

ENERGEAN ISRAEL LIMITED

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2024

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AS OF 31 MARCH 2024

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THREE MONTHS ENDED 31 MARCH 2024

	Notes	31 March (Unaudited)	
		2024 \$'000	2023 \$'000
Revenue	3	266,286	158,853
Cost of sales	4	(126,268)	(83,905)
Gross profit		140,018	74,948
Administrative expenses	4	(3,409)	(3,922)
Exploration and evaluation expenses	4	-	(50)
Operating profit		136,609	70,976
Finance income	5	3,061	1,526
Finance costs	5	(46,554)	(32,487)
Net foreign exchange gains (losses)	5	125	(257)
Profit for the period before tax		93,241	39,758
Taxation expense	6	(13,331)	(9,482)
Net profit for the period		79,910	30,276
<u>Other comprehensive loss:</u>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Loss on cash flow hedge for the period		(165)	-
Income tax relating to items that may be reclassified subsequently	9	38	-
Other comprehensive loss for the period		(127)	-
Total comprehensive income for the period		79,783	30,276

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 MARCH 2024

	Notes	31 March 2024 (Unaudited) \$'000	31 December 2023 \$'000
ASSETS:			
NON-CURRENT ASSETS:			
Property, plant and equipment	7	2,776,839	2,797,831
Intangible assets	8	174,297	168,165
Other receivables	10	4,951	5,365
		2,956,087	2,971,361
CURRENT ASSETS:			
Trade and other receivables	10	150,251	130,135
Inventories	11	11,275	7,141
Restricted cash	12(A)	1,291	22,482
Cash and cash equivalents		172,215	286,625
		335,032	446,383
TOTAL ASSETS		3,291,119	3,417,744
EQUITY AND LIABILITIES:			
EQUITY:			
Share capital		1,708	1,708
Share Premium		212,539	212,539
Hedges Reserve		(127)	-
Retained earnings		44,691	74,781
TOTAL EQUITY		258,811	289,028
NON-CURRENT LIABILITIES:			
Senior secured notes	12(A)	2,590,102	2,588,492
Decommissioning provisions		86,467	92,613
Deferred tax liabilities	9	60,032	46,985
Trade and other payables	13	117,453	127,044
		2,854,054	2,855,134
CURRENT LIABILITIES:			
Trade and other payables	13	178,254	273,582
TOTAL LIABILITIES		3,032,308	3,128,716
TOTAL EQUITY AND LIABILITIES		3,291,119	3,417,744

22 May 2024

Date of approval of the consolidated financial
statementsPanagiotis Benos
DirectorMatthaios Rigas
Director

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THREE MONTHS ENDED 31 MARCH 2024

	Share capital \$'000	Share Premium \$'000	Hedges Reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance as of 1 January 2024	1,708	212,539	-	74,781	289,028
<u>Transactions with shareholders:</u>					
Dividend, see note 14	-	-	-	(110,000)	(110,000)
<u>Comprehensive Income:</u>					
Profit for the period	-	-	-	79,910	79,910
Other comprehensive loss, net of tax			(127)	-	(127)
Total comprehensive income	-	-	(127)	79,910	79,783
Balance as of 31 March 2024	1,708	212,539	(127)	44,691	258,811
Balance as of 1 January 2023	1,708	212,539	-	(70,528)	143,719
<u>Comprehensive Income:</u>					
Profit for the period	-	-	-	30,276	30,276
Other comprehensive loss, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	30,276	30,276
Balance as of 31 March 2023	1,708	212,539	-	(40,252)	173,995

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS PERIOD ENDED 31 MARCH 2024

		31 March (Unaudited)	
	Notes	2024	2023
		\$'000	\$'000
Operating activities			
Profit for the period before tax		93,241	39,758
Adjustments to reconcile loss before taxation to net cash provided by:			
Depreciation, depletion and amortisation	4	54,787	30,871
Compensation to gas buyers, payment made in advance	3	-	4,928
Finance Income	5	(3,061)	(1,526)
Finance expenses	5	46,554	32,487
Net foreign exchange loss /(gain)	5	(125)	257
Cash flow from operations before working capital		191,396	106,775
Increase in trade and other receivables		(20,495)	(18,315)
Decrease/(increase) in inventories		(4,134)	172
(Decrease)/increase in trade and other payables		(18,950)	314
Cash from operations		147,817	88,946
Income taxes paid		(1,946)	(368)
Net cash inflows from operating activities		145,871	88,578
Investing activities			
Payment for purchase of property, plant and equipment	7(C)	(69,160)	(55,752)
Payment for exploration and evaluation, and other intangible assets	8(B)	(5,724)	(25,318)
Amounts received from INGL related to transfer of property, plant and equipment	7(C)	1,712	-
Movement in restricted cash, net	12(A)	21,191	63,316
Interest received		3,870	1,509
Net cash outflow used in investing activities		(48,111)	(16,245)
Financing activities			
Transaction costs in relation to senior secured notes issuance		-	(229)
Senior secured notes - interest paid	12(A)	(96,326)	(64,453)
Dividends paid	14	(110,000)	-
Other finance cost paid		(280)	(44)
Finance costs paid for deferred license payments	13(2)	(3,900)	-
Repayment of obligations under leases	13	(1,381)	(250)
Net cash outflow used in financing activities		(211,887)	(64,976)
Net increase (decrease) in cash and cash equivalents		(114,127)	7,357
Cash and cash equivalents at beginning of the period		286,625	24,825
Effect of exchange differences on cash and cash equivalents		(283)	(101)
Cash and cash equivalents at end of period		172,215	32,081

The accompanying notes are an integral part of the interim 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, 1st 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 hydrocarbon liquids. The Group's main activities are performed in Israel by its Israeli Branch.
- c. As of 31 March 2024, the Company had investments in the following subsidiaries:

Name of subsidiary	Country of incorporation / registered office	Principal activities	Shareholding At 31 March 2024 (%)	Shareholding At 31 December 2023 (%)
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 2024 included the following:

Country	Asset	Field	Working interest	Field phase
Israel	Karish (*)	Karish Main including Karish North	100%	Production
Israel	Tanin (*)	Tanin	100%	Development
Israel	Block 12	Katlan	100%	Appraisal
Israel	Blocks 21, 23, 31	Hercules and Hermes	100%	Exploration

(*) The concession agreement expires in 2044.

NOTE 2: - Accounting policies and basis of preparation

The interim financial information included in this report has been prepared in accordance with IAS 34 “Interim Financial Reporting”. The results for the interim period are unaudited and, in the opinion of management, include all adjustments necessary for a fair presentation of the results for the period ended 31 March 2024. All such adjustments are of a normal recurring nature. The unaudited interim 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 2023.

The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in preparing the Group’s annual consolidated financial statements for the year ended 31 December 2024 which are the same as those used in preparing the annual consolidated financial statements for the year ended 31 December 2023.

The directors consider it appropriate to adopt the going concern basis of accounting in preparing these interim financial statements.

Israel-Hamas conflict– The Group continues to monitor the ongoing conflict between the State of Israel and Hamas. While the situation has not impacted the Company’s production from the FPSO (Floating Production Storage and Offloading vessel), it is not possible to predict whether the conflict will have a material adverse effect on our future earnings, cash flows and financial conditions.

NOTE 3: - Revenues

	31 March (Unaudited)	
	2024	2023
	\$'000	\$'000
Revenue from gas sales ⁽¹⁾	182,245	113,090
Revenue from hydrocarbon liquids sales ⁽²⁾	84,041	50,691
Compensation to customers ⁽³⁾	-	(4,928)
Total revenue	266,286	158,853

⁽¹⁾ Sales gas for three months ended 31 March 2024 totaled approximately 1.2 bcm and for three months ended 31 March 2023 totaled approximately 0.72 bcm.

⁽²⁾ Sales from hydrocarbon liquids for three months ended 31 March 2024 totaled approximately 1.07 mmbbl and for three months ended 31 March 2023 totaled approximately 0.714 mmbbl.

⁽³⁾ 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 in 2023, as variable consideration, as the gas is delivered to the gas buyers, in accordance with IFRS 15 Revenue Recognition.

NOTE 4: - Operating profit before taxation

	31 March (Unaudited)	
	2024	2023
	\$'000	\$'000
(a) <u>Cost of sales</u>		
Staff costs	4,186	1,885
Energy cost	420	1,288
Royalty payable	47,122	29,474
Depreciation (Note 7)	54,317	30,279
Other operating costs ⁽¹⁾	22,938	20,110
Oil stock movement	(2,715)	869
Total cost of sales	126,268	83,905
(b) <u>Administrative expenses</u>		
Staff costs	1,478	960
Share-based payment charge	181	99
Depreciation and amortisation (Note 7, 8)	470	592
Auditor fees	52	48
Other general & administration expenses ⁽²⁾	1,228	2,223
Total administrative expenses	3,409	3,922
(c) <u>Exploration and evaluation expenses</u>		
Other exploration and evaluation expenses	-	50
Total exploration and evaluation expenses	-	50

⁽¹⁾ Other operating costs mainly consist of insurance and planned maintenance costs.

⁽²⁾ The Other general & administration expenses mainly consist of legal expenses, management fees recharged by other Energean Group companies and external advisors fees.

NOTE 5: - Net finance income/(expenses)

	31 March (Unaudited)	
	2024	2023
	\$'000	\$'000
Interest on Senior Secured Notes (Note 12)	42,525	34,375
Interest expense on long terms payables (Note 13(2))	1,046	612
Less amounts included in the cost of qualifying assets (Note 7(A))	(3,686)	(3,568)
	39,885	31,419
Costs related to parent company guarantees	932	145
Other finance costs and bank charges	594	107
Unwinding of discount on trade payable (Note 13(3))	4,051	-
Unwinding of discount on provision for decommissioning	926	861
Unwinding of discount on right of use asset	226	15
Less amounts included in the cost of qualifying assets (Note 7(A))	(60)	(60)
	6,669	1,068
Total finance costs	46,554	32,487
Interest income from time deposits	3,056	654
Profits from valuation of hedging operations	5	-
Change of discount estimate on payables	-	872
Total finance income	3,061	1,526
Net foreign exchange profits (losses)	125	(257)
Net finance costs	(43,368)	(31,218)

NOTE 6: - Taxation1. Corporate Tax rates applicable to the Company:Israel:

The Israeli corporate tax rate is 23% in 2024 and 2023.

Cyprus:

For its activity in Cyprus, the Company is subject to corporation tax on its taxable profits at the rate of 12.5%.

Starting from 1 January 2024, the Company's control and management was transferred from the Republic of Cyprus ("Cyprus") to the United Kingdom ("UK") and as such the Company's tax residency migrated from Cyprus to UK.

2. The Income and Natural Resources Taxation Law, 5771-2011 – Israel- the main provisions of the law are as follows:

In April 2011, the Knesset passed the Income and Natural Resources Tax Law, 5771-2011 ("the Law"), which imposed an oil and gas profits levy at a rate set out below. The rate of the levy is calculated according to a proposed R factor mechanism, according to the ratio between the net accrued revenues from the project and the cumulative investments as defined in the Law. A minimum levy of 20% is levied at the stage where the R factor ratio reaches 1.5, and when the ratio increases, the levy will increase gradually until the maximum rate of 50% until the ratio reaches 2.3. In addition, it was determined that the rate of the levy as stated will be reduced starting in 2017 by multiplying 0.64 by the difference between the corporate tax rate prescribed in section 126 of the Income Tax Ordinance for each tax year and the tax rate of 18%. In accordance with the corporate tax rate from 2018 onwards, the maximum rate will be 46.8%.

In addition, additional provisions were prescribed regarding the levy, inter alia, the levy is recognised as an expense for the purpose of calculating income tax; the limits of the levy shall not include export facilities; the levy will be calculated and imposed for each reservoir separately (Ring Fencing); payment by the owner of an oil right calculated as a percentage of the oil produced, the recipient of the payment will be liable to pay a levy according to the amount of the payment received, and this amount will be subtracted from the amount of the levy owed by the holder of the oil right.

NOTE 6: - Taxation (Cont.)

The Law also sets rules for the unification or separation or consolidation of oil projects for the purposes of the Law. In accordance with the provisions of the Law, the Group is not yet required to pay any payment in respect of the said levy, and therefore no liability has been recognised in the financial statements in respect of this payment.

3. Taxation charge:

	31 March (Unaudited)	
	2024 \$'000	2023 \$'000
Current income tax charge	(246)	(143)
Deferred tax relating to origination and reversal of temporary differences (Note 9)	(13,085)	(9,339)
Total taxation expense	(13,331)	(9,482)

NOTE 7: - Property, Plant and Equipmenta. Composition:

	Oil and gas Assets \$'000	Leased assets \$'000	Furniture, fixtures and equipment \$'000	Total \$'000
<u>Cost:</u>				
At 1 January 2023	2,932,789	4,740	1,994	2,939,523
Additions	135,126	12,246	396	147,768
Handover to INGL ⁽¹⁾	(111,448)	-	-	(111,448)
Capitalised borrowing cost	17,658	-	-	17,658
Change in decommissioning provision	4,913	-	-	4,913
Total cost at 31 December 2023	2,979,038	16,986	2,390	2,998,414
Additions	36,962	47	7	37,016
Capitalised borrowing cost	3,746	-	-	3,746
Change in decommissioning provision	(7,072)	-	-	(7,072)
Total cost at 31 March 2024	3,012,674	17,033	2,397	3,032,104
<u>Depreciation:</u>				
At 1 January 2023	11,226	1,459	525	13,210
Charge for the year	183,898	2,966	509	187,373
Total Depreciation at 31 December 2023	195,124	4,425	1,034	200,583
Charge for the period	53,380	1,203	99	54,682
Total Depreciation at 31 March 2024	248,504	5,628	1,133	255,265
At 31 December 2023	2,783,914	12,561	1,356	2,797,831
At 31 March 2024	2,764,170	11,405	1,264	2,776,839

The additions to oil & gas assets in 2024 and 2023 are primarily due to development costs for the FPSO, Karish North and 2nd Oil Train.

⁽¹⁾ Handover to INGL took place on 22 March 2023, please refer to Note 10(1).

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

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

	31 March (Unaudited)	
	2024 \$'000	2023 \$'000
Cost of sales	54,317	30,279
Administration expenses	365	507
Total	54,682	30,786

c. Cash flow statement reconciliations:

	31 March (Unaudited)	
	2024 \$'000	2023 \$'000
Additions and disposals to property, plant and equipment, net	33,690	77,368
Associated cash flows		
Payments and receipts for additions to property, plant and equipment, net	(67,448)	(55,752)
Non-cash movements/presented in other cash flow lines		
Capitalised borrowing costs	(3,746)	(3,628)
Right-of-use asset additions	(47)	-
Change in decommissioning provision	7,072	(1,020)
Lease payments related to capital activities	1,381	-
Movement in working capital	29,098	(16,968)

d. Details of the Group's rights in petroleum and gas assets are presented in note 1.

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

	Exploration and evaluation assets \$'000	Software licences \$'000	Total \$'000
Cost:			
At 1 January 2023	141,869	1,968	143,837
Additions	24,597	362	24,959
At 31 December 2023	166,466	2,330	168,796
Additions	6,237	-	6,237
At 31 March 2024	172,703	2,330	175,033
Amortisation:			
At 1 January 2023	-	283	283
Charge for the year	-	348	348
Total Amortisation at 31 December 2023	-	631	631
Charge for the period	-	105	105
Total Amortisation at 31 March 2024	-	736	736
At 31 December 2023	166,466	1,699	168,165
At 31 March 2024	172,703	1,594	174,297

Additions to exploration and evaluation assets are mainly related to pre-FID cost for Katlan.

b. Cash flow statement reconciliations:

	31 March (Unaudited)	
	2024	2023
	\$'000	\$'000
Additions to intangible assets	6,237	9,089
Associated cash flows		
Payment for additions to intangible assets	(5,724)	(25,318)
Non-cash movements/presented in other cash flow lines		
Movement in working capital	(513)	16,229

c. Details on the Group's rights in the intangible assets:

Right	Type of right	Valid date of the right	Group's interest as at 31 March 2024
Block 12	Exploration license	13 January 2025	100%
Block 21	Exploration license	13 January 2025	100%
Block 23	Exploration license	13 January 2025	100%
Block 31	Exploration license	13 January 2025	100%

NOTE 8: - Intangible Assets (Cont.)

d. Additional information regarding the Exploration and Evaluation assets:

As of 31 March 2024, the Group holds four licences to explore for gas and oil in Block 12, Block 21, Block 23 and Block 31, which are located in the economic waters of the State of Israel. In January 2024 the licences were extended until 13 January 2025, and they may be extended for a further one year.

In 2022, during the Company's growth drilling programme, it discovered gas in Block 12, offshore Israel. The Company expects to take FID upon the finalisation of EPC ("Engineering, Procurement and Construction") terms, which are currently under negotiation.

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 depends on the purchase date and the nature of asset. The general capital 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 profit 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 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	Trade and other payables - Derivative liability \$'000	Total \$'000
At 1 January 2024	(61,050)	(2,888)	8,983	4,082	337	3,551	-	(46,985)
<u>Increase/(decrease) for the year through:</u>								
Profit or loss	(4,776)	299	(8,644)	(63)	70	29	-	(13,085)
Other comprehensive income							38	38
At 31 March 2024	(65,826)	(2,589)	339	4,019	407	3,580	38	(60,032)
At 1 January 2023	(40,344)	(754)	56,415	6,209	167	1,193	-	22,886
<u>Increase/(decrease) for the year through:</u>								
Profit or loss	(20,706)	(2,134)	(47,432)	(2,127)	170	2,358	-	(69,871)
At 31 December 2023	(61,050)	(2,888)	8,983	4,082	337	3,551	-	(46,985)

	31 March 2024 (Unaudited) \$'000	31 December 2023 \$'000
Deferred tax liabilities	(68,415)	(63,938)
Deferred tax assets	8,383	16,953
	(60,032)	(46,985)

NOTE 10: - Trade and other receivables

	31 March 2024 (Unaudited) \$'000	31 December 2023 \$'000
Current		
Financial items		
Trade receivables	134,253	114,139
Other receivables ⁽¹⁾	4,995	6,994
Accrued interest income	122	-
Refundable VAT	6,609	1,196
	145,979	122,329
Non-financial items		
Accrued interest income	-	1,015
Prepayments and prepaid expenses	4,272	6,791
	4,272	7,806
Total current trade and other receivables	150,251	130,135
Non-current		
Non-financial items		
Prepayments and prepaid expenses	4,951	5,365
Total non-current trade and other receivables	4,951	5,365

⁽¹⁾ The balance 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 and the final amount of \$5.0 million is expected to be collected in September 2024.

NOTE 11: - Inventories

	31 March 2024 (Unaudited) \$'000	31 December 2023 \$'000
Hydrocarbon liquids	4,443	1,685
Natural gas	510	553
Raw materials and supplies	6,322	4,903
Total	11,275	7,141

NOTE 12: - Senior secured notes**a. 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 prepay in full the Project Finance Facility.

On 11 July 2023, Energean Israel Finance Ltd. completed the offering of US\$750 million aggregate principal amount of senior secured notes with a fixed annual interest rate of 8.500%. The funds were released from escrow in September 2023 and were used mainly to repay Energean Israel's US\$625 million notes that were due in March 2024.

The Notes were issued in four tranches as follows:

Series	Maturity	Annual fixed Interest rate	31 March 2024	31 December 2023
			(Unaudited) Carrying value \$'000	Carrying value \$'000
US\$ 625 million	30 March 2026	4.875%	620,529	619,932
US\$ 625 million	30 March 2028	5.375%	618,560	618,145
US\$ 625 million	30 March 2031	5.875%	617,058	616,762
US\$ 750 million	30 September 2033	8.500%	733,955	733,653
US\$2,625 million			2,590,102	2,588,492

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 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 sales 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.

Restricted cash:

As of 31 March 2024, the Company had short-term restricted cash of US\$1.29 million (31 December 2023: US\$22.48 million), which will be used for the September 2024 interest payment.

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 2024 (Unaudited) \$'000	31 December 2023 \$'000
Current		
Financial items		
Trade accounts payable ⁽¹⁾	107,505	97,350
Payables to related parties	17,812	19,023
Deferred licence payments due within one year ⁽²⁾	17,198	46,154
Other creditors ⁽⁴⁾	17,687	32,034
Income taxes	-	1,585
Derivative liability	165	-
Short term lease liabilities	3,948	4,718
	164,315	200,864
Non-financial items		
Accrued expenses ⁽¹⁾	12,059	16,765
Other finance costs accrued	-	55,411
Social insurance and other taxes	1,880	542
	13,939	72,718
Total current trade and other payables	178,254	273,582
Non-current		
Financial items		
Trade and other payables ⁽³⁾	108,437	117,796
Long term lease liabilities	8,532	8,880
	116,969	126,676
Non-financial items		
Accrued expenses to related parties	484	368
	484	368
Total non-current trade and other payables	117,453	127,044

⁽¹⁾ Trade payables and accrued expenses relate primarily to development expenditure on the Karish project, with the main contributors being mainly the FPSO, Karish North, and the second oil train. Trade payables are non-interest bearing.

⁽²⁾ In December 2016, Energean Israel acquired the Karish and Tanin offshore gas fields for \$40.0 million closing payment with an obligation to pay additional consideration of \$108.5 million plus interest inflated at an annual rate of 4.6% in ten equal annual payments. A settlement agreement was signed in November 2023, whereby it was agreed that the final amount owed would be paid in two instalments. As of 31 March 2024, after the payment of the first installment amount \$30 million, the total discounted deferred consideration was \$17.2 million (as at 31 December 2023: \$46.2 million). In May 2024 the Company paid the second and final installment of \$17.4 million.

⁽³⁾ The amount represents a long-term amount payable in terms of the EPCIC contract. Following the amendment to the terms of the deferred payment agreement with Technip signed in February 2024 the remaining amount payable under the EPCIC contract has been reduced to \$210 million. The amount is payable in twelve equal quarterly deferred payments starting in March 2024 and therefore has been discounted at 8.668% p.a. (being the yield rate of the senior secured loan notes, maturing in 2026, at the date of agreeing the payment terms).

NOTE 13: - Trade and other payables (Cont.)

⁽⁴⁾ The amount mainly comprises of royalties payable to the Israel government and third parties with regards to the Karish Lease, including \$6.6 million (2023: \$12.1 million) of royalties payable to third parties. Contractual royalties are payable to NewMed (previously Delek Drilling) and third-party holders at a total rate of 7.5%, increasing to 8.25% after the date at which the lease in question starts to pay the oil and gas profits levy. The royalty payable to NewMed under the SPA is calculated on the value of the total amount of natural gas and condensate produced at the wellhead without any deduction (except for natural gas and Petroleum (as defined under the Petroleum Law) used in the production process). No contractual royalties under the SPA will be payable on future discoveries that were not part of the original acquisition of the Karish and Tanin leases. Royalties under the SPA are deductible for corporate tax and for the Oil Levy tax base.

NOTE 14: - EquityInterim dividend

An interim dividend of US\$110 million was declared and paid during Q1 2024.

NOTE 15: - Financial Instruments**Fair Values of other financial instruments**

The following financial instruments are measured at amortised cost and are considered to have fair values different to their book values.

	31 March 2024 (Unaudited)		31 December 2023	
	Book Value \$'000	Fair Value \$'000	Book Value \$'000	Fair value \$'000
Senior Secured Notes (Note 12)	2,590,102	2,456,250	2,588,492	2,371,125

The fair value of the Senior Secured Notes is within level 1 of the fair value hierarchy and has been estimated by discounting future cash flows by the relevant market yield curve at the balance sheet date. The fair values of other financial instruments not measured at fair value including cash and short-term deposits, trade receivables and trade and other payables equate approximately to their carrying amounts.

NOTE 16: - Significant events and transaction during the reporting period

- a) In February 2024, Karish North first gas was achieved and the second gas export riser was completed.
- b) In February 2024, the Company signed a new GSPA with Eshkol Energies Generation LTD, majority owned Dalia Energy Companies Ltd, for the supply of an initial quantity of 0.6 bcm/year starting June 2024, rising to 1 bcm/ year from 2032 onwards. The GSPA is for a term of approximately 15 years, for a total contract quantity of up to approximately 12 bcm. The contract contains provisions regarding floor and ceiling pricing, take or pay and price indexation (not Brent-price linked). The GSPA has been signed at levels that are in line with the other large, long-term contracts within Energean's portfolio.

NOTE 17: - Subsequent events

- a) An interim dividend of US\$35 million was declared and paid in April 2024.