

**ENERGEAN ISRAEL LIMITED**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**30 JUNE 2023**

**ENERGEAN ISRAEL LIMITED**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 JUNE 2023**

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**ENERGEAN ISRAEL LIMITED**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**SIX MONTHS ENDED 30 JUNE 2023**

		<b>30 June (Unaudited)</b>	
	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>\$'000</b>	<b>\$'000</b>
Revenue	3	347,743	-
<u>Cost of sales</u>	4	(178,077)	-
<b>Gross profit</b>		<b>169,666</b>	-
Administrative expenses	4	(9,048)	(5,453)
Exploration and evaluation expenses	4	(50)	-
Other expenses	4	-	(1,074)
<u>Other income</u>	4	-	53
<b>Operating profit/(loss)</b>		<b>160,568</b>	<b>(6,474)</b>
Financial income	5	1,044	4,504
Financial expenses	5	(67,569)	(4,671)
<u>Foreign exchange loss, net</u>	5	(5,578)	(967)
<b>Profit/(loss) for the period before tax</b>		<b>88,465</b>	<b>(7,608)</b>
<u>Taxation (expense)/income</u>	6	(20,215)	2,703
<b>Net profit (loss) for the period</b>		<b>68,250</b>	<b>(4,905)</b>

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

**ENERGEAN ISRAEL LIMITED**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**AS OF 30 JUNE 2023**

	Notes	30 June 2023 (Unaudited) \$'000	31 December 2022 \$'000
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	7	2,873,206	2,926,313
Intangible assets	8	156,689	143,554
Other receivables	10	8,506	108
Deferred tax asset	9	2,827	22,886
		3,041,228	3,092,861
<b>CURRENT ASSETS:</b>			
Trade and other receivables	10	97,381	82,611
Inventories	11	13,327	8,313
Restricted cash		8,481	71,778
Cash and cash equivalents		64,688	24,825
		183,877	187,527
<b>TOTAL ASSETS</b>		<b>3,225,105</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		(2,278)	(70,528)
<b>TOTAL EQUITY</b>		<b>211,969</b>	<b>143,719</b>
<b>NON-CURRENT LIABILITIES:</b>			
Senior secured notes	12	1,852,685	2,471,030
Decommissioning provisions		87,400	84,299
Trade and other payables	13	205,870	210,241
		2,145,955	2,765,570
<b>CURRENT LIABILITIES:</b>			
Current portion of senior secured notes	12	622,225	-
Trade and other payables	13	244,956	371,099
		867,181	371,099
<b>TOTAL LIABILITIES</b>		<b>3,013,136</b>	<b>3,136,669</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,225,105</b>	<b>3,280,388</b>

06 September 2023

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 STATEMENTS OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 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	-	-	68,250	68,250
<b>Balance as of 30 June 2023 (unaudited)</b>	<b>1,708</b>	<b>212,539</b>	<b>(2,278)</b>	<b>211,969</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>
<b>Transactions with shareholders</b>				
Share premium reduction (*)	-	(360,000)	-	(360,000)
<b><u>Comprehensive loss</u></b>				
Loss for the period	-	-	(4,905)	(4,905)
<b>Balance as of 30 June 2022 (unaudited)</b>	<b>1,708</b>	<b>212,539</b>	<b>(40,851)</b>	<b>173,396</b>

(\*) In April 2022 the Company reduced its share premium capital by US\$360 million and credited US\$346 million against the shareholder loan account plus accrued interest.

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

**ENERGEAN ISRAEL LIMITED**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**SIX MONTHS PERIOD ENDED 30 JUNE 2023**

		<b>30 June (Unaudited)</b>	
	<b>Notes</b>	<b>2023</b> \$'000	<b>2022</b> \$'000
<b>Operating activities</b>			
<b>Profit (Loss) for the period before tax</b>		<b>88,465</b>	<b>(7,608)</b>
Adjustments to reconcile loss before taxation to net cash provided by operating activities:			
Depreciation, depletion and amortisation	4	74,375	110
Loss from sale on property, plant and equipment	4	-	1,074
Amortisation of payment made in advance to customers	3	4,928	-
Finance Income	5	(1,044)	(4,504)
Finance expenses	5	67,569	4,673
Net foreign exchange loss	5	5,578	967
<b>Cash flow from operations before working capital</b>		<b>239,871</b>	<b>(5,288)</b>
(Increase)/decrease in trade and other receivables		(36,564)	871
Increase in inventories		(5,014)	-
Decrease in trade and other payables		(25,707)	(310)
<b>Cash from operations</b>		<b>172,586</b>	<b>(4,727)</b>
<b>Income taxes paid</b>		<b>(368)</b>	<b>(558)</b>
<b>Net cash inflows from/(used in) operating activities</b>		<b>172,218</b>	<b>(5,285)</b>
<b>Investing activities</b>			
Payment for exploration and evaluation, and other intangible assets	8(B)	(69,227)	(10,034)
Payment for purchase of property, plant and equipment	7(C)	(115,511)	(130,118)
Proceeds from disposals of property, plant and equipment		-	188
Amounts received from INGL related to transfer of property, plant and equipment	10	56,906	17,371
Movement in restricted cash, net		63,297	64,119
Interest received		1,841	1,544
<b>Net cash outflows used in investing activities</b>		<b>(62,694)</b>	<b>(56,930)</b>
<b>Financing activities</b>			
Senior secured notes - interest paid	12	(64,453)	(64,453)
Other finance cost paid		(91)	(1,869)
Finance costs paid for deferred licence payments		(2,496)	-
Transaction cost related to Senior Secured Notes	16	(1,214)	-
Repayment of obligations under leases	13	(570)	(499)
<b>Net cash outflow used in financing activities</b>		<b>(68,824)</b>	<b>(66,821)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>40,700</b>	<b>(129,036)</b>
Cash and cash equivalents at beginning of the period		24,825	349,827
Effect of exchange differences on cash and cash equivalents		(837)	(2,080)
<b>Cash and cash equivalents at end of the period</b>		<b>64,688</b>	<b>218,711</b>

The accompanying notes are an integral part of the interim condensed 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 30 June 2023, the Company had investments in the following subsidiaries:

Name of subsidiary	Country of incorporation / registered office	Principal activities	Shareholding	Shareholding
			At 30 June 2023 (%)	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 30 June 2023 are comprised of:

Country	Asset	Field	Working interest	Field phase
Israel	Karish	Karish Main	100%	Production
Israel	Karish	Karish North	100%	Development
Israel	Tanin	Tanin	100%	Development
Israel	Blocks 12, 21, 23, 31	Athena, Zeus, Hera, Hermes and Hercules	100%	Exploration

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

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 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**

	<b>30 June (Unaudited)</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from gas sales <sup>(1)</sup>	271,399	-
Revenue from Hydrocarbon liquids sales <sup>(3)</sup>	81,272	-
Compensation to customers <sup>(2)</sup>	(4,928)	-
<b>Total revenue</b>	<b>347,743</b>	-

<sup>(1)</sup> Sales gas for six months ended 30 June 2023 totaled approximately 1.8 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 deducted from revenue, as variable consideration, as the gas is delivered to the gas buyers, in accordance with IFRS 15 Revenue Recognition

<sup>(3)</sup> Sales Hydrocarbon liquids for six months ended 30 June 2023 totaled approximately 1.16 mmbbl (the Company did not sell Hydrocarbon liquids during 2022).

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

	30 June (Unaudited)	
	2023	2022
	\$'000	\$'000
<b>(a) Cost of sales</b>		
Staff costs	4,071	-
Energy cost	2,285	-
Royalty payable	63,474	-
Depreciation and amortisation (Note 7)	73,397	-
Other operating costs	38,203	-
Liquids inventory movement (Note 11)	(3,353)	-
<b>Total cost of sales</b>	<b>178,077</b>	-
<b>(b) General &amp; administration expenses</b>		
Staff costs	1,715	935
Share-based payment charge	312	80
Depreciation and amortisation (Note 7, 8)	978	110
Auditor fees	106	88
Other general & administration expenses	5,937	4,240
<b>Total administrative expenses</b>	<b>9,048</b>	<b>5,453</b>
<b>(c) Exploration and evaluation expenses</b>		
Other exploration and evaluation expenses	50	-
<b>Total exploration and evaluation expenses</b>	<b>50</b>	-
<b>(d) Other expenses</b>		
Loss from disposal of property, plant and equipment	-	1,074
<b>Total other expenses</b>	<b>-</b>	<b>1,074</b>
<b>(e) Other income</b>		
Other income	-	53
<b>Total other income</b>	<b>-</b>	<b>53</b>

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

	<b>30 June (Unaudited)</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest on senior secured notes (1)	68,333	68,179
Interest expense on long terms payables (3)	1,554	4,731
<u>Less amounts included in the cost of qualifying assets (2)</u>	<u>(7,592)</u>	<u>(68,866)</u>
	<b>62,295</b>	<b>4,044</b>
Finance and arrangement fees	1,481	2,842
Other finance costs and bank charges	55	284
Unwinding of discount on trade payable	2,060	264
Unwinding of discount on provision for decommissioning	1,668	343
Unwinding of discount on right of use asset	98	160
<u>Less amounts included in the cost of qualifying assets (2)</u>	<u>(88)</u>	<u>(3,266)</u>
	<b>5,274</b>	<b>627</b>
<b>Total finance costs</b>	<b>67,569</b>	<b>4,671</b>
Interest income from time deposits	(1,044)	(1,290)
Interest income from loans to related parties	-	(3,214)
<b>Total finance income</b>	<b>(1,044)</b>	<b>(4,504)</b>
Net foreign exchange losses	5,578	967
<b>Net finance expense</b>	<b>72,103</b>	<b>1,134</b>

(1) See also Note 12.

(2) See also Note 7(A).

(3) See also Note 13.

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

	<b>30 June (Unaudited)</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Tax - current period	(156)	(180)
Deferred tax	(20,059)	2,883
<b>Total taxation income (expense)</b>	<b>(20,215)</b>	<b>2,703</b>

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

	<b>Oil and gas Assets \$'000</b>	<b>Leased assets \$'000</b>	<b>Furniture, fixtures and equipment \$'000</b>	<b>Total \$'000</b>
<b>Cost:</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>	111,124	12,197	111	123,432
Handover to INGL <sup>(4)</sup>	(111,448)	-	-	(111,448)
Capitalised borrowing cost <sup>(2)</sup>	7,680	-	-	7,680
Change in decommissioning provision	1,433	-	-	1,433
<b>Total cost at 30 June 2023 (unaudited)</b>	<b>2,941,578</b>	<b>16,937</b>	<b>2,105</b>	<b>2,960,620</b>
<b>Depreciation:</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 period	73,397	618	189	74,204
<b>Total Depreciation at 30 June 2023 (unaudited)</b>	<b>84,623</b>	<b>2,077</b>	<b>714</b>	<b>87,414</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 30 June 2023 (unaudited)</b>	<b>2,856,955</b>	<b>14,860</b>	<b>1,391</b>	<b>2,873,206</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 period has been recognised as follows:

	30 June (Unaudited)	
	2023	2022
	\$'000	\$'000
Cost of sales	73,397	-
Administration expenses	807	110
<u>Capitalised depreciation in oil &amp; gas assets</u>	-	357
<b>Total</b>	<b>74,204</b>	<b>467</b>

c. Cash flow statement reconciliations:

	30 June (Unaudited)	
	2023	2022
	\$'000	\$'000
Additions and disposals to property, plant and equipment, net	21,097	339,911
<b>Associated cash flows</b>		
Payment for additions to property, plant and equipment , net	(58,605)	(130,118)
<b>Non-cash movements/presented in other cash flow lines</b>		
Capitalised borrowing costs	(7,680)	(60,749)
Right-of-use asset additions	(12,197)	(198)
Handover to INGL	111,448	-
Capitalised share-based payment charge	-	(109)
Capitalised depreciation	-	(357)
Change in decommissioning provision	(1,433)	9,259
Movement in working capital	(52,630)	(157,639)

**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>	13,306	-	13,306
<b>At 30 June 2023 (unaudited)</b>	<b>155,175</b>	<b>1,968</b>	<b>155,173</b>
<b>Amortisation:</b>			
<b>At 1 January 2022</b>	<b>-</b>	<b>255</b>	<b>255</b>
Charge for the year	-	28	28
<b>Total Amortisation at 31 December 2022</b>	<b>-</b>	<b>283</b>	<b>283</b>
Charge for the period	-	171	171
<b>Total Amortisation at 30 June 2023 (unaudited)</b>	<b>-</b>	<b>454</b>	<b>454</b>
<b>At 31 December 2022</b>	<b>141,869</b>	<b>1,685</b>	<b>143,554</b>
<b>At 30 June 2023 (unaudited)</b>	<b>155,175</b>	<b>1,514</b>	<b>156,689</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:**

	30 June (Unaudited)	
	2023 \$'000	2022 \$'000
Additions to intangible assets	13,306	34,386
<b>Associated cash flows</b>		
Payment for additions to intangible assets	(69,227)	(10,034)
<b>Non-cash movements/presented in other cash flow lines</b>		
Movement in working capital	55,921	24,352

**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 interim condensed consolidated financial statements of the Group, will be recovered.

**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 period through:</u>								
Profit or loss	(13,597)	(2,663)	(6,305)	(314)	50	2,770	-	(20,059)
<b>At 30 June 2023</b>	<b>(53,941)</b>	<b>(3,417)</b>	<b>50,110</b>	<b>5,895</b>	<b>217</b>	<b>3,963</b>	<b>-</b>	<b>2,827</b>
<u>Increase/(decrease) for the year through:</u>								
Profit or loss	(27,712)	8	51,665	(4,822)	73	270	(8,171)	11,311
<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>
							<b>30 June 2023</b>	<b>31 December</b>
							<b>(Unaudited)</b>	<b>2022</b>
							<b>\$'000</b>	<b>\$'000</b>
Deferred tax liabilities							(57,358)	(41,099)
Deferred tax assets							60,185	63,985
							<b>2,827</b>	<b>22,886</b>

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

	30 June 2023 (Unaudited) \$'000	31 December 2022 \$'000
<b>Current</b>		
<b>Financial items</b>		
Trade receivables	93,896	37,491
Other receivables <sup>(1)</sup>	2,294	999
Refundable VAT	-	37,131
Accrued interest income	92	888
	<b>96,282</b>	<b>76,509</b>
<b>Non-financial items</b>		
Prepayments	363	159
Prepaid income tax	189	-
Deferred expenses <sup>(2)</sup>	-	4,929
Prepaid expenses and other receivable	547	1,014
	<b>1,099</b>	<b>6,102</b>
<b>Total current trade and other receivables</b>	<b>97,381</b>	<b>82,611</b>
<b>Non-current</b>		
<b>Financial items</b>		
Other receivables <sup>(1)</sup>	4,949	-
<b>Non-financial items</b>		
Deferred borrowing fees <sup>(3)</sup>	3,449	-
Deposits and prepayments	108	108
	<b>3,557</b>	<b>108</b>
<b>Total non-current trade and other receivables</b>	<b>8,506</b>	<b>108</b>

<sup>(1)</sup> The increase from 2022 is due to the recognition of a receivable from INGL (US\$2.3 million current (US\$57 received during Q2 2023) and US\$4.95 million non-current) following the handover of the asset to INGL, in line with the agreement. See Note 13(4) for further details.

<sup>(2)</sup> Deferred expenses relate to compensation to gas buyers 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.

<sup>(3)</sup> Fees incurred in relation to the \$750 million senior secured note offering. See Note 16 for further details.

**NOTE 11: - Inventory**

	30 June 2023 (Unaudited) \$'000	31 December 2022 \$'000
<b>Hydrocarbon liquids</b>		
Hydrocarbon liquids	5,707	2,367
<b>Natural gas</b>		
Natural gas	457	383
<b>Raw materials and supplies</b>		
Raw materials and supplies	7,163	5,563
<b>Total</b>	<b>13,327</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 million 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	30 June 2023	31 December
			(Unaudited)	2022
US\$ 625 million	30 March 2024	4.500%	622,225	620,461
US\$ 625 million	30 March 2026	4.875%	618,918	617,912
US\$ 625 million	30 March 2028	5.375%	617,447	616,767
US\$ 625 million	30 March 2031	5.875%	616,320	615,890
<b>US\$2,500 million</b>			<b>2,474,910</b>	<b>2,471,030</b>

	30 June 2023	31 December
	(Unaudited)	2022
	\$'000	\$'000
Senior secured notes - current	622,225	-
Senior secured notes - non current	1,852,685	2,471,030
<b>Total</b>	<b>2,474,910</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.

The Notes are listed on the TASE-UP 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:

- a. 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.
- b. Floating charge over all of the present and future assets of Energean Israel Limited and Energean Israel Finance Ltd.
- c. The Energean Power FPSO.

Subsequent to 30 June 2023, the notes maturing on 30 March 2024 were refinanced. Please refer to note 16 for more details

**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**

	30 June 2023 (Unaudited) \$'000	31 December 2022 \$'000
<b>Current</b>		
<b>Financial items</b>		
Trade accounts payable <sup>(1)</sup>	113,144	209,853
Payables to related parties	32,260	21,028
VAT payable	2,398	-
Deferred licence payments due within one year <sup>(2)</sup>	12,852	13,345
Other creditors	10,300	6,712
<u>Current lease liabilities</u>	<u>7,868</u>	<u>1,792</u>
	<b>178,822</b>	<b>252,730</b>
<b>Non-financial items</b>		
Accrued expenses <sup>(1)</sup>	33,182	29,404
Other finance costs accrued	32,227	32,227
Contract liability <sup>(4)</sup>	-	56,230
Social insurance and other taxes	724	502
<u>Income taxes</u>	<u>-</u>	<u>6</u>
	<b>66,133</b>	<b>118,369</b>
<b>Total current trade and other payables</b>	<b>244,956</b>	<b>371,099</b>
<b>Non-current</b>		
<b>financial items</b>		
Trade and other payables <sup>(3)</sup>	169,869	169,360
Deferred licence payments <sup>(2)</sup>	27,698	38,488
<u>Long term lease liabilities</u>	<u>7,937</u>	<u>2,214</u>
	<b>205,504</b>	<b>210,062</b>
<b>Non-financial items</b>		
Accrued expenses to related parties	366	179
	<b>366</b>	<b>179</b>
<b>Total non-current trade and other payables</b>	<b>205,870</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 30 June 2023, the total discounted deferred consideration was US\$41 million (31 December 2022: US\$52million).

<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 quarterly instalments, bearing no interest. A discount rate of 5.831% has been applied (being the yield rate of the senior secured loan notes, maturing in 2024, at the date of entering into the settlement agreement). The amounts payable to Technip up to 30 June 2024 under this contract are presented as part of trade accounts payable – current.

<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 and the related asset (refer to Note 7) and contract liability was derecognised. The final \$5million consideration is receivable within 12 months of handover and is recognised within other receivable (refer to Note 10)

**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 30 June 2023 (unaudited)		
	Level 1	Level 2	Total
	\$'000	\$'000	\$'000
<b>Financial assets</b>			
Long term other receivables	-	4,949	<b>4,949</b>
Short term restricted cash	8,481	-	<b>8,481</b>
Short term trade and other receivables	-	96,282	<b>96,282</b>
Cash and cash equivalents	64,688	-	<b>64,688</b>
<b>Total</b>	<b>73,169</b>	<b>101,231</b>	<b>174,400</b>
<b>Financial liabilities</b>			
Senior secured notes <sup>(1)</sup>	2,311,875	-	<b>2,311,875</b>
Trade and other payables - long term	-	205,504	<b>205,504</b>
Trade and other payables - short term	-	178,822	<b>178,822</b>
<b>Total</b>	<b>2,311,875</b>	<b>384,326</b>	<b>2,696,201</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	-	<b>71,778</b>
Short term trade and other receivables	-	76,509	<b>76,509</b>
Cash and cash equivalents	24,825	-	<b>24,825</b>
<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	-	<b>2,298,125</b>
Trade and other payables - long term	-	210,062	<b>210,062</b>
Trade and other payables - short term	-	252,730	<b>252,730</b>
<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 Group'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 30 June 2023 was US\$2,475 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 three 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.

**NOTE 16: - Significant events and transaction after the reporting period**

**Pricing of an offering of US\$750,000,000 senior secured notes**

Subsequent to period end, Energean Israel Finance Ltd. has priced the offering of US\$750 million aggregate principal amount of senior secured notes due September 30, 2033, with a fixed annual interest rate of 8.500%. The interest on the Notes will be paid semi-annually, on March 30 and September 30 of each year, beginning on March 30, 2024.

The issuance of the Notes was completed on July 11, 2023, subject to satisfaction of customary conditions. The Notes are expected to be listed for trading on the TASE-UP of the Tel Aviv Stock Exchange Ltd. (the “TASE”), subject to the approval of the TASE.

The proceeds from the Offering, upon release from escrow are expected to be used to refinance the \$625 million notes due in 2024, pay fees and expenses associated with this refinancing, contribute towards funding the interest payment reserve account, and contribute towards the payment of the final deferred consideration to Kerogen.