

Navitas Petroleum Limited Partnership

Consolidated Interim Financial Statements as of March 31, 2025

In USD thousand

Unaudited

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## **Independent Auditors' Review Report to the Partners of Navitas Petroleum - Limited Partnership**

### **Introduction**

We have reviewed the accompanying financial information of Navitas Petroleum - Limited Partnership (hereinafter - the "**Partnership**") and its consolidated companies, which includes the condensed consolidated statement of financial position as of March 31 2025, and the condensed consolidated statements of comprehensive income, changes in the Partnership's equity and cash flows for the three-month period then ended. The board of directors and management of the General Partner are responsible for the preparation and presentation of financial information for this interim period in accordance with IAS 34, "Interim Financial Reporting", and are also responsible for the preparation of financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express an opinion on the financial information for this interim period based on our review.

### **Scope of the Review**

We performed our review pursuant to Review Standard (Israel) 2410 of 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 inquiries, mostly of persons responsible for financial and accounting issues, and of applying analytical and other review procedures. A review is substantially smaller in scope than an audit performed pursuant to Israeli GAAP and, as a result, does not enable us to obtain assurance that we would become aware of all significant matters that may be identified in an audit. Consequently, we are not expressing an audit opinion.

### **Conclusion**

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

Additionally, based on our review, nothing has come to our attention that causes us to believe that this financial information is not prepared, in all material respects, in accordance with the disclosure provisions of Chapter D to the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv,  
May 27, 2025

Kost Forer Gabbay & Kasierer  
Certified Public Accountants

## Consolidated Statements of Financial Position

	As of March 31		As of
	2025	2024	December 31
	Unaudited		Audited
	USD thousand		
<u>Current assets</u>			
Cash and cash equivalents	183,780	203,881	118,829
Short-term investments	47,411	19,896	28,297
Trade receivables	8,007	8,424	9,940
Receivables and debit balances	4,001	3,710	16,139
Financial derivatives	1,878	1,564	1,126
	<u>245,077</u>	<u>237,475</u>	<u>174,331</u>
<u>Non-current assets</u>			
Investments in oil and gas assets, net	1,522,144	1,025,050	1,369,917
Restricted amounts	12,654	50,552	22,124
Deferred costs	9,693	19,373	6,475
Financial derivatives	705	875	507
Other receivables	82	1,420	44
Right-of-use assets	2,505	1,777	2,737
Property, plant, and equipment, net	342	287	314
	<u>1,548,125</u>	<u>1,099,334</u>	<u>1,402,118</u>
	<u>1,793,202</u>	<u>1,336,809</u>	<u>1,576,449</u>

## Consolidated Statements of Financial Position (cont.)

	As of March 31		As of
	2025	2024	December 31
	Unaudited		Audited
	USD thousand		
<u>Current liabilities</u>			
Trade payables and other payables	39,089	22,953	33,823
Interest payable for debentures and long-term loans	20,072	14,629	10,176
Financial derivatives	-	-	106
Current maturity of long-term loans from banking corporations and financial institutions	80,491	9,703	70,746
Current maturity of debentures, net	14,717	-	-
Current maturity of lease liabilities	1,308	656	1,277
	<u>155,677</u>	<u>47,941</u>	<u>116,128</u>
<u>Non-current liabilities</u>			
Debentures, net	594,046	506,429	511,206
Long-term loans from banking corporations and financial institutions, net	458,786	283,806	401,685
Provision for an obligation to dispose of oil and gas assets	28,605	29,050	22,858
Deferred taxes	16,536	17,897	16,524
Lease liabilities	1,630	1,152	1,945
Other liabilities	30,968	-	38,247
	<u>1,130,571</u>	<u>838,334</u>	<u>992,465</u>
<u>Partnership's equity capital</u>			
Capital of participation units	407,839	374,936	379,158
Conversion component of debentures	3,117	3,318	3,156
Reserve for share-based payment	11,538	8,569	11,721
Reserve for transactions with a controlling shareholder	8,004	8,004	8,004
Reserve for cash flow hedges	(1,589)	(2,913)	(1,576)
Options	-	3,135	3,135
Retained loss	(4,618)	(16,347)	(15,735)
	<u>424,291</u>	<u>378,702</u>	<u>387,863</u>
<u>Non-controlling interests</u>	<u>82,663</u>	<u>71,832</u>	<u>79,993</u>
<u>Total equity capital</u>	<u>506,954</u>	<u>450,534</u>	<u>467,856</u>
	<u>1,793,202</u>	<u>1,336,809</u>	<u>1,576,449</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

May 27, 2025	Gideon Tadmor	Amit Kornhauser	Tamar Rosenberg
Approval date of the financial statements	Chairman of the Board FLR Oil and Gas Management Ltd. the General Partner	CEO FLR Oil and Gas Management Ltd. the General Partner	CFO FLR Oil and Gas Management Ltd. the General Partner

## Consolidated Statements of Comprehensive Income

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	USD thousand (excluding net profit per participation unit)		
Revenue from oil and gas sales, net of royalties	17,648	20,915	78,039
Cost of oil and gas production	(8,071)	(7,802)	(28,611)
Depreciation and depletion expenses	(2,982)	(3,325)	(12,598)
Gross profit	6,595	9,788	36,830
Expenses for oil and gas exploration and project development	(461)	(538)	(1,889)
General and administrative expenses	(4,804)	(4,771)	(15,869)
Other expenses	-	-	(2,497)
Operating profit	1,330	4,479	16,575
Finance income	2,262	2,572	7,857
Finance expenses	(1,159)	(7,905)	(11,876)
Income from exchange rate differences, net	11,548	5,073	3,369
Income before taxes on income	13,981	4,219	15,925
Taxes on income	(194)	(713)	(3,646)
Net profit	13,787	3,506	12,279
Other comprehensive income (loss) (post-tax):			
<u>Amounts classified or reclassified to profit or loss under specific conditions:</u>			
Loss for cash flow hedges	(698)	(1,522)	(2,392)
Transfer to profit or loss for cash flow hedges	685	719	2,926
Total other comprehensive income (loss)	(13)	(803)	534
Total comprehensive income	13,774	2,703	12,813
Net profit attributable to:			
Owners of the Partnership's participation units	11,117	806	1,418
Non-controlling interests	2,670	2,700	10,861
	13,787	3,506	12,279
Total comprehensive income attributable to:			
Owners of the Partnership's participation units	11,104	3	1,952
Non-controlling interests	2,670	2,700	10,861
	13,774	2,703	12,813
<u>Net profit per participation unit (in USD):</u>			
Basic earnings	0.110	0.008	0.014
Diluted earnings	0.108	0.008	0.014

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

## Consolidated Statements of Changes in Equity of the Partnership

	Attributable to owners of the Partnership's participation units									
	Partnership's equity capital	Options	Conversion component of debentures	Capital reserve for transactions with a controlling shareholder	Capital reserve for share-based payment	Capital reserve for hedging transactions	Retained loss	Total	Non-con- trolling interests	Total equity
	Unaudited									
	USD thousand									
<u>Balance as of</u> <u>January 1, 2025</u> (audited)	<u>379,158</u>	<u>3,135</u>	<u>3,156</u>	<u>8,004</u>	<u>11,721</u>	<u>(1,576)</u>	<u>(15,735)</u>	<u>387,863</u>	<u>79,993</u>	<u>467,856</u>
Net profit	-	-	-	-	-	-	11,117	11,117	2,670	13,787
Other comprehensive loss	-	-	-	-	-	(13)	-	(13)	-	(13)
Total comprehensive income (loss)	-	-	-	-	-	(13)	11,117	11,104	2,670	13,774
Share-based payment	-	-	-	-	699	-	-	699	-	699
Deferred taxes for share- based payment	-	-	-	-	121	-	-	121	-	121
Issuance of participation units from exercise of marketable options	25,757	(3,135)	-	-	-	-	-	22,622	-	22,622
Issue of participation units from vesting of RSUs	681	-	-	-	(681)	-	-	-	-	-
Exercise of non-marketable options awarded to employees	1,470	-	-	-	(322)	-	-	1,148	-	1,148
Conversion of debentures into participation units	773	-	(39)	-	-	-	-	734	-	734
<u>Balance as of March 31, 2025</u>	<u>407,839</u>	<u>-</u>	<u>3,117</u>	<u>8,004</u>	<u>11,538</u>	<u>(1,589)</u>	<u>(4,618)</u>	<u>424,291</u>	<u>82,663</u>	<u>506,954</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

## Consolidated Statements of Changes in Equity of the Partnership (cont.)

	Attributable to owners of the Partnership's participation units									
	Partnership's equity capital	Options	Conversion component of debentures	Capital reserve for transactions with a controlling shareholder	Capital reserve for share-based payment	Capital reserve for hedging transactions	Retained loss	Total	Non-con- trolling interests	Total equity
	Unaudited									
	USD thousand									
Balance as of January 1, 2024 (audited)	311,830	-	3,318	8,004	7,807	(2,110)	(17,153)	311,696	69,132	380,828
Net profit	-	-	-	-	-	-	806	806	2,700	3,506
Other comprehensive loss	-	-	-	-	-	(803)	-	(803)	-	(803)
Total comprehensive income (loss)	-	-	-	-	-	(803)	806	3	2,700	2,703
Share-based payment	-	-	-	-	1,124	-	-	1,124	-	1,124
Issuance of participation units and options	62,709	3,135	-	-	-	-	-	65,844	-	65,844
Issue of participation units from the exercise of RSUs	346	-	-	-	(346)	-	-	-	-	-
Exercise of non-marketable options awarded to employees	51	-	-	-	(16)	-	-	35	-	35
Balance as of March 31, 2024	374,936	3,135	3,318	8,004	8,569	(2,913)	(16,347)	378,702	71,832	450,534

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

## Consolidated Statements of Changes in Equity of the Partnership (cont.)

	Attributable to owners of the Partnership's participation units									
	Partnership's equity capital	Options	Conversion component of debentures	Capital reserve for transactions with a controlling shareholder	Capital reserve for share-based payment	Capital reserve for hedging transactions	Retained loss	Total	Non-con- trolling interests	Total equity
	Audited									
	USD thousand									
<u>Balance as of January 1, 2024</u>	<u>311,830</u>	<u>-</u>	<u>3,318</u>	<u>8,004</u>	<u>7,807</u>	<u>(2,110)</u>	<u>(17,153)</u>	<u>311,696</u>	<u>69,132</u>	<u>380,828</u>
Net profit	-	-	-	-	-	-	1,418	1,418	10,861	12,279
Other comprehensive income	-	-	-	-	-	534	-	534	-	534
Total comprehensive income	-	-	-	-	-	534	1,418	1,952	10,861	12,813
Share-based payment	-	-	-	-	4,071	-	-	4,071	-	4,071
Deferred taxes for share-based payment	-	-	-	-	1,674	-	-	1,674	-	1,674
Issuance of participation units and options	62,709	3,135	-	-	-	-	-	65,844	-	65,844
Issue of participation units from vesting of RSUs	1,815	-	-	-	(1,815)	-	-	-	-	-
Exercise of non-marketable options awarded to employees	51	-	-	-	(16)	-	-	35	-	35
Conversion of debentures into participation units	2,753	-	(162)	-	-	-	-	2,591	-	2,591
<u>Balance as of December 31, 2024</u>	<u>379,158</u>	<u>3,135</u>	<u>3,156</u>	<u>8,004</u>	<u>11,721</u>	<u>(1,576)</u>	<u>(15,735)</u>	<u>387,863</u>	<u>79,993</u>	<u>467,856</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

**Consolidated Statements of Cash Flows**

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	USD thousand		
<u>Cash flow provided by operating activities</u>			
Net profit	13,787	3,506	12,279
Adjustments to reconcile cash flows from operating activities:			
Adjustments to profit and loss line items:			
Depletion, depreciation and amortization	3,145	3,541	13,233
Derecognition of oil and gas assets	-	-	745
Share-based payment	699	1,046	4,078
Deferred taxes, net	145	686	701
Finance income, net	(13,248)	(3,778)	(9,224)
Exchange rate differences for cash balances, net	(285)	5,328	5,773
	(9,544)	6,823	15,306
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	1,933	15	(1,501)
Decrease (increase) in receivables and debit balances	973	(361)	552
Cash flow hedges	(1,073)	383	2,989
Increase (decrease) in trade payables and other payables	(5,045)	263	3,415
	(3,212)	300	5,455
Interest received	2,196	1,886	7,250
Interest paid	(21)	(4,519)	(4,585)
Taxes paid	(1,699)	-	(180)
Net cash provided by operating activities	1,507	7,996	35,525
<u>Cash flow provided by investing activities</u>			
Investment in oil and gas assets	(116,153)	(88,900)	(339,225)
Interest paid and capitalized to oil and gas assets, net	(12,463)	(4,448)	(62,702)
Movements in restricted amounts	20,652	11,359	33,498
Movements in deposits, net	(19,235)	(6,933)	(2,737)
Investments in marketable securities	-	-	(2,749)
Purchase of property, plant and equipment, net	(55)	(34)	(146)
Net cash used for investing activities	(127,254)	(88,956)	(374,061)

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

**Consolidated Statements of Cash Flows (cont.)**

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	USD thousand		
<u>Cash flow provided by financing activities</u>			
Receipt of loans from banks and a financial institution	65,105	53,228	243,421
Repayment of loan from banks and a financial institution	-	-	(9,703)
Repayment of lease liabilities	(304)	(323)	(1,335)
Issue of debentures	110,163	279,565	279,565
Costs of raising loans and debentures	(8,313)	(4,298)	(10,807)
Repayment of debentures	-	(190,168)	(190,168)
Exercise of non-marketable options awarded to employees into participation units	1,148	35	35
Exercise of marketable options into participation units	22,956	-	-
Issuance of participation units and options	-	68,272	68,272
Costs of raising capital and exercise of options	(342)	(2,428)	(2,428)
Net cash provided by financing activities	<u>190,413</u>	<u>203,883</u>	<u>376,852</u>
Effect of changes in exchange rates on cash balances held in foreign currency	<u>285</u>	<u>(5,328)</u>	<u>(5,773)</u>
<u>Increase in cash and cash equivalents</u>	<u>64,951</u>	<u>117,595</u>	<u>32,543</u>
<u>Balance of cash and cash equivalents at the beginning of the period</u>	<u>118,829</u>	<u>86,286</u>	<u>86,286</u>
<u>Balance of cash and cash equivalents at the end of the period</u>	<u><u>183,780</u></u>	<u><u>203,881</u></u>	<u><u>118,829</u></u>
<u>Significant non-cash activities</u>			
Investment in oil and gas assets against trade payables and other payables (including capitalized interest expenses)	<u>43,734</u>	<u>25,448</u>	<u>65,365</u>
Deferred costs against long-term loan	<u>126</u>	<u>487</u>	<u>543</u>
Conversion of debentures into participation units	<u>734</u>	<u>-</u>	<u>2,591</u>
Decrease in other receivables against restricted amounts	<u>11,183</u>	<u>-</u>	<u>-</u>
Increase in long-term loan from banking corporations and financial institutions against other receivables.	<u>-</u>	<u>-</u>	<u>11,183</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

## Notes to the Consolidated Interim Financial Statements

## NOTE 1 - GENERAL

- A. These financial statements have been prepared in condensed format as of March 31, 2025 and for the three-month period then ended (hereinafter - the "**Consolidated Interim Financial Statements**"). The financial statements should be read in the context of the Partnership's annual financial statements as of December 31, 2024 for the year then ended, and their accompanying notes (hereinafter - the "**Consolidated Annual Financial Statements**").
- B. Navitas Petroleum - Limited Partnership (hereinafter - the "**Partnership**") was established under a limited partnership agreement signed on August 30, 2015, amended from time to time. The Partnership was registered on September 8, 2015 under the Partnership Ordinance, 1975. The purpose of the Partnership is oil and gas exploration, development, and production.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

**Preparation format of the Interim Financial Statements**

The Interim Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", as well as in accordance with the disclosure provisions outlined in Chapter D to the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policies applied in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Consolidated Annual Financial Statements.

## NOTE 3 - INVESTMENTS IN OIL AND GAS ASSETS

A. Composition

	<u>March 31</u>		<u>December 31</u>
	<u>2025</u>	<u>2024</u>	<u>2024</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>USD thousand</u>		
<u>Oil and gas assets</u>			
Shenandoah project	1,210,271	799,965	1,090,005
Sea Lion project	43,184	20,589	33,421
Sea-Lion Project (loans to RKH)	24,264	7,199	17,914
Buckskin project	85,048	71,589	79,176
Monument Project	40,503	9,399	31,424
Denbury project	93,560	94,575	94,001
Neches project	18,154	16,041	17,763
Shenandoah South Project (formerly Yucatan)	<u>2,005</u>	<u>1,034</u>	<u>1,098</u>
	1,516,989	1,020,391	1,364,802
Exploration and evaluation assets	<u>5,155</u>	<u>4,659</u>	<u>5,115</u>
	<u>1,522,144</u>	<u>1,025,050</u>	<u>1,369,917</u>

**Notes to the Consolidated Interim Financial Statements**

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**NOTE 3 - INVESTMENTS IN OIL AND GAS ASSETS (cont.)****B. Shenandoah**

Further to Note 7D(1) to the Consolidated Annual Financial Statements, as of the approval date of the financial statements, completion operations of three wells were successfully completed - 008SA, 009SA and 007SA, and completion operation began on the fourth producing well - 010SA.

In addition, the flowbacks performed on the production wells 008SA and 009SA were successfully completed.

In February 2025, the Shenandoah Project's Floating Production System (FPS) arrived in the Gulf of America after its construction was completed at the Hyundai Heavy Industries shipyard in South Korea. At the end of March 2025, the FPS reached its final location, above the Shenandoah Reservoir. As of the approval date of the financial statements, the FPS's anchoring was completed and its connection to the pipeline is underway.

According to the project operator's assessment, first oil and test run for the project is planned for the end of June 2025.

**C. Buckskin project**

Further to Note 7D(3) to the Consolidated Annual Financial Statements, in March 2025, the operator of the Buckskin project, LLOG Exploration Offshore, LLC, informed the project partners that the fifth development drilling in the northern part of the Buckskin reservoir had been successfully completed. Completion works for production from the drilling are scheduled to be carried out during the fourth quarter of 2025.

**NOTE 4 - DEBENTURES, NET****Debentures (Series G)**

On January 13, 2025, the Partnership completed a public offering of NIS 400,000,000 p.v. in Debentures (Series G) of the Partnership. Debentures (Series G) were offered by way of a tender on the annual interest rate on Debentures (Series G), with the annual interest rate set at 6%. The immediate gross proceeds received by the Partnership as part of the public offering amounted to NIS 400 million (approx. USD 109 million). The debentures are not linked to the CPI or any currency.

Issuance expenses amounted to approx. USD 1 million. The effective interest rate in the said issuance is approx. 6.3%.

Notes to the Consolidated Interim Financial Statements

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**NOTE 4 - DEBENTURES, NET (cont.)**Debentures (Series G) (cont.)

Debentures (Series G) are repayable in two unequal annual installments, to be paid on June 30 of each of the years 2030 and 2029.

The interest on the outstanding balance of the debentures' principal shall be paid in semi-annual installments on December 31, 2025 and on June 30 and December 31 of each of the years 2026 through 2029, except for payment in respect of the first interest period payable on June 30, 2025 in respect of the period beginning on January 14, 2025 and ending on June 29, 2025 and for payment of the last interest payment on June 30, 2030.

The Debentures are not secured by any collateral or lien.

Under the deed of trust deed, the Partnership assumed the following main obligations:

Collateral and other liabilities

- The Partnership's economic capital, as defined in the deed of trust, will not fall below USD 1,400 million for two consecutive quarters.
- The net financial debt to net cap ratio, as defined in the deed of trust, will not exceed a rate of 70% for two consecutive quarters.
- The Partnership's equity capital as per the financial statements (excluding non-controlling interests) will not fall below USD 160 million for two consecutive quarters.

As of March 31, 2025, the Partnership was in compliance with these financial covenants.

- The Partnership undertook not to pledge all of its existing or future assets and property (held directly) in a general floating charge, without the prior consent of the general meeting of holders of Debentures (Series G) by special resolution.
- The Partnership has undertaken, as far as it is under its control, to ensure that Debentures (Series G) are rated by at least one rating agency approved by the Commissioner of the Capital Market, until the date of full, final and accurate repayment of the debt.
- The Partnership will not make any distribution that is one of the following: 1) a distribution that is contrary to the provisions of the Partnership Ordinance; 2) a distribution that will result in the Partnership's economic capital falling below USD 1,600 million; 3) a distribution that will result in the net financial debt to net cap ratio increasing beyond a rate of 63%; 4) a distribution that will result in the Partnership's equity capital (excluding non-controlling interests) falling below USD 200 million; 5) on the date on which the Board of Directors passes the distribution decision there are warnings signs as defined in Section 10(b)(14(a) to the Securities Regulations (Periodic and Immediate Reports), 1970.

The terms of Debentures (Series G) provide for a "cross-default" event, whereby if a loan (which is not a non-recourse loan), whose amount exceeds USD 25 million, is called for immediate repayment or if a series of debentures is called for immediate repayment, the Debenture Holders (Series G) will have grounds for immediate repayment in respect of the Debentures (Series G).

**Notes to the Consolidated Interim Financial Statements**

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**NOTE 4 - DEBENTURES, NET (cont.)**Debentures (Series G) (cont.)Collateral and other liabilities (cont.)

Subsequent to the statement of financial position date, on April 22, 2025, the Partnership issued NIS 403,000,000 p.v. in Debentures (Series G) by way of series expansion, as part of a private placement for investors specified in the First Addendum to the Securities Law, at a price of NIS 0.994 agorot per each NIS 1 p.v. of Debentures (Series E); the overall issuance proceeds amounted to NIS 400,582 thousand (approx. USD 107,683 thousand). The effective interest rate in the said issuance is approx. 6.7%.

Debentures (Series G) are rated IIBBB+ by Standard & Poor's Maalot.

**NOTE 5 - THE PARTNERSHIP'S EQUITY**

- A. Further to Note 13C to the Consolidated Annual Financial Statements, in the first quarter of 2025, 1,833,050 Options (Series 5) were exercised into 1,833,050 options for a total of approx. NIS 84.4 million (approx. USD 23 million). 265 Options (Series 5) expired on March 31, 2025.
- B. Further to Note 11C to the Consolidated Annual Financial Statements, during the reporting period, NIS 2,250,000 p.v. of Debentures (Series D) were converted into 83,333 participation units of the Partnership.  
As of March 31, 2025, the balance of the principal of Debentures (Series D) convertible into the Partnership's participation units, amounts to NIS 144,453,000 par value.

**NOTE 6 - LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS**

A. Loans for funding the Shenandoah Project

Further to Note 8B of the Consolidated Annual Financial Statements regarding loans for funding the Shenandoah Project, out of the project financing amount of approx. USD 617.4 million which ShenHai was entitled to withdraw, by March 31, 2025 - a total of approx. USD 591.3 million was withdrawn (of which a total of approx. USD 95.3 million was advanced by ShenHai Financing), and through the approval date of the financial statements, a further amount of approx. USD 20.1 million was withdrawn (of which a total of approx. USD 3.2 million was advanced by ShenHai Financing).

B. Credit from a financial institution

Further to Note 8C to the Consolidated Annual Financial Statements, which provides details regarding the Partnership and Navitas Financing LLC - a wholly-owned subsidiary of the Partnership, which was incorporated in Delaware, United States (hereinafter - the "Borrower") - having entered into an agreement with Trafigura Trading LLC for a credit facility of up to USD 100 million. As of March 31, 2025, the balance of the utilized credit facility totaled USD 40 million. Subsequent to the statement of financial position date, in April 2025, the outstanding balance of the credit facility totaling approx. USD 60 million was withdrawn (approx. USD 58 million net of discount costs). Thus, immediately prior to the report date, the balance of the utilized credit facility totaled approx. USD 100 million. The effective interest rate for the loan is approx. 10.3%.

Notes to the Consolidated Interim Financial Statements

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**NOTE 6 - LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)****C. Loans for funding the Monument Project**

On February 20, 2025, wholly-owned subsidiaries of the Partnership, in which the Partnership has an indirect stake, and which hold the rights in the Monument Project (hereinafter – the “**Project**” and the “**Borrower**”) entered into a Project Financing Agreement for the provision of a credit facility, totaling USD 150 million for the purpose of financing the Partnership's share in the Project development. The financing will be provided by a consortium of banks and local and foreign financial institutions (hereinafter - the “**Agreement**”, the “**Lenders**” and the “**Credit Facility**”, respectively). The loans by virtue of the Credit Facility are non-recourse loans as far as the Partnership is concerned. The Agreement came into force when it was signed, after all the conditions required for its coming into force had been completed.

The first withdrawal from the Credit Facility will be possible only after the investment of the basic equity in the project (totaling approx. USD 100 million) and the provision of a reserve for budget overruns (Contingent Equity Reserve Account (CERA)) totaling approx. USD 20 million. Furthermore, the withdrawal will be subject to additional conditions, which include, among other things, confirmation that as of the withdrawal date no deficit is expected in financial sources for the purpose of paying the Partnership's share of the Project's expected construction expenses, completion of the installation of the field production platform (FPS) in the Shenandoah project, compliance with a debt-capital ratio, which will not exceed 65:35 (this ratio should be complied with in any withdrawal prior to the development completion date), the absence of material breaches or adverse events and the validity of certain representations.

As from their provision date, the loans will bear variable annual interest based on the TERM SOFR interest rate plus a margin of: (1) 6% through the project development completion date; and (2) 4.75% as from the development completion date. The Agreement also stipulates interest on arrears due to failure to make timely payment under generally accepted terms.

On the provision date of any loan, the Borrower may set an interest period in respect thereof. The Borrower may opt for a period of one month, three months or six months (or another period at the Lenders' consent), at the end of which the interest will be paid with respect of that loan, provided that the interest period does not end after the final repayment date of the Credit Facility, as described below. If the interest period exceeds six months, the interest shall be paid every six months. On the payment date of a loan's principal and interest, the Borrower may refinance the loan principal by taking a new loan under the facility.

Notes to the Consolidated Interim Financial Statements

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**NOTE 6 - LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)****C. Loans for funding the Shenandoah Project (cont.)**

The Borrower will be able to withdraw loans from the Credit Facility up to one month before the final repayment date. The loan's final repayment date is the earlier of the date on which the volume of remaining reserves in the project falls below 25% of the initial volume of the reserves as stipulated in the Agreement or December 31, 2031.

Subsequent to first oil from the Project, the Borrower has the right to execute early repayment of the loans, in whole or in part, on interest payment dates, without paying an early repayment fee or other payment.

Under the Project Financing Agreement, the Lender undertook various obligations, the main ones being as follows:

- Non-utilization fee - a 3% fee until the end of the availability period, paid every six months.
- Financial covenants: Compliance with a financial debt to EBITDA ratio that will not exceed 1 to 3.5 (this ratio will be reviewed every six months, on June 30 and December 31, on the earlier of the two dates that occurs at least six months after the completion date) and compliance with a projected debt service coverage ratio (DSCR) that will not fall below 1.1 (this ratio will be reviewed every six months after each loan principal reduction date).
- Executing hedging transactions for oil prices at the amounts specified in the Project Financing Agreement.
- The Borrower undertook not to place a lien on its directly-held assets, in addition to any liens already in place on the Financial Closing Date, except for exclusions set forth in the Agreement.

**Main collateral**

To secure repayment of the loan, the borrower took out, inter alia, a first-rank fixed lien on its share in the project and project-related assets (including its rights in the project facilities, project agreements, insurance policies, and project account, all as defined in the Agreement). In addition, the loan will also be secured by a lien on the Borrower's shares held indirectly by the Partnership and intercompany loans extended to the Borrower.

Execution of distributions by the Borrower will be possible only after the project development completion date and subject to compliance with the following conditions, among other things: (a) there is no breach event or a potential breach event of the Agreement; (b) the expected debt service coverage ratio is at least 1.3 for the current and subsequent calculation period; (c) full debt service reserve accounts as required; (d) the distribution was included in the up-to-date financing forecast and there is no shortage of sources of financing; and (e) maximum withdrawal amount is not exceeded.

## Notes to the Consolidated Interim Financial Statements

## NOTE 7 - SHARE-BASED PAYMENTS

- A. Further to Note 14 to the Consolidated Annual Financial Statements, subsequent to the statement of financial position date, in April 2025, the Partnership allotted 127,018 RSUs under a private placement to officers and employees of the Partnership and wholly-owned subsidiaries thereof. The fair value of the allotted equity instruments was estimated at approx. USD 2.7 million at the allotment date.
- B. Further to that said in Note 13 to the Consolidated Annual Financial Statements:
- 1) During the reporting period, 155,958 RSUs vested into 155,958 participation units of the Partnership after the offerees had met the vesting conditions set out in the Plan.
  - 2) Subsequent to the date of the Statement of Financial Position, 110,054 RSUs vested into 110,054 participation units of the Partnership after the offerees had met the vesting conditions set out in the Plan.
  - 3) In January 2025, 175,029 non-marketable options awarded to a former officer were exercised to 175,029 participation units of the Partnership for approx. USD 1,148 thousand.
  - 4) Subsequent to the statement of financial position date, 5,910 non-marketable options, which were awarded to employees, were exercised into 5,910 participation units of the Partnership in consideration for approx. USD 17 thousand.

## NOTE 8 - FINANCIAL INSTRUMENTS

A. Fair value

Following are carrying amounts and fair values of financial instruments measured at amortized cost (excluding those whose amortized cost is not materially different from their fair value):

	March 31, 2025		March 31, 2024		December 31, 2024	
	Carrying amount	Fair value *)	Carrying amount	Fair value *)	Carrying amount	Fair value *)
	Unaudited				Audited	
	USD thousand					
<u>Financial liabilities</u>						
Debentures (Series C)	89,193	89,459	89,855	88,780	92,079	92,087
Debentures (Series D)	(** 48,145)	139,868	(** 50,648)	73,184	(** 48,054)	118,424
Debentures (Series E)	128,827	139,524	127,842	140,139	128,593	140,828
Debentures (Series F)	243,117	253,640	246,076	255,151	251,958	265,040
Debentures (Series G)	107,650	107,821	-	-	-	-
	616,932	730,312	514,421	557,254	520,684	616,379

(\*) According to quoted market price (Level 1) in the fair value hierarchy.

(\*\*) Represents the outstanding par value (including the conversion component).

## Notes to the Consolidated Interim Financial Statements

## NOTE 8 - FINANCIAL INSTRUMENTS (cont.)

B. Hedging and derivatives

1. The Group is exposed to changes in the oil prices in respect of its future sales. In order to hedge the said exposure, the Group enters into hedge transactions for oil prices, pertaining to some of its future production. Following are details regarding open-ended transactions as of March 31, 2025:

- a) As of March 31, 2025, Navitas Buckskin has open-ended put options to hedge WTI oil prices in the period spanning from April 2025 to February 2026, for a total volume of approx. 375 thousand barrels of oil at a minimum average price of approx. USD 60 per barrel. The abovementioned transactions are accounted for as an accounting hedge.

The fair value of the asset in respect of the foregoing hedging transactions as of March 31, 2025 was approx. USD 730 thousand.

Subsequent to the statement of financial position date, in May 2025, Navitas Buckskin entered into additional put option hedge transactions to hedge WTI oil prices in March 2026, totaling approx. 35 thousand barrels of oil at an average minimum price of approx. USD 60 per barrel.

- b) Further to Note 8A to the Consolidated Annual Financial Statements regarding NPO's undertaking to hedge oil prices under the financing agreement, as of March 31, 2025 NPO has open-ended put option hedge transactions to hedge WTI oil prices, which are accounted for as accounting hedges, totaling approx. 357 thousand barrels of oil for the period spanning from April 2025 to March 2027, at a minimum average price of approx. USD 55 per barrel.

The fair value of the asset in respect of the foregoing hedging transactions as of March 31, 2025 was approx. USD 919 thousand.

- c) Further to Note 8B to the Consolidated Annual Financial Statements regarding ShenHai LLC's undertaking to hedge the oil prices under the financing agreement, as of March 31, 2025, ShenHai LLC has open-ended hedge transactions, as detailed below:

- Put options to hedge WTI oil for approx. 123 thousand barrels of oil in August, September, November and December of 2025, at a minimum average price per barrel of approx. USD 65.

- WTI oil price hedges totaling 90 thousand barrels of oil, which combine swaps and call options in the period from November 2025 to December 2025 at an average minimum price of approx. USD 67 per barrel and an average maximum price of approx. USD 72 per barrel.

The fair value of the asset in respect of the foregoing hedging transaction as of March 31, 2025 was approx. USD 934 thousand.

Notes to the Consolidated Interim Financial Statements

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**NOTE 8 - FINANCIAL INSTRUMENTS (cont.)**B. Hedging and derivatives (cont.)

1. (cont.)

c) (cont.)

Subsequent to the statement of financial position date, in April and May 2025, ShenHai LLC entered into additional hedges as detailed below:

- Put options to hedge WTI oil for approx. 153 thousand barrels of oil for November 2025, at a minimum average price per barrel of approx. USD 64.
- WTI oil price hedges totaling 38 thousand barrels of oil, which combine swaps and call options for November 2025 at an average minimum price of approx. USD 64 per barrel and an average maximum price of approx. USD 71 per barrel.

2. Further to Note 19C(2) to the Consolidated Annual Financial Statements, subsequent to the statement of financial position date, in April 2025, the Partnership entered into hedges to reduce its exposure to fluctuations in the exchange rate of the NIS against the USD as stated below:

- Purchase of a put option for December 2025 totaling USD 4 million at a price of NIS 3.7 per dollar and sale of a call option for December 2025 totaling USD 4 million at a price of NIS 3.79 per dollar.
- A future transaction (purchase of shekels and sale of dollars) totaling USD 4 million for September 2025 at a price of 3.752.

The abovementioned transactions are not accounted for as an accounting hedge.

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