

NewMed Energy – Limited Partnership
(the “Partnership”)

May 23, 2022

Israel Securities Authority
22 Kanfei Nesharim St.
Jerusalem

Tel Aviv Stock Exchange Ltd.
2 Ahuzat Bayit St.
Tel Aviv

Dear Sir/Madam,

Re: Profit Distribution

The Partnership respectfully announces that on May 22, 2022, the board of directors of the Partnership’s general partner (the “**Board of Directors**”) decided, after receiving the recommendation of the Financial Statements Review Committee of the Partnership’s general partner (the “**FSRC**”), on the distribution of profits in the sum total of U.S. \$50 million, with the record date for the distribution being May 30, 2022.

Set forth below are details regarding the examination carried out by the FSRC and the Board of Directors in connection with the adoption of the decision regarding the profit distribution as aforesaid:

The FSRC and the Board of Directors examined the Partnership’s compliance with the profit test and the solvency test set forth in Section 302(a) of the Companies Law, 5759-1999, and following this examination confirmed the Partnership’s compliance with these tests in relation to the said profit distribution.

1. With respect to the compliance with the profit test, the FSCR and the Board of Directors approved the said profit distribution based on the Partnership’s retained earnings as of March 31, 2022, which exceeds the above sum of the distribution. It is noted that in view of the planned work plans, including the investment in the drilling of the Leviathan-8 development and production well¹, and considering the liabilities that the Partnership has assumed in connection with the Yam Tethys and Aphrodite projects and bonds issued by Leviathan Bond Ltd., and in accordance with the resolutions of the general meeting of the Partnership’s participation unit holders regarding refrainment from distributing profits², the FSCR and the Board of Directors resolved to approve a distribution in an amount lower than the balance of the Partnership’s profits available for distribution.
2. With respect to the compliance with the solvency test, the FSRC and the Board of Directors weighed the following matters: data regarding the Partnership’s financial position, including data regarding the Partnership’s liquid balances, the Partnership’s existing and future liabilities, including their due dates, the Partnership’s expected future cash flows, assumptions in relation to the Partnership’s expected future uses and sources, including a review of the options for additional development stages in the Leviathan project, investment in the Aphrodite project, and abandonment of the Yam Tethys project, the additional

¹ For details, see Section 7.2.5(D) of the Partnership’s periodic report for 2021, released on March 24, 2022 (Ref. No.: 2022-01-033988) (the “**Periodic Report**”).

² For details, see Sections 4.5.2 to 4.5.3 of the Periodic Report.

financing sources available to the Partnership, including the line of credit available to the Partnership and the possibility for future debt financing, tax payments, including advance tax payments, balancing payments to corporate unitholders for the 2015-2016 tax years³, and performance of future investments which have been and/or shall in the foreseeable future be approved. After examination of the above matters, the FSRC and the Board of Directors confirmed that the Partnership meets the solvency test in relation to the said profit distribution.

3. In the estimation of the FSRC and the Board of Directors, the said profit distribution will not have a material adverse effect on the Partnership's financial position, including its capital structure, leverage level, liquidity or ability to continue operating in its existing operating format.

The trustee has given his consent to the profit distribution as aforesaid.

It is noted that in August 2021, an amendment was passed to the Income Tax Regulations (Rules for Calculation of the Tax on the Holding and Sale of Participation Units in Petroleum Exploration Partnerships), 5749-1988, according to which, *inter alia*, starting in the 2022 tax year, the Partnership's tax regime changed, such that it is taxed as a company.

The report form is intended for the distribution of a dividend of a company and not the distribution of profits of a partnership. Therefore, attention is drawn to the following comments:

1. In Section 1 of the report form – the security of the corporation to which the profit distribution is made is a participation unit (and not a share).
2. Any reference to a “dividend” in the report form should be read as “profit distribution”.
3. Any reference to a “company” in the report form should be read as “partnership”.

Caution regarding forward-looking information – the estimates stated in Paragraphs 2 and 3 above constitute forward-looking information, as defined in the Securities Law, 5728-1968, which is based on an analysis of the data specified in Paragraph 2 above, carried out by the Board of Directors and the FSRC. These estimates may not materialize, in whole or in part, or may materialize in a manner materially different than expected, *inter alia* following changes in the capital market conditions, the rate of inflation, estimated timetables for performance of exploration and development actions, exchange rates, the market conditions in which the Partnership operates, the Partnership's pace of sales, political and national security changes and regulatory and geopolitical changes which may affect the Partnership's activity.

Sincerely,

NewMed Energy Management Ltd.
General Partner of NewMed Energy - Limited Partnership
 By Yossi Abu, CEO
 and Sari Singer Kaufman, General Counsel, **VP Legal [מנכ"ל צ"ל]**
[סמנכ"ל]

³ For details, see Section 7.20.2 of the Periodic Report.