



Leviathan Bond

LEVIATHAN BOND LTD

CONDENSED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2025

EXPRESSED IN US\$ THOUSANDS

UNAUDITED

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FINANCIAL STATEMENTS AS OF MARCH 31 2025, EXPRESSED IN US\$ THOUSANDS

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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, 2025 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 11, 2025

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

**Ziv Haft
Certified Public Accountants
(Israel)**

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

	31.03.2025	31.03.2024	31.12.2024
	Unaudited		Audited
Assets:			
Current Assets:			
Short term Bank deposits	260,595	33	258,039
Loans to shareholders	599,587	-	599,611
Interest receivable	28,219	28,219	-
Related parties	*	*	*
	888,401	28,252	857,650
Noncurrent Assets:			
Loans to shareholders	1,148,812	1,747,250	1,148,799
Long term bank deposits	-	102,649	-
	1,148,812	1,849,899	1,148,799
	2,037,213	1,878,151	2,006,449
Liabilities and Equity:			
Current Liabilities:			
Bonds	600,000	-	600,000
Interest Payable	28,219	28,219	-
Related parties	160,595	2,681	158,039
	788,814	30,900	758,039
Noncurrent Liabilities:			
Bonds	1,150,000	1,750,000	1,150,000
Loans from shareholders	100,000	100,000	100,000
	1,250,000	1,850,000	1,250,000
Deficit in Equity	(1,601)	(2,749)	(1,590)
	2,037,213	1,878,151	2,006,449

* Less than \$1,000

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

May 11, 2025

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 the three months Ended in 31.3.2025	For the three months Ended in 31.3.2024	For the Year Ended in 31.12.2024
	Unaudited		Audited
Financial expenses	31,766	32,053	125,079
Financial income	(31,755)	(30,270)	(124,455)
Total comprehensive loss	11	1,783	624

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

	Share Capital	Retained earnings	Total
	Unaudited		
Changes for the three months the Period ended March 31, 2025:			
Balance as of December 31, 2024 (audited)	*	(1,590)	(1,590)
Total comprehensive loss	-	(11)	(11)
Balance as of March 31, 2025	*	(1,601)	(1,601)

	Share Capital	Retained earnings	Total
	Unaudited		
Changes for the three months the Period ended March 31, 2024:			
Balance as of December 31, 2023 (audited)	*	(966)	(966)
Total comprehensive loss	-	(1,783)	(1,783)
Balance as of March 31, 2024	*	(2,749)	(2,749)

	Share Capital	Retained earnings	Total
	Audited		
Changes for the year ended December 31, 2024:			
Balance as of December 31, 2023	*	(966)	(966)
Total comprehensive loss	-	(624)	(624)
Balance as of December 31, 2024	*	(1,590)	(1,590)

* 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, 2025 (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 Annual Financial Statements as of December 31, 2024 (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 at March 31, 2025 the partnership had Approx. \$76.9 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 Partnership's main petroleum asset, as of the date of approval of the Condensed Interim Financial Statements, is holdings of 45.34% (out of 100%) of the Leviathan reservoir, and the piping of gas from which commenced in December 2019 and the partners in which, as of the date of approval of the Condensed Interim Financial Statements, are the Partnership, Chevron Mediterranean Ltd (the operator in the Leviathan project, "**Chevron**") and Ratio Energies – Limited Partnership (jointly: the "**Leviathan Partners**"). The Leviathan reservoir currently supplies natural gas to several customers in the Israeli and regional market, and among its prominent customers are, *inter alia*, Blue Ocean Energy in Egypt ("**Blue Ocean**") and the Jordanian national electricity company.
- E. **The Iron Swords war and its impact on the Partnership's business:**
- Further to Note 1B the Annual Financial Statements regarding the Iron Swords war (the "**War**"), and its possible ramifications on the Partnership, note that during the period of the Condensed Interim Financial Statements, the armed combat against the Hamas terrorist organization in Gaza and the Houthi terrorist organization in Yemen resumed. As of the date of approval of the Condensed Interim Financial Statements, it is impossible to estimate how the War will unfold, what its impact on the Partnership, its assets and business will be, and *inter alia*, the eventuality of materialization of risk factors arising from the War and their possible impact, the materialization of which may have a material negative effect on the Partnership, its assets and its business. For details about the delay in the schedule for completion of the construction of the project executed by Israel Natural Gas Lines Ltd. ("**INGL**") for the laying of a subsea pipeline in the offshore transmission section between Ashdod and Ashkelon (the "**Combined Section**"), see Note 4B below.

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 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.

Leviathan Bond Ltd

Notes to the Condensed Interim Financial Statements as at March 31, 2025 (Expressed in US \$ Thousands)

Note 3 - Bonds:

- A. Further to Note 3 to the Annual Financial Statements regarding a plan for buyback of the Leviathan Bond bonds (the: "**Bonds**") issued by the company as approved by the GP's Board, Bonds out of the series maturing on 30 June 2025 and/or Bond out of the series maturing on 30 June 2027. Up to the date of approval of the Condensed Interim Financial Statements, the Partnership has performed buybacks in the sum of approx. \$153.8 million par value (approx. \$40 million par value for the three-month period ended 31 March 2025) of the Bonds out of the series maturing on 30 June 2025, in consideration for approx. \$153.6 million (approx. \$40.2 million for the three-month period ended 31 March 2025), which includes the aggregated interest as of the buyback date.
- B. Further to Note 3 to the Annual Financial Statements regarding the Leviathan Bond bonds, on 11 May 2025, the Board of the Partnership's GP approved a partial early redemption of the series maturing on 30 June 2025 (the "**Second Series**") of the Leviathan Bond bonds. Accordingly, on 11 May 2025, the subsidiary, Leviathan Bond Ltd., notified the holders of the bonds which the subsidiary issued to foreign and Israeli accredited investors, which are listed on the TACT-Institutional system of TASE, of the partial early redemption of the Second Series of the bonds, whose original maturity date was 30 June 2025, according to the provisions of the trust deed for the bonds (the "**Early Redemption Notice**"). In accordance with the Early Redemption Notice, the Second Series will be partially redeemed on 29 May 2025 in the amount of \$400 million (the "**Principal Amount**") out of a total series amount of \$600 million, in lieu of the original maturity date as aforesaid. The partial early redemption amount includes the Principal Amount, plus accrued interest in the sum of approx. \$10.1 million. In accordance with the terms and conditions of the bonds, the redemption of the Second Series in the quarter before the original maturity date, is not subject to the payment of early redemption fees to the bondholders.

Note 4 - Other Information regarding Ratio Yam Joint Venture ("Leviathan" Leaseholds):

- A. Further to Note 5D3 to the Annual Financial Statements regarding a lawsuit filed by Haifa Port Ltd. ("**Haifa Port**") against Chevron, Coral Maritime Services Ltd. and Gold Line Shipping Ltd., in relation to payment of handling fees to the Haifa Port, on 10 March 2025, the final pre-trial hearing was held including the hearing on Haifa Port's motion to summon a representative from Customs to give testimony, and trial-hearing dates were scheduled for September to November 2025. In the court's decision of 20 March 2025, Haifa Port's motion to summon a representative from Customs to give testimony was denied.
- B. Further to Note 5D4 to the Annual Financial Statements regarding a statement of claim in an arbitration filed by Chevron versus INGL in relation to breach of the transmission agreement of 18 January 2021 with INGL (the "**Transmission Agreement**"), and with respect to the mediation proceeding to which the parties deferred with the purpose of attempting to reach an agreement without a decision in the arbitration, on 2 April 2025, a preliminary hearing was held in the proceeding, during which dates - for mutual discovery between the parties as well as for the submission of affidavits *in lieu* of direct testimony on the parties' behalf - were scheduled. At the same time, two evidence hearing dates were scheduled in the proceeding for November-December 2025. Furthermore, the third mediation meeting in the proceeding was held on 6 May 2025, upon conclusion of which the parties reached an in-principle agreement, which is subject to final approval by INGL and by the partners in the Leviathan and Tamar projects, in connection with a settlement arrangement, whereby, *inter alia*, INGL will credit Chevron (and consequently the partners in the Leviathan and Tamar projects) for some of the transmission fees that INGL had been paid for the transmission to EMG's Ashkelon terminal, and in connection with several changes in the Transmission Agreement, including the transmission fees to be paid by Chevron in 2025-2026 and a two-year extension of the Transmission Agreement. The refund expected to be received by the Partnership is of an immaterial amount.

Note 4 – Other Information regarding Ratio Yam Joint Venture ("Leviathan" Leaseholds):
(Cont.)

- C.** Further to Note 5E2C3 to the Annual Financial Statements regarding the project for the onshore connection between the Israeli transmission system and the Egyptian transmission system in the area of Nitzana (the **"Nitzana Project"**), which includes a pipeline and the construction of a compressor station in the area of Ramat Hovav, and further to previous letters by the Natural Gas Authority (the **"Gas Authority"**), regarding the allocation of capacity in the Ramat Hovav-Nitzana line, in its letter of 30 March 2025 the Gas Authority renotified the Leviathan Partners that their allotted share in the Ramat Hovav-Nitzana line is 33.33%. The letter also states that the Leviathan Partners are required to sign a transmission agreement with INGL by 29 May 2025, on the conditions stipulated by the Gas Authority, and that an exporter that does not sign a transmission agreement with INGL by such date will be deemed as having waived its allotted line capacity and the capacity that will be made available will be offered to the other exporters. It is clarified that as of the date of approval of the Condensed Interim Financial Statements, there is no certainty with respect to participation in the Nitzana Project or in such alternative project by the Leviathan Partners.
- D.** Further to Note 5E2a to the Annual Financial Statements regarding the costs of the construction of the Combined Section, and regarding the delay in the completion of the work for construction thereof, on 11 May 2025, the Partnership's GP Board approved a budget addition of approx. \$29 million (100%; Partnership's share – approx. \$13 million) for the purpose of completing such work, which is a consequence of the War and the ensuing delay in the work completion schedule, such that as of the date of approval of the Condensed Interim Financial Statements, the total budget approved is approx. \$131.3 million (100%; Partnership's share – approx. \$59.5 million). It is clarified that, in the estimation of Chevron, as of the date of approval of the Condensed Interim Financial Statements, no change is expected in the date of completion of the Combined Section and the commencement of gas piping, hence this date is not expected to precede Q1/2026.

Note 5 – Material Subsequent Events

- a) See Note 4B for details regarding the partial early redemption of Leviathan Bond bonds in the sum of \$400 million.