

Navitas Petroleum Limited Partnership

Consolidated Interim Financial Statements as of June 30, 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 consolidated companies, which includes the condensed consolidated statement of financial position as of June 30, 2025, and the condensed statements of comprehensive income, changes in equity of the Partnership, and cash flows for the three-month and six-month periods then ended. The Board of Directors and management of the General Partner are responsible for preparing and presenting financial information for these interim periods in accordance with IAS 34, Interim Financial Reporting, and are also responsible for preparing financial information for these interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion regarding the financial information for these interim periods 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 generally accepted auditing standards in Israel 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,  
August 27, 2025

Kost Forer Gabbay & Kasierer  
Certified Public Accountants

## Consolidated Statements of Financial Position

	As of June 30		As of
	2025	2024	December 31
	Unaudited		Audited
	USD thousand		
<u>Current assets</u>			
Cash and cash equivalents	268,091	157,202	118,829
Short-term investments	41,856	22,285	28,297
Trade receivables	8,088	6,812	9,940
Receivables and debit balances	5,046	3,373	16,139
Financial derivatives	14,096	742	1,126
	<u>337,177</u>	<u>190,414</u>	<u>174,331</u>
<u>Non-current assets</u>			
Investments in oil and gas assets, net	1,680,848	1,116,246	1,369,917
Restricted amounts	8,201	45,868	22,124
Deferred costs	8,082	14,988	6,475
Financial derivatives	1,057	577	507
Other receivables	50	1,439	44
Right-of-use assets	2,365	1,649	2,737
Property, plant, and equipment, net	332	298	314
	<u>1,700,935</u>	<u>1,181,065</u>	<u>1,402,118</u>
	<u>2,038,112</u>	<u>1,371,479</u>	<u>1,576,449</u>

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

## Consolidated Statements of Financial Position (cont.)

	As of June 30		As of
	2025	2024	December 31
	Unaudited		2024
	USD thousand		Audited
<u>Current liabilities</u>			
Trade payables and other payables	98,136	27,647	33,823
Interest payable for debentures and long-term loans	6,854	9,947	10,176
Financial derivatives	661	-	106
Current maturity of long-term loans from banking corporations and financial institutions	174,148	9,703	70,746
Current maturity of debentures, net	16,235	-	-
Current maturity of lease liabilities	1,298	520	1,277
	<u>297,332</u>	<u>47,817</u>	<u>116,128</u>
<u>Non-current liabilities</u>			
Debentures, net	760,549	497,867	511,206
Long-term loans from banking corporations and financial institutions, net	442,810	310,781	401,685
Provision for an obligation to dispose of oil and gas assets	31,329	29,340	22,858
Deferred taxes	16,953	18,893	16,524
Lease liabilities	1,553	1,067	1,945
Other liabilities	23,947	1,532	38,247
	<u>1,277,141</u>	<u>859,480</u>	<u>992,465</u>
<u>Partnership's equity capital</u>			
Capital of participation units	416,796	375,101	379,158
Conversion component of debentures	2,576	3,318	3,156
Reserve for share-based payment	12,185	9,679	11,721
Reserve for transactions with a controlling shareholder	8,004	8,004	8,004
Reserve for cash flow hedges	(268)	(2,636)	(1,576)
Options	-	3,135	3,135
Retained loss	(61,017)	(6,952)	(15,735)
	<u>378,276</u>	<u>389,649</u>	<u>387,863</u>
<u>Non-controlling interests</u>	<u>85,363</u>	<u>74,533</u>	<u>79,993</u>
<u>Total equity capital</u>	<u>463,639</u>	<u>464,182</u>	<u>467,856</u>
	<u>2,038,112</u>	<u>1,371,479</u>	<u>1,576,449</u>

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

August 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 and Director 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 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	USD thousand (excluding net earnings (loss) per participation unit)				
Revenue from oil and gas sales, net of royalties	35,793	42,731	18,145	21,816	78,039
Cost of oil and gas production	(15,582)	(15,588)	(7,511)	(7,786)	(28,611)
Depreciation and depletion expenses	(6,171)	(6,579)	(3,189)	(3,254)	(12,598)
Gross profit	14,040	20,564	7,445	10,776	36,830
Expenses for oil and gas exploration and project development	(1,118)	(1,323)	(657)	(785)	(1,889)
General and administrative expenses	(8,710)	(8,960)	(3,906)	(4,189)	(15,869)
Other expenses	(399)	(1,374)	(399)	(1,374)	(2,497)
Operating profit	3,813	8,907	2,483	4,428	16,575
Finance income	6,020	4,183	3,813	1,611	7,857
Finance expenses	(1,614)	(9,800)	(510)	(1,895)	(11,876)
Income (expenses) from exchange rate differences, net	(46,703)	13,974	(58,251)	8,901	3,369
Income (loss) before taxes on income	(38,484)	17,264	(52,465)	13,045	15,925
Taxes on income	(1,428)	(1,662)	(1,234)	(949)	(3,646)
Net profit (loss)	(39,912)	15,602	(53,699)	12,096	12,279
Other comprehensive income (loss) (post-tax):					
<u>Amounts classified or reclassified to profit or loss under specific conditions:</u>					
Gain (loss) from cash flow hedges, net	9	(1,993)	707	(471)	(2,392)
Transfer to profit or loss for cash flow hedges	1,299	1,467	614	748	2,926
Total other comprehensive income (loss)	1,308	(526)	1,321	277	534
Total comprehensive income (loss)	(38,604)	15,076	(52,378)	12,373	12,813
Net profit (loss) attributable to:					
Owners of the Partnership's participation units	(45,282)	10,201	(56,399)	9,395	1,418
Non-controlling interests	5,370	5,401	2,700	2,701	10,861
	(39,912)	15,602	(53,699)	12,096	12,279
Total comprehensive income (loss) attributable to:					
Owners of the Partnership's participation units	(43,974)	9,675	(55,078)	9,672	1,952
Non-controlling interests	5,370	5,401	2,700	2,701	10,861
	(38,604)	15,076	(52,378)	12,373	12,813
<u>Net profit (loss) per participation unit (in USD):</u>					
Basic earnings (loss)	(0.445)	0.105	(0.549)	0.094	0.014
Diluted earnings (loss)	(0.445)	0.103	(0.549)	0.092	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 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 (loss)	-	-	-	-	-	-	(45,282)	(45,282)	5,370	(39,912)
Other comprehensive income	-	-	-	-	-	1,308	-	1,308	-	1,308
Total comprehensive income (loss)	-	-	-	-	-	1,308	(45,282)	(43,974)	5,370	(38,604)
Share-based payment	-	-	-	-	1,765	-	-	1,765	-	1,765
Deferred taxes for share-based payment	-	-	-	-	363	-	-	363	-	363
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	1,331	-	-	-	(1,331)	-	-	-	-	-
Exercise of non-marketable options awarded to employees	1,505	-	-	-	(333)	-	-	1,172	-	1,172
Conversion of debentures into participation units	9,045	-	(580)	-	-	-	-	8,465	-	8,465
<u>Balance as of June 30, 2025</u>	<u>416,796</u>	<u>-</u>	<u>2,576</u>	<u>8,004</u>	<u>12,185</u>	<u>(268)</u>	<u>(61,017)</u>	<u>378,276</u>	<u>85,363</u>	<u>463,639</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	-	-	-	-	-	-	10,201	10,201	5,401	15,602
Other comprehensive loss	-	-	-	-	-	(526)	-	(526)	-	(526)
Total comprehensive income (loss)	-	-	-	-	-	(526)	10,201	9,675	5,401	15,076
Share-based payment	-	-	-	-	2,399	-	-	2,399	-	2,399
Issuance of participation units and options	62,709	3,135	-	-	-	-	-	65,844	-	65,844
Issue of participation units from the exercise of RSUs	511	-	-	-	(511)	-	-	-	-	-
Exercise of non-marketable options awarded to employees	51	-	-	-	(16)	-	-	35	-	35
Balance as of June 30, 2024	375,101	3,135	3,318	8,004	9,679	(2,636)	(6,952)	389,649	74,533	464,182

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						Total	Non-con- trolling interests	Total equity
	Partnership's equity capital	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			
Unaudited USD thousand									
<u>Balance as of April 1, 2025</u>	<u>407,839</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>
Net profit (loss)	-	-	-	-	-	(56,399)	(56,399)	2,700	(53,699)
Other comprehensive loss	-	-	-	-	1,321	-	1,321	-	1,321
Total comprehensive income (loss)	-	-	-	-	1,321	(56,399)	(55,078)	2,700	(52,378)
Share-based payment	-	-	-	1,066	-	-	1,066	-	1,066
Deferred taxes for share-based payment	-	-	-	242	-	-	242	-	242
Issue of participation units from vesting of RSUs	650	-	-	(650)	-	-	-	-	-
Exercise of non-marketable options awarded to employees	35	-	-	(11)	-	-	24	-	24
Conversion of debentures into participation units	<u>8,272</u>	<u>(541)</u>	-	-	-	-	<u>7,731</u>	-	<u>7,731</u>
<u>Balance as of June 30, 2025</u>	<u>416,796</u>	<u>2,576</u>	<u>8,004</u>	<u>12,185</u>	<u>(268)</u>	<u>(61,017)</u>	<u>378,276</u>	<u>85,363</u>	<u>463,639</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 April 1, 2024	374,936	3,135	3,318	8,004	8,569	(2,913)	(16,347)	378,702	71,832	450,534
Net profit	-	-	-	-	-	-	9,395	9,395	2,701	12,096
Other comprehensive income	-	-	-	-	-	277	-	277	-	277
Total comprehensive income	-	-	-	-	-	277	9,395	9,672	2,701	12,373
Share-based payment	-	-	-	-	1,275	-	-	1,275	-	1,275
Issue of participation units from the exercise of RSUs	165	-	-	-	(165)	-	-	-	-	-
Balance as of June 30, 2024	375,101	3,135	3,318	8,004	9,679	(2,636)	(6,952)	389,649	74,533	464,182

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 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
USD thousand					
<u>Cash flow provided by operating activities</u>					
Net profit (loss)	(39,912)	15,602	(53,699)	12,096	12,279
Adjustments to reconcile cash flows from operating activities:					
Adjustments to profit and loss line items:					
Depletion, depreciation and amortization	6,500	6,894	3,355	3,353	13,233
Derecognition of oil and gas assets	399	548	399	548	745
Share-based payment	1,765	2,243	1,066	1,197	4,078
Deferred taxes, net	459	1,665	314	979	701
Finance expenses (income), net	51,997	(18,166)	65,245	(14,388)	(9,224)
Exchange rate differences for cash balances, net	(9,341)	6,155	(9,056)	827	5,773
	51,779	(661)	61,323	(7,484)	15,306
Changes in assets and liabilities items:					
Decrease (increase) in trade receivables	1,852	1,627	(81)	1,612	(1,501)
Decrease (increase) in receivables and debit balances	(55)	30	(1,028)	391	552
Cash flow hedges	(1,493)	1,852	(420)	1,469	2,989
Increase in trade payables and other payables	2,288	512	7,333	249	3,415
	2,592	4,021	5,804	3,721	5,455
Interest received	4,598	4,128	2,402	2,242	7,250
Interest paid	(41)	(4,548)	(20)	(29)	(4,585)
Taxes paid	(2,487)	(180)	(788)	(180)	(180)
Net cash provided by operating activities	16,529	18,362	15,022	10,366	35,525
<u>Cash flow provided by investing activities</u>					
Investment in oil and gas assets	(207,501)	(159,478)	(91,348)	(70,578)	(339,225)
Interest paid and capitalized to oil and gas assets, net	(53,677)	(25,444)	(41,214)	(20,996)	(62,702)
Movements in restricted amounts	15,168	16,902	(5,484)	5,543	33,498
Movements in deposits, net	(1,501)	(4,627)	17,734	2,306	(2,737)
Investments in marketable securities	-	(2,672)	-	(2,672)	(2,749)
Purchase of fixed assets	(74)	(79)	(19)	(45)	(146)
Net cash used for investing activities	(247,585)	(175,398)	(120,331)	(86,442)	(374,061)

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

## Consolidated Statements of Cash Flows (cont.)

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	USD thousand				
<u>Cash flow provided by financing activities</u>					
Receipt of loans from banks and financial institutions	147,038	88,774	81,933	35,546	243,421
Repayment of loans from banks and financial institutions	(4,852)	(4,852)	(4,852)	(4,852)	(9,703)
Repayment of lease liabilities	(658)	(548)	(354)	(225)	(1,335)
Issue of debentures	216,101	279,565	105,938	-	279,565
Costs of raising loans and debentures	(10,438)	(4,543)	(2,125)	(245)	(10,807)
Repayment of debentures	-	(190,168)	-	-	(190,168)
Exercise of non-marketable options awarded to employees into participation units	1,172	35	24	-	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>370,977</u>	<u>234,107</u>	<u>180,564</u>	<u>30,224</u>	<u>376,852</u>
<u>Effect of changes in exchange rates on cash balances held in foreign currency</u>	<u>9,341</u>	<u>(6,155)</u>	<u>9,056</u>	<u>(827)</u>	<u>(5,773)</u>
<u>Increase (decrease) in cash and cash equivalents</u>	<u>149,262</u>	<u>70,916</u>	<u>84,311</u>	<u>(46,679)</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>183,780</u>	<u>203,881</u>	<u>86,286</u>
<u>Balance of cash and cash equivalents at the end of the period</u>	<u>268,091</u>	<u>157,202</u>	<u>268,091</u>	<u>157,202</u>	<u>118,829</u>
<u>Significant non-cash activities</u>					
Investment in oil and gas assets against trade payables and other payables (including capitalized interest expenses)	<u>80,577</u>	<u>26,265</u>	<u>80,577</u>	<u>26,265</u>	<u>65,365</u>
Deferred costs against long-term loan	<u>159</u>	<u>1,132</u>	<u>159</u>	<u>1,132</u>	<u>543</u>
Conversion of debentures into participation units	<u>8,465</u>	<u>-</u>	<u>7,731</u>	<u>-</u>	<u>2,591</u>
Increase in long-term loan from banking corporations and financial institutions against other receivables.	<u>-</u>	<u>-</u>	<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 were prepared in condensed format as of June 30, 2025 and for the six-month and three-month periods 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, NET

A. Composition

	June 30		December 31
	2025	2024	2024
	Unaudited		Audited
	USD thousand		
<u>Oil and gas assets</u>			
Shenandoah project	1,335,212	871,362	1,090,005
Buckskin project	83,051	71,737	79,176
Monument Project	55,108	18,606	31,424
Denbury project	92,606	94,788	94,001
Neches project	18,527	15,401	17,763
Shenandoah South Project (formerly Yucatan)	2,586	1,075	1,098
	<u>1,587,090</u>	<u>1,072,969</u>	<u>1,313,467</u>
<u>Exploration and evaluation assets</u>			
Sea Lion project	59,303	27,043	33,421
Sea Lion Project (loans to RKH)	29,131	11,409	17,914
Others	5,324	4,825	5,115
	<u>93,758</u>	<u>43,277</u>	<u>56,450</u>
	<u><u>1,680,848</u></u>	<u><u>1,116,246</u></u>	<u><u>1,369,917</u></u>

**Notes to the Consolidated Interim Financial Statements**

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## NOTE 3 - INVESTMENTS IN OIL AND GAS ASSETS, NET (cont.)

B. Shenandoah

Further to Note 7D(1) to the Consolidated Annual Financial Statements, subsequent to the statement of financial position date, on July 25, 2025, commercial oil and gas production in the project has commenced.

The project's operator, BOE Exploration & Production LLC (hereinafter - the "**Operator**") reported that production in the project will be ramped-up gradually and in a controlled manner; this includes the controlled opening of the producing wells, cleaning of the wells, and system calibration. In accordance with the Operator's updates, as from first oil and through the approval date of the financial statements, the first three producing wells have efficiently and safely achieved the production targets of approx. 25,000 barrels of oil per day from each of the wells. In addition, the Operator is currently finalizing the connection of the fourth producing well to the FPS and will start ramping-up production in this well. The Operator estimates that during September 2025, the project will achieve full production from all four producing wells, with an estimated volume of approx. 100,000 barrels of oil per day.

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.

According to the resources report prepared by an independent reserves evaluator as of June 30, 2025, the proven reserves (1P) of the Buckskin Project (100%) are estimated at approx. 180.9 MMBBL of oil and approx. 40.2 BCF of natural gas. The proved and projected reserves (2P) of the Buckskin project (100%) are estimated at approx. 285.7 MMBBL of oil and approx. 63.4 BCF of natural gas. An addition, the best estimate of contingent resources (2C) in Buckskin (100%) is estimated at approx. 68.5 MMBBL of oil and 24.4 BCF of natural gas.

**Notes to the Consolidated Interim Financial Statements**

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## NOTE 3 - INVESTMENTS IN OIL AND GAS ASSETS, NET (cont.)

D. Shenandoah South Project

Further to Note 7D(7) to the Consolidated Annual Financial Statements, subsequent to the statement of financial position date, on July 25, 2025, the Shenandoah South partners made a final investment decision to develop the project (hereinafter - “**FID**”).

As part of the FID, the Project’s preliminary development budget was approved, at the total amount of approx. USD 184 million (Partnership’s share is approx. USD 77 million) (hereinafter - the “**Preliminary Budget**”). Furthermore, a production and handling services agreement was signed, whereunder such services will be rendered over the project’s life through Shenandoah Project’s FPS. The Partnership estimates that following the FID the conditions pertaining to reclassification to reserves of contingent resources in the project were met. The estimated total project development budget is approx. USD 713 million (the Partnership’s share amounts to approx. USD 299 million). The project’s development will include the drilling of two development and production wells, which will be connected to the FPS. The project’s operator - BOE Exploration & Production, LLC - estimates that production from the first project well is expected to commence during the second quarter of 2028.

According to the resources report prepared by an independent reserves evaluator as of June 30, 2025, the proven reserves (1P) of the Shenandoah South Project (100%) are estimated at approx. 19.7 MMBBL of oil and approx. 13.4 BCF of natural gas. The proved and projected reserves (2P) of the Shenandoah South Project (100%) are estimated at approx. 41.6 MMBBL of oil and approx. 28.3 BCF of natural gas.

E. Denbury project

According to the resources report prepared by an independent reserves evaluator as of June 30, 2025, the proven reserves (1P) of the Denbury Project (100%) are estimated at approx. 14.4 MMBBL of oil and approx. 10.0 BCF of natural gas. The proved and projected reserves (2P) of the Denbury Project (100%) are estimated at approx. 18.7 MMBBL of oil and approx. 11.7 BCF of natural gas.

F. Neches project

According to the resources report prepared by an independent reserves evaluator as of June 30, 2025, the proven reserves (1P) of the Neches Project (100%) are estimated at approx. 2.5 MMBBL of oil and approx. 2.4 BCF of natural gas. The proved and projected reserves (2P) of the Neches Project (100%) are estimated at approx. 3.9 MMBBL of oil and approx. 3.3 BCF of natural gas.

**Notes to the Consolidated Interim Financial Statements**

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## 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%.

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

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 paid on June 30, 2025 in respect of the period beginning on January 14, 2025 and ended on June 29, 2025 and for payment of the last interest payment on June 30, 2030.

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 1.005 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%.

Subsequent to the statement of financial position date, on July 31, 2025, the Partnership issued NIS 197,000,000 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 1 agorot per each NIS 1 p.v. of Debentures (Series E); the overall issuance proceeds amounted to NIS 197,000 thousand (approx. USD 58,146 thousand). The effective interest rate in the said issuance is approx. 6.3%.

The Debentures are not secured by any collateral or pledge.

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 June 30, 2025, the Partnership was in compliance with these financial covenants.

## Notes to the Consolidated Interim Financial Statements

## NOTE 4 - DEBENTURES, NET (cont.)

Debentures (Series G) (cont.)Collateral and other liabilities (cont.)

- 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 the 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 warning 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).

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 participation units of the Partnership 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 26,222,842 p.v. of Debentures (Series D) were converted into 971,216 participation units of the Partnership.  
As of June 30, 2025, the balance of the principal of Debentures (Series D) convertible into the Partnership's participation units, amounts to NIS 120,480,158 p.v.  
Subsequent to the statement of financial position date, On July 2025, NIS 5,549,672 p.v. of Debentures (Series D) were converted into 205,543 participation units of the Partnership.
- C. The balance of the Partnership's participation units as of June 30, 2025 is approx. 100,818,723.

**Notes to the Consolidated Interim Financial Statements**

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

A. Loans for funding the Shenandoah Project

Further to Note 8B to the Consolidated Annual Financial Statements regarding loans to finance the Shenandoah Project, out of the project financing amount, which ShenHai is entitled to withdraw - totaling approx. USD 617.4 million - through June 30, 2025 the entire financing amount totaling approx. USD 617.4 million was withdrawn (of which approx. USD 99.5 million were advanced by subsidiary 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 June 30, 2025, the entire credit facility totaling USD 100 million was utilized. The effective interest rate for the loan is approx. 10.3%.

As of June 30, 2025, the Borrower was in compliance with the set covenants.

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.

**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 (cont.)

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.

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 Borrower 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 pledge on its directly-held assets, in addition to any pledges 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 pledge 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 pledge on the Borrower's shares held indirectly by the Partnership and intercompany loans extended to the Borrower.

**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 (cont.)

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.

## NOTE 7 - SHARE-BASED PAYMENTS

## A. Further to that said in Note 14 to the Consolidated Annual Financial Statements:

- 1) 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.
- 2) Subsequent to statement of financial position date, in August 2025, the Partnership allocated 7,593 RSUs by way of a private placement to non-executive employees of wholly-owned subsidiaries thereof. The fair value of the allotted equity instruments was estimated at approx. USD 200 thousand at the allotment date.

## B. Further to that said in Note 13 to the Consolidated Annual Financial Statements:

- 1) During the reporting period, 286,930 RSUs vested into 286,930 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, 86,350 RSUs vested into 86,350 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) In April 2025, 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.

## Notes to the Consolidated Interim Financial Statements

## 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):

	June 30, 2025		June 30, 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)	99,698	100,458	89,200	87,298	92,079	92,087
Debentures (Series D)	(**39,719)	132,557	(**50,294)	77,479	(** 48,054)	118,424
Debentures (Series E)	140,292	153,381	123,633	132,176	128,593	140,828
Debentures (Series F)	272,635	288,437	245,055	249,009	251,958	265,040
Debentures (Series G)	233,860	240,448	-	-	-	-
	<u>786,204</u>	<u>915,281</u>	<u>508,182</u>	<u>545,962</u>	<u>520,684</u>	<u>616,379</u>

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

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

B. Further to Note 19E1 to the Consolidated Annual Financial Statements, as of June 30, 2025, NIS-denominated liabilities exceeded NIS-denominated assets by approx. USD 737 million. In the six- and three-month periods ended June 30, 2025, the USD devalued by approx. 7.5% and approx. 9.3%, respectively, against the NIS, and therefore expenses from exchange rate differences were recorded in the six- and three-month periods ended June 30, 2025 totaling approx. USD 46.7 million and approx. USD 58 million, respectively.

C. 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. Information about open transactions as of June 30, 2025:

a) As of June 30, 2025, Navitas Buckskin has open-ended put options to hedge WTI oil prices in the period spanning from July 2025 to July 2026, for a total volume of approx. 445 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 June 30, 2025 was approx. USD 1,908 thousand.

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

Notes to the Consolidated Interim Financial Statements

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## NOTE 8 - FINANCIAL INSTRUMENTS (cont.)

C. Hedging and derivatives (cont.)

## 1. (cont.)

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 June 30, 2025 NPO has open-ended put option hedge transactions to hedge WTI oil prices, which are accounted for as accounting hedges, totaling approx. 352 thousand barrels of oil for the period spanning from July 2025 to June 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 June 30, 2025 was approx. USD 1,263 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 June 30, 2025, ShenHai LLC has open-ended hedge transactions, as detailed below:

- Put options to hedge WTI oil for approx. 1,510 thousand barrels of oil in November and December of 2025 and January and February of 2026, at a minimum average price per barrel of approx. USD 64.
- WTI oil price hedges totaling 165 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 66 per barrel and an average maximum price of approx. USD 71 per barrel.

The fair value of the asset in respect of the foregoing hedging transaction as of June 30, 2025 was approx. USD 11,130 thousand. The fair value of the liability in respect of the foregoing hedging transaction as of June 30, 2025 was approx. USD 661 thousand.

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

- Put options to hedge WTI oil for approx. 903 thousand barrels of oil in the period in February and March 2026, at a minimum average price per barrel of approx. USD 67.

**Notes to the Consolidated Interim Financial Statements**

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## NOTE 8 - FINANCIAL INSTRUMENTS (cont.)

C. Hedging and derivatives (cont.)

2. Further to Note 19C(2) to the Consolidated Annual Financial Statements, in April 2025, the Partnership entered into NIS/USD hedges, as follows:

- Purchase of a put option for December 2025 totaling USD 4 million at a price of NIS 3.70 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 fair value of the asset in respect of the foregoing hedging transactions as of June 30, 2025 was approx. USD 852 thousand. The abovementioned transactions are not accounted for as an accounting hedge.

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