1,526	3,338
Financial expenses	5	(32,487)	(3,078)
Foreign exchange loss, net	5	(257)	(68)
<b>Profit (loss) for the period before tax</b>		<b>39,758</b>	<b>(2,784)</b>
Taxation income (expense)	6	(9,482)	1,260
<b>Net profit (loss) for the period</b>		<b>30,276</b>	<b>(1,524)</b>

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

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF 31 MARCH 2023

	Notes	31 March 2023 (Unaudited) \$'000	31 December 2022 \$'000
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	7	2,818,159	2,926,313
Intangible assets	8	152,558	143,554
Other accounts receivable	10	5,614	108
Deferred tax asset	9	13,547	22,886
		2,989,878	3,092,861
<b>CURRENT ASSETS:</b>			
Trade and other receivables	10	141,123	82,611
Inventory	11	8,142	8,313
Restricted cash		8,462	71,778
Cash and cash equivalents		32,081	24,825
		189,808	187,527
<b>TOTAL ASSETS</b>		<b>3,179,686</b>	<b>3,280,388</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>EQUITY:</b>			
Share capital		1,708	1,708
Share premium		212,539	212,539
Retained losses		(40,252)	(70,528)
<b>TOTAL EQUITY</b>		<b>173,995</b>	<b>143,719</b>
<b>NON-CURRENT LIABILITIES:</b>			
Senior secured notes	12	1,851,797	2,471,030
Decommissioning provisions		86,182	84,299
Trade and other payables	13	200,461	210,241
		2,138,440	2,765,570
<b>CURRENT LIABILITIES:</b>			
Senior secured notes	12	621,382	-
Trade and other payables	13	245,869	371,099
		867,251	371,099
<b>TOTAL LIABILITIES</b>		<b>3,005,691</b>	<b>3,136,669</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,179,686</b>	<b>3,280,388</b>

18 May 2023

Panagiotis Benos  
Director

Matthaios Rigas  
Director

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

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

THREE MONTHS ENDED 31 MARCH 2023

	Share capital \$'000	Share Premium \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance as of 1 January 2023</b>	<b>1,708</b>	<b>212,539</b>	<b>(70,528)</b>	<b>143,719</b>
Profit for the period	-	-	30,276	30,276
<b>Balance as of 31 March 2023</b>	<b>1,708</b>	<b>212,539</b>	<b>(40,252)</b>	<b>173,995</b>
<b>Balance as of 1 January 2022</b>	<b>1,708</b>	<b>572,539</b>	<b>(35,946)</b>	<b>538,301</b>
Loss for the period	-	-	(1,524)	(1,524)
<b>Balance as of 31 March 2022</b>	<b>1,708</b>	<b>572,539</b>	<b>(37,470)</b>	<b>536,777</b>

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

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS PERIOD ENDED 31 MARCH 2023

		31 March (Unaudited)	
	Notes	2023 \$'000	2022 \$'000
<b>Operating activities</b>			
<b>Profit (Loss) for the period before tax</b>		<b>39,758</b>	<b>(2,784)</b>
Adjustments to reconcile loss before taxation to net cash provided by operating activities:			
Depreciation, depletion and amortisation	4	30,871	38
Loss from disposal on property, plant and equipment	4	-	824
Amortisation of payment made in advance to customers	3	4,928	-
Other expenses	4	-	5
Other income		-	(53)
Finance Income	5	(1,526)	(3,338)
Finance expenses	5	32,487	3,078
Net foreign exchange loss	5	257	68
Cash flow from operations before working capital		106,775	(2,162)
Increase in trade and other receivables		(18,315)	(2)
Decrease in inventories		172	-
Increase in trade and other payables		314	800
Cash from operations		88,946	(1,364)
Income taxes paid		(368)	(330)
Net cash inflows from (used in) operating activities		88,578	(1,694)
<b>Investing activities</b>			
Payment for exploration and evaluation, and other intangible assets	8(B)	(25,318)	(2,231)
Payment for purchase of property, plant and equipment	7(C)	(55,752)	(44,002)
Movement in restricted cash, net		63,316	64,112
Interest received		1,509	692
Net cash inflows from (used in) investing activities		(16,245)	18,571
<b>Financing activities</b>			
Senior secured notes - interest paid	12	(64,453)	(64,453)
Other finance cost paid		(44)	(384)
Transaction cost in relation to Senior Secured Notes		(229)	-
Repayment of obligations under leases	13	(250)	(248)
Net cash used in financing activities		(64,976)	(65,085)
Net increase (decrease) in cash and cash equivalents		7,357	(48,208)
Cash and cash equivalents at beginning of period		24,825	349,827
Effect of exchange differences on cash and cash equivalents		(101)	(45)
<b>Cash and cash equivalents at end of period</b>		<b>32,081</b>	<b>301,574</b>

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

**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, 1<sup>st</sup> Floor, Strovolos, 2064 Nicosia, Cyprus.
- b. The Company and its subsidiaries (the "Group") has been established with the objective of exploration, production and commercialisation of natural gas and crude oil. The Group's main activities are performed in Israel by its Israeli Branch.
- c. As of 31 March 2023, the Company had investments in the following subsidiaries:

Name of subsidiary	Country of incorporation / registered office	Principal activities	Shareholding At 31 March 2023 (%)	Shareholding At 31 December 2022 (%)
Energean Israel Transmission LTD	121, Menachem Begin St. Azrieli Sarona Tower, POB 24, Tel Aviv 67012039 Israel	Gas transportation license holder	100	100
Energean Israel Finance LTD	121, Menachem Begin St. Azrieli Sarona Tower, POB 24, Tel Aviv 67012039 Israel	Financing activities	100	100

- d. The Group's core assets as of 31 March 2023 are comprised of:

Country	Asset	Working interest	Field phase
Israel	Karish	100%	Production
Israel	Tanin	100%	Development
Israel	Blocks 12, 21, 23, 31	100%	Exploration

**NOTE 2: - Accounting policies and basis of preparation**

These unaudited interim condensed consolidated financial statements for the three months ended 31 March 2023, have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union (EU). The unaudited 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 2022.

These unaudited interim financial statements have been prepared on a going concern basis.

**NOTE 3: - Revenues**

	31 March (Unaudited)	
	2023	2022
	\$'000	\$'000
Revenue from gas sales <sup>(1)</sup>	113,090	-
Revenue from Hydrocarbon liquids sales <sup>(3)</sup>	50,691	-
Compensation to customers <sup>(2)</sup>	(4,928)	-
<b>Total revenue</b>	<b>158,853</b>	<b>-</b>

<sup>(1)</sup> Sales gas for three months ended 31 March 2023 totaled approximately 0.72 bcm (the Company started production on 26 October 2022).

<sup>(2)</sup> During 2021 and in accordance with the GSPAs signed with a group of gas buyers, the Company paid compensation to these counterparties following delays to the supply of gas from the Karish project. The compensation is accounted for as variable consideration under IFRS 15 Revenue Recognition, as a deduction from revenue once production commences and gas is delivered to the gas buyers.

<sup>(3)</sup> Sales Hydrocarbon liquids for three months ended 31 March 2023 totaled approximately 0.714mmbbl (the Company did not sell Hydrocarbon liquids during 2022).

**NOTE 4: - Operating profit (loss) before taxation**

	31 March (Unaudited)	
	2023	2022
	\$'000	\$'000
<b>(a) <u>Cost of sales</u></b>		
Staff costs	1,885	-
Energy cost	1,288	-
Royalty payable	29,474	-
Depreciation and amortisation (Note 7)	30,279	-
Other operating costs	20,110	-
Stock movement (Note 11)	869	-
<b>Total cost of sales</b>	<b>83,905</b>	<b>-</b>
<b>(b) <u>General &amp; administration expenses</u></b>		
Staff costs	960	397
Share-based payment charge	99	31
Depreciation and amortisation (Note 7, 8)	592	38
Auditor fees	48	80
Other general & administration expenses	2,223	1,659
<b>Total administrative expenses</b>	<b>3,922</b>	<b>2,205</b>
<b>(c) <u>Exploration and evaluation expenses</u></b>		
Other exploration and evaluation expenses	50	-
<b>Total exploration and evaluation expenses</b>	<b>50</b>	<b>-</b>
<b>(d) <u>Other expenses</u></b>		
Loss from disposal of property, plant and equipment	-	824
<b>Total other expenses</b>	<b>-</b>	<b>824</b>
<b>(e) <u>Other income</u></b>		
Other income	-	53
<b>Total other income</b>	<b>-</b>	<b>53</b>

**NOTE 5: - Net finance income/(expenses)**

	31 March (Unaudited)	
	2023	2022
	\$'000	\$'000
Interest on senior secured notes (1)	34,375	34,323
Interest expense on long terms payables (3)	612	2,064
Less amounts included in the cost of qualifying assets (2)	(3,568)	(33,744)
	<b>31,419</b>	<b>2,643</b>
Finance and arrangement fees	145	1,459
Other finance costs and bank charges	107	264
Unwinding of discount on provision for decommissioning	861	171
Unwinding of discount on right of use asset	15	83
Less amounts included in the cost of qualifying assets (2)	(60)	(1,542)
	<b>1,068</b>	<b>435</b>
<b>Total finance costs</b>	<b>32,487</b>	<b>3,078</b>
Interest income from time deposits	654	557
Change of discount estimate on payables (3)	872	-
Interest income from loans to related parties	-	2,781
<b>Total finance income</b>	<b>1,526</b>	<b>3,338</b>
Net foreign exchange losses	(257)	(68)
<b>Net finance income/(expense)</b>	<b>(31,218)</b>	<b>192</b>

(1) See also Note 12.

(2) See also Note 7(A).

(3) See also Note 13.

**NOTE 6: - Taxation**1. Taxation charge:

	31 March (Unaudited)	
	2023	2022
	\$'000	\$'000
Tax - current year	(143)	(67)
Deferred tax	(9,339)	1,327
<b>Total taxation income (expense)</b>	<b>(9,482)</b>	<b>1,260</b>

**NOTE 7: - Property, Plant and Equipment****a. Composition:**

	Oil and gas Assets \$'000	Leased assets \$'000	Furniture, fixtures and equipment \$'000	Total \$'000
<b><u>Cost:</u></b>				
<b>At 1 January 2022</b>	<b>2,241,783</b>	<b>4,009</b>	<b>829</b>	<b>2,246,621</b>
Additions <sup>(1)</sup>	514,373	731	1,165	516,269
Disposals	(900)	-	-	(900)
Capitalised borrowing cost <sup>(2)</sup>	129,357	-	-	129,357
Capitalised depreciation	632	-	-	632
Change in decommissioning provision	47,544	-	-	47,544
<b>Total cost at 31 December 2022</b>	<b>2,932,789</b>	<b>4,740</b>	<b>1,994</b>	<b>2,939,523</b>
Additions <sup>(1)</sup>	29,048	-	41	29,089
Handover to INGL <sup>(4)</sup>	(111,105)	-	-	(111,105)
Capitalised borrowing cost <sup>(2)</sup>	3,628	-	-	3,628
Change in decommissioning provision	1,020	-	-	1,020
<b>Total cost at 31 March 2023</b>	<b>2,855,380</b>	<b>4,740</b>	<b>2,035</b>	<b>2,862,155</b>
<b><u>Depreciation:</u></b>				
<b>At 1 January 2022</b>	<b>433</b>	<b>693</b>	<b>228</b>	<b>1,354</b>
Charge for the year <sup>(3)</sup>	10,976	134	297	11,407
Capitalised to oil and gas assets	-	632	-	632
Disposals	(433)	-	-	(433)
Write down of the assets	250	-	-	250
<b>Total Depreciation at 31 December 2022</b>	<b>11,226</b>	<b>1,459</b>	<b>525</b>	<b>13,210</b>
Charge for the year	30,279	412	95	30,786
<b>Total Depreciation at 31 March 2023</b>	<b>41,505</b>	<b>1,871</b>	<b>620</b>	<b>43,996</b>
<b>At 31 December 2022</b>	<b>2,921,563</b>	<b>3,281</b>	<b>1,469</b>	<b>2,926,313</b>
<b>At 31 March 2023</b>	<b>2,813,875</b>	<b>2,869</b>	<b>1,415</b>	<b>2,818,159</b>

<sup>(1)</sup> The additions to oil & gas assets in 2023 are primarily due to development costs for the FPSO, Karish North and 2<sup>nd</sup> Oil Train. The additions in 2022 are primarily due to development costs for the Karish field, incurred under the EPCIC contract, FPSO, subsea and onshore construction.

<sup>(2)</sup> Capitalised borrowing costs relate primarily to the secured senior notes.

<sup>(3)</sup> First production from the Karish project was achieved on 26 October 2022.

<sup>(4)</sup> Handover to INGL took place on 22 March 2023.

**NOTE 7: - Property, Plant and Equipment (Cont.)**

b. Depreciation expense for the year has been recognised as follows:

	31 March (Unaudited)	
	2023	2022
	\$'000	\$'000
Cost of sales	30,279	-
Administration expenses	507	38
Capitalised depreciation in oil & gas assets	-	177
<b>Total</b>	<b>30,786</b>	<b>215</b>

c. Cash flow statement reconciliations:

	31 March (Unaudited)	
	2023	2022
	\$'000	\$'000
Additions to property, plant and equipment, net	77,368	88,654
<b>Associated cash flows</b>		
Payment for additions to property, plant and equipment	(55,752)	(44,002)
<b>Non-cash movements/presented in other cash flow lines</b>		
Capitalised borrowing costs	(3,628)	(35,284)
Right-of-use asset additions	-	(107)
Capitalised share-based payment charge	-	(40)
Capitalised depreciation	-	(177)
Change in decommissioning provision	(1,020)	-
Movement in working capital	(16,968)	(9,044)

**NOTE 8: - Intangible Assets****a. Composition:**

	Exploration and evaluation assets \$'000	Software licences \$'000	Total \$'000
<b>Cost:</b>			
<b>At 1 January 2022</b>	<b>20,141</b>	<b>255</b>	<b>20,396</b>
Additions <sup>(1)</sup>	123,005	1,713	124,718
Write off of exploration and evaluation costs <sup>(2)</sup>	(1,277)	-	(1,277)
<b>At 31 December 2022</b>	<b>141,869</b>	<b>1,968</b>	<b>143,837</b>
Additions <sup>(1)</sup>	9,089	-	9,089
<b>At 31 March 2023</b>	<b>150,958</b>	<b>1,968</b>	<b>152,926</b>
<b>Amortisation:</b>			
<b>At 1 January 2022</b>	-	<b>255</b>	<b>255</b>
Charge for the year	-	28	28
<b>Total Amortisation at 31 December 2022</b>	-	<b>283</b>	<b>283</b>
Charge for the year	-	85	85
<b>Total Amortisation at 31 March 2023</b>	-	<b>368</b>	<b>368</b>
<b>At 31 December 2022</b>	<b>141,869</b>	<b>1,685</b>	<b>143,554</b>
<b>At 31 March 2023</b>	<b>150,958</b>	<b>1,600</b>	<b>152,558</b>

<sup>(1)</sup> Additions to exploration and evaluation assets are primarily due to the 2022 growth drilling programme undertaken offshore Israel.

<sup>(2)</sup> Zone D: On 27 July 2022, the Company sent a formal notice to the Ministry of Energy notifying the relinquishment of Zone D and discontinuation of related work. As such, the licences subsequently expired on 27 October 2022.

**b. Cash flow statement reconciliations:**

	31 March (Unaudited)	
	2023 \$'000	2022 \$'000
Additions to intangible assets	9,089	5,173
<b>Associated cash flows</b>		
Payment for additions to intangible assets	(25,318)	(2,231)
<b>Non-cash movements/presented in other cash flow lines</b>		
Movement in working capital	16,229	(2,942)

**NOTE 9: - Deferred taxes**

The Group is subject to corporation tax on its taxable profits in Israel at the rate of 23%. The capital gain tax rates depend on the purchase date and the nature of the asset. The general capital gains tax rate for a corporation is the standard corporate tax rate.

Tax losses can be utilised for an unlimited period, and tax losses may not be carried back.

According to Income Tax (Deductions from Income of Oil Rights Holders) Regulations, 5716-1956, the exploration and evaluation expenses of oil and gas assets are deductible in the year in which they are incurred.

The Group expects that there will be sufficient taxable profits in the following years and that deferred tax assets, recognised in the consolidated financial statements of the Group, will be recovered.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 9: - DEFERRED TAXES (Cont.)

Below are the items for which deferred taxes were recognised:

	Property, plant and equipment & intangible assets \$'000	Right of use asset IFRS 16 \$'000	Tax losses \$'000	Deferred expenses for tax \$'000	Staff leaving indemnities \$'000	Accrued expenses and other short-term liabilities and other long-term liabilities \$'000	Decommissioning provision \$'000	Total \$'000
<b>At 1 January 2023</b>	(40,344)	(754)	56,415	6,209	167	1,193	-	22,886
<u>Increase/(decrease) for the year through:</u>								
Profit or loss	(8,359)	95	(965)	(156)	13	33	-	<b>(9,339)</b>
<b>At 31 March 2023</b>	<b>(48,703)</b>	<b>(659)</b>	<b>55,450</b>	<b>6,053</b>	<b>180</b>	<b>1,226</b>	<b>-</b>	<b>13,547</b>
<b>At 1 January 2022</b>	(12,632)	(762)	4,750	11,031	94	923	8,171	11,575
<u>Increase/(decrease) for the year through:</u>								
Profit or loss	(27,712)	8	51,665	(4,822)	73	270	(8,171)	<b>11,311</b>
<b>At 31 December 2022</b>	<b>(40,344)</b>	<b>(754)</b>	<b>56,415</b>	<b>6,209</b>	<b>167</b>	<b>1,193</b>	<b>-</b>	<b>22,886</b>

  

	31 March 2023 (Unaudited) \$'000	31 December 2022 \$'000
Deferred tax liabilities	(49,362)	(41,099)
Deferred tax assets	62,909	63,985
	<b>13,547</b>	<b>22,886</b>

**NOTE 10: - Trade and other receivables**

	31 March 2023 (Unaudited) \$'000	31 December 2022 \$'000
<b>Current</b>		
<b>Financial items</b>		
Trade receivables	62,998	37,491
Other receivables <sup>(1)</sup>	59,348	999
Refundable VAT	17,711	37,131
Accrued interest income	33	888
	<b>140,090</b>	<b>76,509</b>
<b>Non-financial items</b>		
Prepayments	214	159
Prepaid income tax	202	-
Deferred expenses <sup>(2)</sup>	-	4,929
Prepaid expenses	617	1,014
	<b>1,033</b>	<b>6,102</b>
<b>Total current trade and other receivables</b>	<b>141,123</b>	<b>82,611</b>
<b>Non-current</b>		
<b>Financial items</b>		
Other receivables <sup>(1)</sup>	5,072	-
<b>Non-financial items</b>		
Deferred borrowing fees	434	-
Deposits and prepayments	108	108
	<b>542</b>	<b>108</b>
<b>Total non-current trade and other receivables</b>	<b>5,614</b>	<b>108</b>

<sup>(1)</sup> The increase from 2022 is due to the receivable from INGL (US\$59.3 million current and US\$5.07 million non-current) resulting from relevant milestones being achieved, in line with the agreement. See Note 13(4) for further details.

<sup>(2)</sup> Deferred expenses relate to compensation of US\$22.9 million that had been accrued in 2021 following delays to the supply of gas from the Karish project. This compensation is treated as variable consideration under IFRS 15 Revenue Recognition and therefore, reduced from gas sales following commencement of production., see also Note 3.

**NOTE 11: - Inventory**

	31 March 2023 (Unaudited) \$'000	31 December 2022 \$'000
Hydrocarbon liquids	1,389	2,367
Natural gas	492	383
Raw materials and supplies	6,261	5,563
<b>Total</b>	<b>8,142</b>	<b>8,313</b>

**NOTE 12: - Borrowings and secured notes****a. Issuance of US\$2,500,000,000 senior secured notes:**

On 24 March 2021 (the "Issue Date"), Energean Israel Finance Ltd (a 100% subsidiary of the Company) issued US\$2,500,000,000 of senior secured notes. The proceeds were primarily used to repay in full the project finance facility. The Notes were issued in four equal tranches as follows:

Series	Maturity	Annual fixed Interest rate	31 March 2023 (Unaudited)	31 December 2022
			Carrying value \$'000	Carrying value \$'000
US\$ 625 million	30 March 2024	4.500%	621,382	620,461
US\$ 625 million	30 March 2026	4.875%	618,461	617,912
US\$ 625 million	30 March 2028	5.375%	617,163	616,767
US\$ 625 million	30 March 2031	5.875%	616,173	615,890
<b>US\$2,500 million</b>			<b>2,473,179</b>	<b>2,471,030</b>

	31 March 2023 (Unaudited) \$'000	31 December 2022 \$'000
Senior secured notes - current	621,382	-
Senior secured notes - non current	1,851,797	2,471,030
<b>Total</b>	<b>2,473,179</b>	<b>2,471,030</b>

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

The Notes are listed 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.

**Collateral:**

The Company has provided/undertakes to provide the following collateral in favor of the Trustee:

- First rank fixed charges over the shares of Energean Israel Limited, Energean Israel Finance Ltd and Energean Israel Transmission Ltd, the Karish & Tanin Leases, the gas sale and purchase agreements ("GSPAs"), several bank accounts, operating permits, insurance policies, the Company's exploration licences and the INGL Agreement.
- Floating charge over all of the present and future assets of Energean Israel Limited and Energean Israel Finance Ltd.
- The Energean Power FPSO.

**Credit rating:**

The senior secured notes have been assigned a Ba3 rating by Moody's and a BB- rating by S&P Global.

**NOTE 13: - Trade and other payables**

	31 March 2023 (Unaudited) \$'000	31 December 2022 \$'000
<b>Current</b>		
<b>Financial items</b>		
Trade accounts payable <sup>(1)</sup>	143,853	209,853
Payables to related parties	24,568	21,028
Deferred licence payments <sup>(2)</sup>	26,197	13,345
Other creditors	11,377	6,712
Current lease liabilities	2,567	1,792
	<b>208,562</b>	<b>252,730</b>
<b>Non-financial items</b>		
Accrued expenses <sup>(1)</sup>	35,913	29,404
Interest payable	-	32,227
Contract liability <sup>(4)</sup>	-	56,230
Social insurance and other taxes	1,394	502
Income taxes	-	6
	<b>37,307</b>	<b>118,369</b>
<b>Total current trade and other payables</b>	<b>245,869</b>	<b>371,099</b>
<b>Non-current</b>		
<b>financial items</b>		
Trade and other payables <sup>(3)</sup>	172,013	169,360
Deferred licence payments <sup>(2)</sup>	26,777	38,488
Long term lease liabilities	1,482	2,214
	<b>200,272</b>	<b>210,062</b>
<b>Non-financial items</b>		
Accrued expenses to related parties	189	179
	<b>189</b>	<b>179</b>
<b>Total non-current trade and other payables</b>	<b>200,461</b>	<b>210,241</b>

<sup>(1)</sup> Trade payables and accrued expenses relate primarily to development expenditure on the Karish project, with the main contributors being FPSO and subsea construction costs and for drilling activities performed offshore Israel. Trade payables are non-interest bearing.

<sup>(2)</sup> In December 2016, the Company acquired the Karish and Tanin leases for US\$40 million of upfront consideration plus contingent consideration of US\$108.5 million (paid over 10 equal instalments) bearing interest at an annual rate of 4.6%. On 31 March 2023, the total discounted deferred consideration was US\$53 million (31 December 2022: US\$52million) including the March 2023 payment, which was subsequently paid in April 2023.

<sup>(3)</sup> This represents the amount payable to Technip in respect of the EPCIC contract. Under this contract, US\$250 million becomes payable nine months following the practical completion date (as defined under that contract), and is payable in eight equal instalments, bearing no interest. A discount rate of 5.831% has been applied.

<sup>(4)</sup> The contract liability relates to the agreement with Israel Natural Gas Lines ("INGL") for the transfer of title (the "Hand Over") of the near shore and onshore segments of the infrastructure that delivers gas from the Energean Power FPSO into the Israeli national gas transmission grid. The Hand Over became effective in March 2023. Following the Hand Over, INGL is responsible for the operations and maintenance of this part of the infrastructure.

**NOTE 14: - Financial Instruments****Fair Values:**

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 involved. Values recorded are as at the balance sheet date and will not necessarily be realised. There were no transfers between fair value levels during the year.

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 at 31 March 2023			
	Level 1	Level 2	Total
	\$'000	\$'000	\$'000
<b>Financial assets</b>			
Long term other accounts receivable	-	5,072	5,072
Short term restricted cash	8,462	-	8,462
Short term trade and other receivables	-	140,090	140,090
Cash and cash equivalents	32,081	-	32,081
<b>Total</b>	<b>40,543</b>	<b>145,162</b>	<b>185,705</b>
<b>Financial liabilities</b>			
Senior secured notes <sup>(1)</sup>	2,298,750	-	2,298,750
Trade and other payables - long term	-	201,047	201,047
Trade and other payables - short term	-	207,788	207,788
<b>Total</b>	<b>2,298,750</b>	<b>408,835</b>	<b>2,707,585</b>

Fair value hierarchy as at 31 December 2022			
	Level 1	Level 2	Total
	\$'000	\$'000	\$'000
<b>Financial assets</b>			
Short term restricted cash	71,778	-	71,778
Short term trade and other receivables	-	76,509	76,509
Cash and cash equivalents	24,825	-	24,825
<b>Total</b>	<b>96,603</b>	<b>76,509</b>	<b>173,112</b>
<b>Financial liabilities</b>			
Senior secured notes <sup>(1)</sup>	2,298,125	-	2,298,125
Trade and other payables - long term	-	210,062	210,062
Trade and other payables - short term	-	252,730	252,730
<b>Total</b>	<b>2,298,125</b>	<b>462,792</b>	<b>2,760,917</b>

<sup>(1)</sup> The senior secured notes are measured at amortised cost in the Company's financial statements. The notes are listed for trading on the TACT Institutional of the Tel Aviv Stock Exchange Ltd (the "TASE"). The carrying amount as of 31 March 2023 was US\$2,473 million and as of 31 December 2022 was US\$2,471 million.

**NOTE 15: - Significant events and transaction during the reporting period**

- (a) **Gas Sales Agreements** – Energean signed spot gas sale and purchase agreement with two Israeli gas buyers. The gas price will be determined in each period, with purchased amounts determined on a daily basis. The agreement will be valid for an initial one-year period with an option to extend subject to ratification by both parties.
  
- (b) **INGL Hand-Over completion** - The Hand Over became effective in March 2023. Following the Hand Over, INGL is responsible for the operations and maintenance of this part of the infrastructure.