

Delek Drilling – Limited Partnership
(the “Partnership”)

June 29, 2021

To
Israel Securities Authority
22 Kanfei Nesharim Street
Jerusalem

To
Tel Aviv Stock Exchange Ltd.
2 Ahuzat Bayit Street
Tel Aviv

Dear Sir/Madam,

Re: **Judgment on Originating Application – Section 19 of the Taxation of Profit from Natural Resources Law, 5771-2011**

Further to Section 7.21.3 of the Partnership’s periodic report for 2020, as released on March 17, 2021 (Reference No.: 2021-01-036588) (the “**Periodic Report**”), with respect to an originating application filed by the Partnership and the General Partner of the Partnership with the Economic Department of the Tel Aviv District Court, in which the Court was moved, *inter alia*, to determine the appropriate balancing arrangements between individuals and corporations that hold participation units of the Partnership, in view of tax payments that the Partnership is required to make under Section 19 of the Taxation of Profit from Natural Resources Law, 5771-2011, the Partnership respectfully informs that on June 28, 2021, the Court handed down its judgment (the “**Judgment**”), which is attached as an annex hereto.

The main decisions in the Judgment are, concisely, as follows:

- a. As concerns tax payments made by the Partnership in respect of the 2015 and 2016 tax years (the “**Previous Period**”), the Partnership is required to pay previous corporate holders balancing payments according to the “loss counterweight” option described in the Judgment, i.e., payment of the “excess” amount paid for the individual holders.
- b. As concerns the years 2017 forth, the Partnership will be bear the payment of the tax assessment differences, if any, but no balancing payments will be made in respect thereof.

As concerns the manner of tax and balancing payments in the future, according to the Judgment, the Partnership will continue to act in accordance with the arrangement it has followed since the 2017 tax year, as specified in Section 7.21.3 of the Periodic Report, and thereby the Judgment gives certainty to all of the holders of the

Partnership with respect to the manner of payment of future tax and balancing payments.

In the Partnership's estimation, the Partnership is required to pay corporate holders approx. \$13 million in respect of the Previous Period, for which a sufficient provision is recorded in the Partnership's financial statements.

The Partnership, assisted by its advisors, is studying the Judgment and the manner of implementation thereof.

Sincerely,

**Delek Drilling Management (1993) Ltd., the General Partner
of Delek Drilling – Limited Partnership**

By:

Yossi Abu, CEO
and Yossi Gvura, Deputy CEO