

**ENERGEAN ISRAEL LIMITED**

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2024**

**ENERGEAN ISRAEL LIMITED**  
**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 SEPTEMBER 2024**

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## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NINE MONTHS ENDED 30 SEPTEMBER 2024

|   | Notes | 30 September (Unaudited) |                |
|---|-------|--------------------------|----------------|
|   |       | 2024<br>\$'000           | 2023<br>\$'000 |
| Revenue   | 3     | 974,889                  | 646,585        |
| Cost of sales   | 4     | (441,939)                | (313,374)      |
| <b>Gross profit</b>   |       | <b>532,950</b>           | <b>333,211</b> |
| Administrative expenses   | 4     | (12,879)                 | (13,182)       |
| Exploration and evaluation expenses                                   | 4     | -                        | (50)           |
| Other expenses  | 4     | (448)                    | (170)          |
| Other income  | 4     | 444                      | 2              |
| <b>Operating profit</b>   |       | <b>520,067</b>           | <b>319,811</b> |
| Finance income  | 5     | 7,296                    | 9,133          |
| Finance costs   | 5     | (137,535)                | (120,379)      |
| Net foreign exchange losses   | 5     | (3,818)                  | (4,872)        |
| <b>Profit for the period before tax</b>                               |       | <b>386,010</b>           | <b>203,693</b> |
| Taxation expense  | 6     | (88,626)                 | (46,766)       |
| <b>Net profit for the period</b>                                      |       | <b>297,384</b>           | <b>156,927</b> |
| <u>Other comprehensive income:</u>                                    |       |                          |                |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |       |                          |                |
| Gain on cash flow hedge for the period                                |       | 744                      | -              |
| Taxes expenses on items that may be reclassified to profit and loss   | 9     | (171)                    | -              |
| <b>Other comprehensive income for the period</b>                      |       | <b>573</b>               | <b>-</b>       |
| <b>Total comprehensive income for the period</b>                      |       | <b>297,957</b>           | <b>156,927</b> |

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

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 SEPTEMBER 2024

|                                     | Notes | 30 September<br>(Unaudited)<br>\$'000 | 31 December<br>2023 (Audited)<br>\$'000 |
|-------------------------------------|-------|---------------------------------------|---|
| <b>ASSETS:</b>                      |       |                                       |   |
| <b>NON-CURRENT ASSETS:</b>          |       |                                       |   |
| Property, plant and equipment       | 7     | 2,933,409                             | 2,797,831                               |
| Intangible assets                   | 8     | 95,110                                | 168,165                                 |
| Other receivables                   | 10    | 8,989                                 | 5,365                                   |
|                                     |       | <b>3,037,508</b>                      | <b>2,971,361</b>                        |
| <b>CURRENT ASSETS:</b>              |       |                                       |   |
| Trade and other receivables         | 10    | 138,905                               | 130,135                                 |
| Inventories                         | 11    | 12,204                                | 7,141                                   |
| Derivative financial instruments    | 15    | 745                                   | -                                       |
| Restricted cash                     | 12    | 1,726                                 | 22,482                                  |
| Cash and cash equivalents           |       | 255,556                               | 286,625                                 |
|                                     |       | <b>409,136</b>                        | <b>446,383</b>                          |
| <b>TOTAL ASSETS</b>                 |       | <b>3,446,644</b>                      | <b>3,417,744</b>                        |
| <b>EQUITY AND LIABILITIES:</b>      |       |                                       |   |
| <b>EQUITY:</b>                      |       |                                       |   |
| Share capital                       |       | 1,708                                 | 1,708                                   |
| Share Premium                       |       | 212,539                               | 212,539                                 |
| Hedges Reserve                      |       | 573                                   | -                                       |
| Retained earnings                   |       | 95,665                                | 74,781                                  |
| <b>TOTAL EQUITY</b>                 |       | <b>310,485</b>                        | <b>289,028</b>                          |
| <b>NON-CURRENT LIABILITIES:</b>     |       |                                       |   |
| Senior secured notes                | 12    | 2,592,994                             | 2,588,492                               |
| Decommissioning provisions          |       | 99,968                                | 92,613                                  |
| Deferred tax liabilities            | 9     | 71,183                                | 46,985                                  |
| Trade and other payables            | 13    | 84,459                                | 127,044                                 |
|                                     |       | <b>2,848,604</b>                      | <b>2,855,134</b>                        |
| <b>CURRENT LIABILITIES:</b>         |       |                                       |   |
| Trade and other payables            | 13    | 223,537                               | 271,997                                 |
| Income tax liability                | 6     | 64,018                                | 1,585                                   |
|                                     |       | <b>287,555</b>                        | <b>273,582</b>                          |
| <b>TOTAL LIABILITIES</b>            |       | <b>3,136,159</b>                      | <b>3,128,716</b>                        |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <b>3,446,644</b>                      | <b>3,417,744</b>                        |

27 November 2024

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

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

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NINE MONTHS ENDED 30 SEPTEMBER 2024

|  | Share capital<br>\$'000 | Share<br>Premium<br>\$'000 | Hedges<br>Reserve<br>\$'000 | Accumulated<br>losses<br>\$'000 | Total equity<br>\$'000 |
|--|-------------------------|----------------------------|-----------------------------|---------------------------------|------------------------|
| <b>Balance as of 1 January 2024 (Audited)</b>          | <b>1,708</b>            | <b>212,539</b>             | <b>-</b>                    | <b>74,781</b>                   | <b>289,028</b>         |
| <b><u>Transactions with shareholders:</u></b>          |                         |                            |                             |                                 |                        |
| Dividend, see note 14                                  | -                       | -                          | -                           | (276,500)                       | (276,500)              |
| <b><u>Comprehensive Income:</u></b>                    |                         |                            |                             |                                 |                        |
| Profit for the period                                  | -                       | -                          | -                           | 297,384                         | 297,384                |
| Other comprehensive income, net of tax                 |                         |                            | 573                         | -                               | 573                    |
| Total comprehensive income                             | -                       | -                          | 573                         | 297,384                         | 297,957                |
| <b>Balance as of 30 September 2024<br/>(Unaudited)</b> | <b>1,708</b>            | <b>212,539</b>             | <b>573</b>                  | <b>95,665</b>                   | <b>310,485</b>         |
| <b>Balance as of 1 January 2023 (Audited)</b>          | <b>1,708</b>            | <b>212,539</b>             | <b>-</b>                    | <b>(70,528)</b>                 | <b>143,719</b>         |
| <b><u>Comprehensive Income:</u></b>                    |                         |                            |                             |                                 |                        |
| Profit for the period                                  | -                       | -                          | -                           | 156,927                         | 156,927                |
| Total comprehensive income                             | -                       | -                          | -                           | 156,927                         | 156,927                |
| <b>Balance as of 30 September 2023<br/>(Unaudited)</b> | <b>1,708</b>            | <b>212,539</b>             | <b>-</b>                    | <b>86,399</b>                   | <b>300,646</b>         |

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

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

|   |       | 30 September (Unaudited) |                  |
|---|-------|--------------------------|------------------|
|   | Notes | 2024                     | 2023             |
|   |       | \$'000                   | \$'000           |
| <b>Operating activities</b>   |       |                          |                  |
| <b>Profit for the period before tax</b>   |       | <b>386,010</b>           | <b>203,693</b>   |
| Adjustments to reconcile loss before taxation to net cash provided by:          |       |                          |                  |
| Depreciation, depletion and amortisation  | 4     | 182,450                  | 132,527          |
| Loss from sale on property, plant and equipment                                 | 4     | 448                      | 170              |
| Compensation to gas buyers, payment made in advance                             | 3     | -                        | 4,929            |
| Finance Income  | 5     | (7,296)                  | (9,133)          |
| Finance expenses  | 5     | 137,535                  | 120,379          |
| Net foreign exchange loss   | 5     | 3,818                    | 4,872            |
| Cash flow from operations before working capital                                |       | 702,965                  | 457,437          |
| Increase in trade and other receivables   |       | (14,935)                 | (56,590)         |
| Increase in inventories   |       | (5,063)                  | (3,543)          |
| Increase/(decrease) in trade and other payables                                 |       | 17,475                   | (20,930)         |
| Cash from operations  |       | 700,442                  | 376,374          |
| Income taxes paid   |       | (2,384)                  | (397)            |
| <b>Net cash inflows from operating activities</b>                               |       | <b>698,058</b>           | <b>375,977</b>   |
| <b>Investing activities</b>   |       |                          |                  |
| Payment for purchase of property, plant and equipment                           | 7(C)  | (227,567)                | (164,913)        |
| Payment for exploration and evaluation, and other intangible assets             | 8(B)  | (70,286)                 | (92,634)         |
| Proceeds from disposals of property, plant and equipment                        |       |                          | 2                |
| Amounts received from INGL related to transfer of property, plant and equipment | 7(C)  | 1,801                    | 56,906           |
| Movement in restricted cash, net  | 12    | 20,756                   | 47,278           |
| Interest received   |       | 8,036                    | 9,921            |
| <b>Net cash outflow used in investing activities</b>                            |       | <b>(267,260)</b>         | <b>(143,440)</b> |
| <b>Financing activities</b>   |       |                          |                  |
| Transaction costs in relation to senior secured notes issuance                  |       | -                        | (3,690)          |
| Senior secured notes issuance   |       | -                        | 750,000          |
| Senior secured notes repayment  |       | -                        | (625,000)        |
| Other distribution  |       | -                        | (4,386)          |
| Senior secured notes - interest paid  | 12    | (178,592)                | (128,906)        |
| Dividends paid  | 14    | (276,500)                | -                |
| Other finance cost paid   |       | (891)                    | (335)            |
| Finance costs paid for deferred license payments                                | 13(2) | (4,000)                  | (2,496)          |
| Repayment of obligations under leases   | 13    | (4,198)                  | (1,942)          |
| <b>Net cash outflow used in financing activities</b>                            |       | <b>(464,181)</b>         | <b>(16,755)</b>  |
| Net (decrease) / increase in cash and cash equivalents                          |       | (33,383)                 | 215,782          |
| Cash and cash equivalents at beginning of the period                            |       | 286,625                  | 24,825           |
| Effect of exchange differences on cash and cash equivalents                     |       | 2,314                    | (1,531)          |
| <b>Cash and cash equivalents at end of period</b>                               |       | <b>255,556</b>           | <b>239,076</b>   |

The accompanying notes are an integral part of the unaudited 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. As of 1 January 2024, the Company is tax resident in the UK by virtue of having transferred its management and control from Cyprus to the UK, with its registered address being at Accurist House, 44 Baker Street, London, W1U 7AL.
- b. The Company and its subsidiaries (the "Group") have 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 30 September 2024, the Company had investments in the following subsidiaries:

| Name of subsidiary                  | Country of incorporation /<br>registered office   | Principal<br>activities                 | Shareholding<br>At 30 September | Shareholding<br>At 31 December |
|-------------------------------------|---|---|---------------------------------|--------------------------------|
|                                     |   |   | 2024<br>(%)                     | 2023<br>(%)                    |
| Energean Israel<br>Transmission LTD | 121, Menachem Begin St.<br>Azrieli Sarona Tower, POB<br>24,<br>Tel Aviv 67012039 Israel | Gas<br>transportation<br>license holder | 100                             | 100                            |
| Energean Israel Finance<br>LTD      | 121, Menachem Begin St.<br>Azrieli Sarona Tower, POB<br>24,<br>Tel Aviv 67012039 Israel | Financing<br>activities                 | 100                             | 100                            |

- d. The Group's core assets as of 30 September 2024 included the following:

| Country | Asset                             | Working interest | Field phase |
|---------|-----------------------------------|------------------|-------------|
| Israel  | Karish including Karish North (*) | 100%             | Production  |
| Israel  | Tanin (*)                         | 100%             | Development |
| Israel  | Katlan (Block 12) (**)            | 100%             | Development |
| Israel  | Blocks 21, 23, 31                 | 100%             | Exploration |

(\*) The concession agreement expires in 2044.

(\*\*) Katlan Final Investment Decision was taken in July 2024, and the concession agreement received in the same month expires in 2054. Refer to note 16 for further details.

**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 30 September 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 statements are presented in U.S. Dollars and all values are rounded to the nearest thousand dollars except where otherwise indicated.

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. The Going Concern assessment covers the period up to 31 December 2025 ‘the forecast period’.

Israel geopolitical environment – Looking to the fourth quarter of 2024, Energean highlights the following developments as important in relation to its principal risks. Since 7 October 2023, and the ongoing conflict in Israel, the magnitude of regional geopolitical risk remains elevated. Growing concerns of escalations in the Middle East have intensified the security risk in the region, as essential infrastructure systems (such as the Energean Power FPSO offshore Israel) may be targets for missile fire and sabotage operations. While the Karish and Karish North fields have continued to produce with no disruption since the start of the conflict, any event that impacts production from these fields could have a material adverse impact on the business, results of operations, cash flows, financial condition and prospects of the Group. In the first three quarters of 2024, Energean has ensured that all measures are in place to continue business operations, maintain the mobility of its people and make certain that the security of information is unaffected.

***New and amended accounting standards and interpretations:***

The following amendments became effective as at 1 January 2024:

1. Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants;

The adoption of the above amendments to EU-adopted IFRS did not result in any material changes to the Group’s accounting policies and did not have any material impact on the financial position or performance of the Group.

Other amendments coming into effect on 1 January 2024 are assessed to have no impact on the Group’s operations

**NOTE 3: - Revenues**

|   | 30 September (Unaudited) |                |
|---|--------------------------|----------------|
|   | 2024<br>\$'000           | 2023<br>\$'000 |
| Revenue from gas sales <sup>(1)</sup>                 | 645,833                  | 484,238        |
| Revenue from hydrocarbon liquids sales <sup>(2)</sup> | 329,056                  | 167,276        |
| Compensation to customers <sup>(3)</sup>              | -                        | (4,929)        |
| <b>Total revenue</b>                                  | <b>974,889</b>           | <b>646,585</b> |

<sup>(1)</sup> Sales gas for the nine months ended 30 September 2024 totaled approximately 27.2 mmboe and for the nine months ended 30 September 2023 totaled approximately 20.2 mmboe.

<sup>(2)</sup> Sales from hydrocarbon liquids for the nine months ended 30 September 2024 totaled approximately 4.3 mmboe and for the nine months ended 30 September 2023 totaled approximately 2.2 mmboe.

<sup>(3)</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 was 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**

|  | 30 September (Unaudited) |                |
|--|--------------------------|----------------|
|  | 2024                     | 2023           |
|  | \$'000                   | \$'000         |
| <b>(a) <u>Cost of sales</u></b>                        |                          |                |
| Staff costs  | 10,299                   | 6,566          |
| Energy cost  | 1,819                    | 2,869          |
| Royalty payable  | 172,516                  | 117,266        |
| Depreciation (Note 7)                                  | 180,988                  | 131,262        |
| Other operating costs <sup>(1)</sup>                   | 75,094                   | 57,061         |
| Oil stock movement                                     | 1,223                    | (1,650)        |
| <b>Total cost of sales</b>                             | <b>441,939</b>           | <b>313,374</b> |
| <b>(b) <u>Administrative expenses</u></b>              |                          |                |
| Staff costs  | 3,475                    | 2,544          |
| Share-based payment charge                             | 867                      | 517            |
| Depreciation and amortisation (Note 7, 8)              | 1,462                    | 1,265          |
| Auditor fees   | 252                      | 212            |
| Other general & administration expenses <sup>(2)</sup> | 6,823                    | 8,644          |
| <b>Total administrative expenses</b>                   | <b>12,879</b>            | <b>13,182</b>  |
| <b>(c) <u>Exploration and evaluation expenses</u></b>  |                          |                |
| Other exploration and evaluation expenses              | -                        | 50             |
| <b>Total exploration and evaluation expenses</b>       | <b>-</b>                 | <b>50</b>      |
| <b>(d) <u>Other expenses</u></b>                       |                          |                |
| Loss from disposal of property, plant and equipment    | 448                      | 170            |
| <b>Total other expenses</b>                            | <b>448</b>               | <b>170</b>     |
| <b>(e) <u>Other income</u></b>                         |                          |                |
| Other income   | (444)                    | (2)            |
| <b>Total other income</b>                              | <b>(444)</b>             | <b>(2)</b>     |

<sup>(1)</sup> Other operating costs mainly consist of insurance and planned maintenance costs.

<sup>(2)</sup> Other general & administration expenses primarily consist of legal expenses, management service fees and fees for external advisors.

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

|  | 30 September (Unaudited) |                |
|--|--------------------------|----------------|
|  | 2024                     | 2023           |
|  | \$'000                   | \$'000         |
| Interest on Senior Secured Notes (Note 12)                         | 127,681                  | 119,322        |
| Interest expense on long terms payables (Note 13(2))               | 1,248                    | 2,485          |
| Less amounts included in the cost of qualifying assets (Note 7(A)) | (9,242)                  | (11,813)       |
|  | <b>119,687</b>           | <b>109,994</b> |
| Costs related to parent company guarantees                         | 2,266                    | 1,757          |
| Other finance costs and bank charges                               | 1,456                    | 497            |
| Unwinding of discount on trade payable (Note 13(3))                | 11,265                   | 5,407          |
| Unwinding of discount on provision for decommissioning             | 2,923                    | 2,513          |
| Unwinding of discount on right of use asset                        | 627                      | 391            |
| Realised gain on derivatives                                       | (189)                    | -              |
| Less amounts included in the cost of qualifying assets (Note 7(A)) | (500)                    | (180)          |
|  | <b>17,848</b>            | <b>10,385</b>  |
| <b>Total finance costs</b>   | <b>137,535</b>           | <b>120,379</b> |
| Interest income from time deposits                                 | (7,296)                  | (9,133)        |
| <b>Total finance income</b>  | <b>(7,296)</b>           | <b>(9,133)</b> |
| Net foreign exchange losses  | 3,818                    | 4,872          |
| <b>Net finance costs</b>   | <b>134,057</b>           | <b>116,118</b> |

**NOTE 6: - Taxation**1. Corporate Tax rates applicable to the Company:Israel:

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

UK:

With effect from 1st January 2024, the Company has migrated its tax residency from the Republic of Cyprus ("Cyprus") to the United Kingdom ("UK") through the transfer of its management and control to the UK. As of the same date, the Company came into the charge to UK corporation tax for the first time.

Under s.18A CTA 2009 the Company made an election for all current and future overseas branches (including its Israeli branch) to be exempt from UK corporation tax from its first accounting period commencing on 1 January 2024 and all subsequent accounting periods.

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

**NOTE 6: - Taxation (Cont.)**

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. 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:

|   | 30 September (Unaudited) |                 |
|---|--------------------------|-----------------|
|   | 2024<br>\$'000           | 2023<br>\$'000  |
| Current income tax charge   | (64,599)                 | (1,853)         |
| Deferred tax relating to origination and reversal of temporary differences (Note 9) | (24,027)                 | (44,913)        |
| <b>Total taxation expense</b>   | <b>(88,626)</b>          | <b>(46,766)</b> |

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

|  | Oil and gas<br>Assets<br>\$'000 | Leased assets<br>\$'000 | Furniture, fixtures<br>and equipment<br>\$'000 | Total<br>\$'000  |
|--|---------------------------------|-------------------------|--|------------------|
| <b><u>Cost:</u></b>                            |                                 |                         |  |                  |
| <b>At 1 January 2023</b>                       | <b>2,932,789</b>                | <b>4,740</b>            | <b>1,994</b>                                   | <b>2,939,523</b> |
| Additions                                      | 135,126                         | 12,246                  | 396  | 147,768          |
| Handover to INGL <sup>(1)</sup>                | (111,448)                       | -                       | -  | (111,448)        |
| Capitalised borrowing cost                     | 17,658                          | -                       | -  | 17,658           |
| Change in decommissioning provision            | 4,913                           | -                       | -  | 4,913            |
| <b>Total cost at 31 December 2023</b>          | <b>2,979,038</b>                | <b>16,986</b>           | <b>2,390</b>                                   | <b>2,998,414</b> |
| Additions                                      | 97,348                          | 1,129                   | 190  | 98,667           |
| Transfer from Intangible Assets <sup>(2)</sup> | 205,324                         | -                       | -  | 205,324          |
| Disposals                                      | (448)                           | -                       | -  | (448)            |
| Capitalised borrowing cost                     | 9,742                           | -                       | -  | 9,742            |
| Change in decommissioning provision            | 4,432                           | -                       | -  | 4,432            |
| <b>Total cost at 30 September 2024</b>         | <b>3,295,436</b>                | <b>18,115</b>           | <b>2,580</b>                                   | <b>3,316,131</b> |
| <b><u>Depreciation:</u></b>                    |                                 |                         |  |                  |
| <b>At 1 January 2023</b>                       | <b>11,226</b>                   | <b>1,459</b>            | <b>525</b>                                     | <b>13,210</b>    |
| Charge for the year                            | 183,898                         | 2,966                   | 509  | 187,373          |
| <b>Total Depreciation at 31 December 2023</b>  | <b>195,124</b>                  | <b>4,425</b>            | <b>1,034</b>                                   | <b>200,583</b>   |
| Charge for the period                          | 178,179                         | 3,653                   | 307  | 182,139          |
| <b>Total Depreciation at 30 September 2024</b> | <b>373,303</b>                  | <b>8,078</b>            | <b>1,341</b>                                   | <b>382,722</b>   |
| <b>At 31 December 2023</b>                     | <b>2,783,914</b>                | <b>12,561</b>           | <b>1,356</b>                                   | <b>2,797,831</b> |
| <b>At 30 September 2024</b>                    | <b>2,922,133</b>                | <b>10,037</b>           | <b>1,239</b>                                   | <b>2,933,409</b> |

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

The additions to oil & gas assets in 2024 and 2023 are primarily due to development costs for the FPSO, Karish North, the second oil train and Katlan.

<sup>(1)</sup> Handover to INGL took place on 22 March 2023. Refer to Note 10(1).

<sup>(2)</sup> The Final Investment Decision for Katlan was made in July 2024, and the concession agreement granted in the same month expires in 2054. Refer to note 16 for further details.

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

|                         | 30 September (Unaudited) |                |
|-------------------------|--------------------------|----------------|
|                         | 2024<br>\$'000           | 2023<br>\$'000 |
| Cost of sales           | 180,988                  | 131,262        |
| Administration expenses | 1,151                    | 1,008          |
| Total                   | <b>182,139</b>           | <b>132,270</b> |

c. Cash flow statement reconciliations:

|   | 30 September (Unaudited) |                |
|---|--------------------------|----------------|
|   | 2024<br>\$'000           | 2023<br>\$'000 |
| Additions and disposals to property, plant and equipment, net | 112,841                  | 188,106        |
| <b>Associated cash flows</b>                                  |                          |                |
| Payments for additions to property, plant and equipment, net  | (225,766)                | (164,913)      |
| <b>Non-cash movements/presented in other cash flow lines</b>  |                          |                |
| Capitalised borrowing costs                                   | (9,742)                  | -              |
| Right-of-use asset additions                                  | (1,129)                  | (12,197)       |
| Change in decommissioning provision                           | (4,432)                  | -              |
| Lease payments related to capital activities                  | 4,198                    | 1,942          |
| Movement in working capital                                   | 124,030                  | (12,938)       |

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<br>evaluation assets<br>\$'000 | Software<br>licenses<br>\$'000 | Total<br>\$'000 |
|--|--|--------------------------------|-----------------|
| <b>Cost:</b>                                   |  |                                |                 |
| At 1 January 2023                              | 141,869  | 1,968                          | 143,837         |
| Additions                                      | 24,597   | 362                            | 24,959          |
| <b>At 31 December 2023</b>                     | <b>166,466</b>                                 | <b>2,330</b>                   | <b>168,796</b>  |
| Additions                                      | 132,580  | -                              | 132,580         |
| Transfer to Property Plant and Equipment (*)   | (205,324)                                      | -                              | (205,324)       |
| <b>At 30 September 2024</b>                    | <b>93,722</b>                                  | <b>2,330</b>                   | <b>96,052</b>   |
| <b>Amortisation:</b>                           |  |                                |                 |
| At 1 January 2023                              | -  | 283                            | 283             |
| Charge for the year                            | -  | 348                            | 348             |
| <b>Total Amortisation at 31 December 2023</b>  | <b>-</b>                                       | <b>631</b>                     | <b>631</b>      |
| Charge for the period                          | -  | 311                            | 311             |
| <b>Total Amortisation at 30 September 2024</b> | <b>-</b>                                       | <b>942</b>                     | <b>942</b>      |
| <b>At 31 December 2023</b>                     | <b>166,466</b>                                 | <b>1,699</b>                   | <b>168,165</b>  |
| <b>At 30 September 2024</b>                    | <b>93,722</b>                                  | <b>1,388</b>                   | <b>95,110</b>   |

The additions to exploration and evaluation assets in 2023 are mainly related to pre-FID costs for Block 12 "Katlan".

(\*) The Final Investment Decision for Katlan was made in July 2024, and the concession agreement granted in the same month expires in 2054. Refer to note 16 for further details.

**b. Cash flow statement reconciliations:**

|  | 30 September (Unaudited) |          |
|--|--------------------------|----------|
|  | 2024                     | 2023     |
|  | \$'000                   | \$'000   |
| Additions to intangible assets                               | 132,580                  | 17,113   |
| <b>Associated cash flows</b>                                 |                          |          |
| Payment for additions to intangible assets                   | (70,286)                 | (92,634) |
| <b>Non-cash movements/presented in other cash flow lines</b> |                          |          |
| Movement in working capital                                  | (62,294)                 | 75,521   |

**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<br>30 September 2024 |
|----------|---------------------|-------------------------|---|
| 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 30 September 2024, the Group holds three licences to explore for gas and oil in 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.

**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.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 9: - Deferred taxes (Cont.)

Below are the items for which deferred taxes were recognised:

|  | Property, plant<br>and equipment &<br>intangible assets<br>\$'000 | Right of use<br>asset<br>IFRS 16<br>\$'000 | Tax losses<br>\$'000 | Deferred<br>expenses for<br>tax<br>\$'000 | Staff leaving<br>indemnities<br>\$'000 | Accrued expenses and<br>other short-term<br>liabilities and other<br>long-term liabilities<br>\$'000 | Trade and other<br>payables -<br>Derivative liability<br>\$'000 | Total<br>\$'000 |
|--|---|--|----------------------|---|--|--|---|-----------------|
| <b>At 1 January 2024</b>                             | <b>(61,050)</b>   | <b>(2,888)</b>                             | <b>8,983</b>         | <b>4,082</b>                              | <b>337</b>                             | <b>3,551</b>   | <b>-</b>  | <b>(46,985)</b> |
| <u>Increase/(decrease) for the year<br/>through:</u> |   |  |                      |   |  |  |   |                 |
| Profit or loss                                       | (14,050)  | 613  | (8,983)              | (1,309)                                   | (65)                                   | (233)  | -   | <b>(24,027)</b> |
| Other comprehensive income                           | -   | -  | -                    | -   | -                                      | -  | (171)   | <b>(171)</b>    |
| <b>At 30 September 2024</b>                          | <b>(75,100)</b>   | <b>(2,275)</b>                             | <b>-</b>             | <b>2,773</b>                              | <b>272</b>                             | <b>3,318</b>   | <b>(171)</b>  | <b>(71,183)</b> |
| <b>At 1 January 2023</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>   |
| <u>Increase/(decrease) for the year<br/>through:</u> |   |  |                      |   |  |  |   |                 |
| Profit or loss                                       | (20,706)  | (2,134)                                    | (47,432)             | (2,127)                                   | 170                                    | 2,358  | -   | <b>(69,871)</b> |
| <b>At 31 December 2023</b>                           | <b>(61,050)</b>   | <b>(2,888)</b>                             | <b>8,983</b>         | <b>4,082</b>                              | <b>337</b>                             | <b>3,551</b>   | <b>-</b>  | <b>(46,985)</b> |

|                          | 30 September 2024<br>(Unaudited)<br>\$'000 | 31 December<br>2023<br>\$'000 |
|--------------------------|--|-------------------------------|
| Deferred tax liabilities | (77,375)                                   | (63,938)                      |
| Deferred tax assets      | 6,192                                      | 16,953                        |
|                          | <b>(71,183)</b>                            | <b>(46,985)</b>               |

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

|  | 30 September 2024<br>(Unaudited)<br>\$'000 | 31 December<br>2023<br>\$'000 |
|--|--|-------------------------------|
| <b>Current</b>                                       |  |                               |
| <b>Financial items</b>                               |  |                               |
| Trade receivables                                    | 129,254                                    | 114,139                       |
| Receivables from related parties                     | 449  | -                             |
| Other receivables <sup>(1)</sup>                     | 4,939                                      | 6,994                         |
| Accrued interest income                              | 163  | 1,015                         |
| Refundable VAT                                       | -  | 1,196                         |
|  | <b>134,805</b>                             | <b>123,344</b>                |
| <b>Non-financial items</b>                           |  |                               |
| Prepayments and prepaid expenses                     | 4,100                                      | 6,791                         |
|  | <b>4,100</b>                               | <b>6,791</b>                  |
| <b>Total current trade and other receivables</b>     | <b>138,905</b>                             | <b>130,135</b>                |
| <b>Non-current</b>                                   |  |                               |
| <b>Non-financial items</b>                           |  |                               |
| Prepayments and prepaid expenses                     | 8,989                                      | 5,365                         |
| <b>Total non-current trade and other receivables</b> | <b>8,989</b>                               | <b>5,365</b>                  |

<sup>(1)</sup> 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 approximately \$5.0 million is expected to be collected in Q4 2024.

**NOTE 11: - Inventories**

|                            | 30 September 2024<br>(Unaudited)<br>\$'000 | 31 December<br>2023<br>\$'000 |
|----------------------------|--|-------------------------------|
| Hydrocarbon liquids        | 523  | 1,685                         |
| Natural gas                | 493  | 553                           |
| Raw materials and supplies | 11,188                                     | 4,903                         |
| <b>Total</b>               | <b>12,204</b>                              | <b>7,141</b>                  |



**NOTE 12: - Senior secured notes****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<br>Interest rate | 30 September 2024                    | 31 December 2023      |
|--------------------------|-------------------|-------------------------------|--------------------------------------|-----------------------|
|                          |                   |                               | (Unaudited)<br>Carrying value \$'000 | Carrying value \$'000 |
| US\$ 625 million         | 30 March 2026     | 4.875%                        | 621,604                              | 619,932               |
| US\$ 625 million         | 30 March 2028     | 5.375%                        | 619,289                              | 618,145               |
| US\$ 625 million         | 30 March 2031     | 5.875%                        | 617,521                              | 616,762               |
| US\$ 750 million         | 30 September 2033 | 8.500%                        | 734,580                              | 733,653               |
| <b>US\$2,625 million</b> |                   |                               | <b>2,592,994</b>                     | <b>2,588,492</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 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 licenses 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 30 September 2024, the Company had short-term restricted cash of US\$1.7 million (31 December 2023: US\$22.5 million), which will be used for the March 2025 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**

|  | 30 September 2024<br>(Unaudited)<br>\$'000 | 31 December<br>2023<br>\$'000 |
|--|--|-------------------------------|
| <b>Current</b>   |  |                               |
| <b>Financial items</b>                                       |  |                               |
| Trade accounts payable <sup>(1)</sup>                        | 134,470                                    | 97,350                        |
| Payables to related parties                                  | 16,691                                     | 19,023                        |
| VAT payable  | 5,190                                      | -                             |
| Deferred licence payments due within one year <sup>(2)</sup> | -  | 46,154                        |
| Other creditors <sup>(3)</sup>                               | 43,541                                     | 32,034                        |
| Short term lease liabilities                                 | 5,172                                      | 4,718                         |
|  | <b>205,064</b>                             | <b>199,279</b>                |
| <b>Non-financial items</b>                                   |  |                               |
| Accrued expenses <sup>(1)</sup>                              | 18,018                                     | 16,765                        |
| Other finance costs accrued                                  | -  | 55,411                        |
| Social insurance and other taxes                             | 455  | 542                           |
|  | <b>18,473</b>                              | <b>72,718</b>                 |
| <b>Total current trade and other payables</b>                | <b>223,537</b>                             | <b>271,997</b>                |
| <b>Non-current</b>   |  |                               |
| <b>Financial items</b>                                       |  |                               |
| Trade and other payables <sup>(4)</sup>                      | 77,639                                     | 117,796                       |
| Long term lease liabilities                                  | 5,967                                      | 8,880                         |
|  | <b>83,606</b>                              | <b>126,676</b>                |
| <b>Non-financial items</b>                                   |  |                               |
| Accrued expenses to related parties                          | 853  | 368                           |
|  | <b>853</b>                                 | <b>368</b>                    |
| <b>Total non-current trade and other payables</b>            | <b>84,459</b>                              | <b>127,044</b>                |

<sup>(1)</sup> Trade payables and accrued expenses relate primarily to operations, development expenditure on the Karish project, with the main contributors being the FPSO, Karish North, the second oil train and Katlan works.

<sup>(2)</sup> In December 2016, Energean Israel acquired the Karish and Tanin offshore gas fields for \$40.0 million at closing with an obligation to pay an 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 which took place in H1 2024. As of 30 September 2024, the full amount of the consideration has been paid.

<sup>(3)</sup> The amount mainly comprises of royalties payable to the Israel government and third parties with regards to the Karish Lease, including \$16.4 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.

<sup>(4)</sup> 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% per annum (being the yield rate of the senior secured loan notes, maturing in 2026, at the date of agreeing the payment terms). As of 30 September 2024, three installments have been paid.

**NOTE 14: - Equity**Interim dividend

An interim dividend of US\$276.5 million was declared and paid during the 2024 reporting period.

**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.

|                                | <b>30 September 2024 (Unaudited)</b> |                              | <b>31 December 2023</b>      |                              |
|--------------------------------|--------------------------------------|------------------------------|------------------------------|------------------------------|
|                                | <b>Book Value<br/>\$'000</b>         | <b>Fair Value<br/>\$'000</b> | <b>Book Value<br/>\$'000</b> | <b>Fair value<br/>\$'000</b> |
| Senior Secured Notes (Note 12) | 2,592,994                            | 2,404,125                    | 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.

**Cash Flow Hedging**

In February 2024, the Group entered into a forward transaction to hedge against foreign currency volatility risk associated with its deferred payment to Technip. The hedge relationship was deemed effective at inception, and in accordance with the Group's accounting policy, the transaction was subject to cash flow hedge accounting. Consequently, as of 30 September 2024, the Group recorded a derivative asset of \$0.7 million, an other comprehensive gain of \$0.6 million, and \$0.19 million in finance income related to this transaction during the reporting period.

**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) New Gas Sales Purchase Agreements ("GSPAs") in the period:
  - 1) 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.
  - 2) Energean has also signed two contracts with two peaker stations for the supply of 0.1 bcm/yr each, commencing in October 2024 and May 2025 respectively.
- c) **Katlan Final Investment Decision**

In July 2024, the Ministry of Energy and Infrastructure granted the Company a 30-year concession for the Katlan area including a 20-year extension option. Following this, Energean announced in July 2024 that it had taken Final Investment Decision ("FID") for the Katlan development project in Israel. The Katlan area will be developed in a phased approach through a subsea tieback to the existing Energean Power FPSO. First gas is planned for H1 2027. The EPCI (Engineering, Procurement, Construction and Installation) contract for the subsea scope was awarded to TechnipFMC and includes four-well-slot tieback capacity to a single large ~30 kilometer production line, which can be used by future Katlan area phases.

**NOTE 17: - Subsequent events**

1. An interim dividend of US\$82.5 million was declared and paid in Q4 2024.
2. Second oil train lift safely and successfully performed in October. Post-lift, installation and commissioning activities are expected to take up to 6 months to complete, which will result in an increase in liquids production capacity.