



Leviathan Bond

LEVIATHAN BOND LTD

CONDENSED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2024

EXPRESSED IN US\$ THOUSANDS

UNAUDITED

LEVIATHAN BOND LTD

FINANCIAL STATEMENTS AS OF MARCH 31 2024, EXPRESSED IN US\$ THOUSANDS

UNAUDITED

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Auditors' Review Report to the Shareholders of Leviathan Bond Ltd

Introduction

We have reviewed the accompanying financial information of Leviathan Bond Ltd ("**Company**"), which comprises the condensed interim statements of financial position as of March 31, 2024 and the related condensed statements of comprehensive income, changes in equity for the three-month period then ended. The Company's Board of Directors' and management are responsible for the preparation and presentation of Interim financial information this interim period, in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("**IAS 34**"). Our responsibility is to express a conclusion on this Interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410, issued by the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel, and consequently accordingly does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with IAS 34

Tel Aviv, May 23, 2024

Kost Forer Gabbay and Kasierer
Kost, Forer, Gabbay & Kasierer
Certified Public Accountants
(Israel)

Ziv Haft
Ziv Haft
Certified Public Accountants
(Israel)

Leviathan Bond LtdCondensed Interim Statements of Financial Position (Expressed in US\$ Thousands)

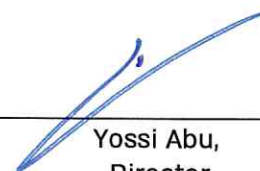
	<u>31.03.2024</u>	<u>31.03.2023</u>	<u>31.12.2023</u>
	<u>Unaudited</u>		<u>Audited</u>
Assets:			
Current Assets:			
Short term Bank deposits	33	255,958	33
Loans to shareholders	-	499,789	-
Interest receivable	28,219	35,406	-
Related parties	**	**	**
	<u>28,252</u>	<u>791,153</u>	<u>33</u>
Noncurrent Assets:			
Loans to shareholders	1,747,250	1,749,400	1,749,034
Long term bank deposits	102,649	-	101,411
	<u>1,849,899</u>	<u>1,749,400</u>	<u>1,850,445</u>
	<u>1,878,151</u>	<u>2,540,553</u>	<u>1,850,478</u>
Liabilities and Equity:			
Current Liabilities:			
Bonds	-	500,000	-
Interest Payable	28,219	35,406	-
Related parties	2,681	155,958	1,444
	<u>30,900</u>	<u>691,364</u>	<u>1,444</u>
Noncurrent Liabilities:			
Bonds	1,750,000	1,750,000	1,750,000
Loans from shareholders	100,000	100,000	100,000
	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>
Equity (Deficit)	(2,749)	(811)	(966)
	<u>1,878,151</u>	<u>2,540,553</u>	<u>1,850,478</u>

* Less than \$1,000

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

May 23, 2024

Date of Financial
Statement Approval

Tzachi Habusha,
Director

Yossi Abu,
Director

Leviathan Bond Ltd

Condensed Interim Statements of Comprehensive Income (Expressed in US\$ Thousands)

	For three months the Period Ended		For Year Ended
	31.3.2024	31.3.2023	31.12.2023
	Unaudited		Audited
Financial income	30,270	38,924	134,243
Financial expenses	(32,053)	(38,963)	(134,437)
Total comprehensive expenses	(1,783)	(39)	(194)

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

Leviathan Bond Limited.

Condensed Interim Statements of Changes in Equity (Deficit) (Expressed in US\$ thousands)

	The Company equity	Retained earnings	Total
	Unaudited		
Changes for the year ended March 31, 2024:			
Balance as of December 31, 2023 (audited)	*	(966)	(966)
Total comprehensive expenses	-	(1,783)	(1,783)
Balance as of March 31, 2024	*	(2,749)	(2,749)

	The Company equity	Retained earnings	Total
	Unaudited		
Changes for the year ended March 31, 2023:			
Balance as of December 31, 2022 (audited)	*	(772)	(772)
Total comprehensive expenses	-	(39)	(39)
Balance as of March 31, 2023	*	(811)	(811)

	The Company equity	Retained earnings	Total
	Audited		
Changes for the year ended December 31, 2023:			
Balance as of December 31, 2022	*	(772)	(772)
Total comprehensive expenses	-	(194)	(194)
Balance as of December 31, 2023	*	(966)	(966)

* Less than \$1,000

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

Leviathan Bond Ltd

Notes to the Condensed Interim Financial Statements as at March 31, 2024 (Expressed in US \$ Thousands)

Note 1 - General:

- A.** NewMed Energy – Limited Partnership (the “**NewMed**” or “**Partnership**”), incorporated Leviathan Bond Limited (“**the Company**”) on July 15, 2020. NewMed holds 100% of the shares of the Company. The sole purpose of the Company is to issue bonds under Rule 144A to qualified investors and to provide the funds raised as loans, under the same conditions (“back-to-back”), to NewMed (see also note 3 to the annual financial statements).
- B.** The Statements of Cash Flow have not been presented, as such those statements do not add any significant information.
- C.** As of March 31st, 2023 the partnership had Approx. \$77.7 Million U.S Dollars in the “Revenue accounts”, Short-term bank deposits, which are used for debt service and for current payments as part of the bonds issue.
- D. The Iron Swords war and its impact on the Partnership’s business:**
- Following the deadly attack perpetrated by the terrorist organization “**Hamas**” on 7 October 2023, targeting communities and military bases in the South of Israel, the Israeli Government declared the “**Iron Swords**” war against this terrorist organization (the “**War**”). As of the date of approval of the financial statements, significant uncertainty exists, making it impossible to estimate how the War will develop and whether it will expand to additional fronts, how long the War will last, its results and its repercussions. Under these circumstances, it is impossible to estimate the chances of materialization of the risk factors arising from the War and their possible effect, whose materialization could have a material adverse effect on the Partnership, its assets and its business.

Note 2 – Significant Accounting Principles:

- A. Declaration of Compliance with International Accounting Standards:**
- These condensed interim financial statements comply with provisions of IAS 34.
- B.** The Company’s Condensed Interim Financial Statements should be read together with the financial statements as of December 31, 2023 (the “**Annual Financial Statements**”). Accordingly, notes regarding insignificant updates with respect to information already reported in the notes to the Annual Financial Statements were not included in these Financial Statements.
- C.** The company reclassified the Interest payable under a separate line in the balance sheet. As a result, a reclassification of the balance as of March 31, 2023, was performed between related parties and Interest payable.

Note 2 – Significant Accounting Principles (Cont):

D. Disclosure to new IFRS standards in the period before implementation thereof

International Financial Reporting Standard 18 - Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board (IASB) published International Financial Reporting Standard 18 (IFRS 18) - Presentation and Disclosure in Financial Statements (the "**New Standard**") which replaces International Accounting Standard 1 (IAS 1) - Presentation of Financial Statements ("**IAS 1**"). The purpose of the New Standard is to improve comparability and transparency in financial statements.

The New Standard will include existing requirements of IAS 1 and new requirements for presentation in the statement of profit or loss, including the presentation of amounts and subtotals that are required in accordance with the New Standard, disclosure of management-defined performance measures and new requirements for the aggregation and disaggregation of financial information.

The New Standard does not change the provisions for the recognition and measurement of items in the

financial statements. However, since items in the statement of profit or loss will need to be classified into one of five categories (operating, investing, financing, income taxes and discontinued operations) it may change the entity's operating profit. Also, the publication of the New Standard makes minor amendments to other accounting standards, among them IAS 7 - Statement of Cash flows and IAS 34 – Interim Financial Reporting. The New Standard will be retroactively implemented to annual periods commencing on or after 1 January 2027. Early implementation is possible with disclosure. The Partnership is examining the effect of the New Standard, including the effect of the amendments to other accounting standards as a result of the New Standard, on the financial statements.

Note 3 - Other Information regarding Ratio Yam Joint Venture ("Leviathan" Leaseholds):

- A. Further to Note 4C4 to the Annual Financial Statements regarding a budget for preparation for FEED for expansion of the Leviathan reservoir's production system in the framework of advancing Phase 1B of the Leviathan reservoir's development plan, in May 2024, the Leviathan Partners approved an additional budget totaling approx. \$32.2 million (100%, the Partnership's share – approx. \$14.6 million). Chevron projects FEED commencement during Q3/2024.
- B. Further to Note 5M2 to the Annual Financial Statements regarding approval of preliminary budgets by the Leviathan Partners for the construction of a compressor station and additional related work in the regional transmission system, the Partnership estimates that the investment agreement for the project will be signed by the end of 2024, and closing is expected to take place during H1/2026.
- C. Further to Note 5M1 to the Annual Financial Statements regarding the schedule for the piping of gas in the combined section (the Ashdod-Ashkelon transmission system), according to the assessment of Israel Natural Gas Lines ("INGL"), and provided the security situation so allows, the infrastructure work for the laying of the combined section will be resumed during Q4/2024, and accordingly the piping of gas in the combined section is expected to commence in 2025.

Note 3 - Other Information regarding Ratio Yam Joint Venture ("Leviathan" Leaseholds) (Cont.):

- D. Further to Note 5M4 to the Annual Financial Statements regarding the Ramat Hovav-Nitzana transmission line (the "**Nitzana Project**") and the Natural Gas Commission's decision no. 3/2023 regarding financing and capacity allocation in all of the export lines (the "**Natural Gas Commission's Decision**"), on 15 May 2024 the Leviathan Partners received a letter from the Natural Gas Authority, whereby, according to the Natural Gas Commission's Decision, the Leviathan Partners' allocation in the Nitzana Project will be one third of such line's capacity (in this section: the "**Letter**"). The Letter further stated that the Leviathan Partners are required to sign the transmission agreement with INGL by 15 July 2024, and that insofar as they do not sign such transmission agreement, they will be deemed as having waived their capacity in such pipeline and the vacated capacity will be offered to other exporters, all as set forth in the Natural Gas Commission's Decision. The Leviathan Partners are examining the Letter and intend to act in order to negotiate with INGL for the purpose of examining all the commercial conditions in the Nitzana Project, and on the basis thereof to make a decision about participating in this project. Concurrently, the Leviathan Partners began a preliminary examination of a project as an alternative to transmission for export. There is no certainty as to the participation of the Leviathan Partners in the Nitzana Project or in such alternative project.
- E. Further to Note 5B to the Annual Financial Statements regarding engagements for the supply of natural gas from the Leviathan project, on 23 May 2023, the Leviathan Partners engaged with Eshkol Power Energies Ltd. (the "**Buyer**") in an agreement for the supply of natural gas (the "**Agreement**") for the production units at the Eshkol site in Ashdod, which the Buyer intends to purchase from the Israel Electric Corporation Ltd. (the "**IEC**"), according to a sale agreement signed thereby with the IEC. According to the Agreement, the Leviathan Partners undertook to supply to the Buyer, on a firm basis, daily quantities of gas with an aggregate annual volume of ~0.5 BCM, which will be used for the two production units in a combined cycle at the Eshkol site (the "**CCGTs**"), starting from the expected commencement of supply in June 2024, with the transfer of ownership of the power plant from the IEC to the Buyer, until expiration of the agreement on 31 December 2031. The Buyer undertook to take or pay for certain quantities of gas calculated as a percentage of the adjusted annual contract quantity (Adjusted ACQ), subject to circumstances of force majeure and other standard terms and conditions. The parties further agreed that the Leviathan Partners will supply to the Buyer, on an interruptible basis, additional quantities of gas that will be used for the four steam production units at the Eshkol site (the "**Steam Units**"), which will operate mainly during hours when the electricity reserves in the market are low, starting from the aforesaid date of commencement of supply, throughout their period of operation (currently expected to continue until 31 December 2026). The Buyer undertook to take or pay for certain quantities of gas for the Steam Units, subject to their actual operation time, the availability of gas and other standard terms and conditions. The sale prices stipulated in the Agreement are linked to the electricity prices for CCGTs, and to the Brent oil price per barrel in relation to the Steam Units, in accordance with the mechanisms and periods as detailed in the Agreement. The said sale prices are stated in dollars and are subject to minimum prices. The Agreement sets forth additional provisions, as is customary in agreements of this type, including on force majeure, breach events and indemnification, taxation and fiscal changes, early termination, etc.

Leviathan Bond Ltd

Notes to the Condensed Interim Financial Statements as at March 31, 2024 (Expressed in US \$ Thousands)

Note 4 – Material Subsequent Events

- A. See Note 3E for details regarding engagement of the Leviathan Partners in an agreement with Eshkol Power Energies Ltd. for the supply of natural gas.