

**NewMed Energy – Limited Partnership**  
**(the “Partnership”)**

8 August 2024

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 7 August 2024, 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. \$65 million, with the record date for the distribution being 25 August 2024.

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 30 June 2024, which exceeds the above sum of the distribution. In view of the planned work plans, and considering the liabilities that the Partnership has assumed in connection with the Leviathan, Aphrodite and Yam Tethys projects and the 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 profits<sup>1</sup>, 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, *inter alia*, 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, which include a review of the

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<sup>1</sup> For details, see Sections 4.5.2 - 4.5.5 of the Partnership’s periodic report for 2023, which was released on 19 March 2024 (Ref. no.: 2024-01-027798).

options for additional development stages in the Leviathan project, including promotion of development of Phase 1B of the Leviathan project's development plan<sup>2</sup> and investment in the Aphrodite project, the additional financing sources available to the Partnership, including a credit facility that is available to the Partnership and the possibility for future debt financing, tax and oil profit levy payments, and performance of future investments which have been and/or shall in the foreseeable future be approved. The FSRC and the Board of Directors further examined the possible effect of the risk factors which may materialize as a result of the Swords of Iron war<sup>3</sup>. 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, and in this context, tax shall be deducted from any profit distribution from the Partnership as if the distribution were a dividend on shares.

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

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<sup>2</sup> For details regarding the adoption of a decision by the partners in the Leviathan project regarding the performance of front-end engineering design (FEED) and preliminary procurement of long lead items in the context of promotion of Phase 1B of the Leviathan project's development plan, see the Partnership's immediate report of 1 August 2024 (Ref. no.: 2024-01-081835), the information in which is incorporated herein by way of reference.

<sup>3</sup> For details, see Section 2 of the update to Chapter A of the Partnership's Q2/2024 report, as released in proximity to the release of this report.

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 Tzachi Habusha, VP Finance