Ratio Energies - Limited Partnership

(The "**Partnership**")

31.8.2022

To
Israel Securities Authority
22 Kanfei Nesharim St.
Jerusalem

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

Re: **Distribution of Profit**

The Partnership respectfully notifies that on August 30, 2022, the Board of Directors of the General Partner of the Partnership decided on a distribution of profit in the total amount of USD 25 million.

The record date for the distribution is September 8, 2022, and the date of the distribution shall be September 21, 2022.

Following are details regarding the examination conducted by the Committee to Review the Financial Statements and the Board of Directors of the General Partner in relation to the adoption of the resolution on the said distribution of profits:

The Committee to Review the Financial Statements and Board of Directors of the General Partner examined the Partnership's compliance with the profit criterion and the solvency criterion prescribed by Section 302(a) of the Companies Law, 5759-1999, following which examination, the Board of Directors of the General Partner confirmed the Partnership's compliance with such criteria in relation to the aforesaid distribution of profit.

1. As concerns compliance with the profit criterion, the Board of Directors of the General Partner approved the aforesaid distribution of profit based on the Partnership's retained earnings accumulated over the two years ended on June 30, 2022, which exceed the aforesaid amount of the distribution. It is noted that the aforesaid distribution of profit does not represent the Partnership's entire distributable profit under the law, in accordance with Section 12 of the Partnership Agreement. The Board of Directors of the General Partner will conduct a further examination of a possible distribution of profit based on the information in the Partnership's annual financial statements for 2022.

2. As concerns compliance with the solvency criterion, the Board of Directors of the General Partner approved the aforesaid distribution of profit after examining and considering the following points: Information with respect to the Partnership's financial position, including information regarding the Partnership's readily available balances, the Partnership's preexisting liabilities including their maturities, the Partnership's projected future cash flows, assumptions as to the expected future sources and uses of the Partnership, including an examination of the possibilities for additional development stages in the Leviathan project, while addressing the financing sources available to the

Partnership and possible financing sources, including a credit facility available to the Partnership and the possibility of further debt raising rounds, tax payments as well as the performance of future investments which have been approved and/or will be approved in the near future. The Board of Directors was presented with sensitivity analyses that take into account various factors and scenarios. Following an examination of the aforementioned issues, the Board of Directors of the General Partner confirmed that the Partnership complies with the solvency criterion in relation to the aforesaid distribution of profit, i.e., there is no reasonable concern that the distribution will deprive the Partnership of the ability to comply with its preexisting and expected liabilities as and when they become due. The Board of Directors of the General Partner also confirmed that the distribution is not inconsistent with financial covenants and restrictions that apply to the Partnership and that the Partnership's position, including its liquidity coupled with its present and expected sources, sufficiently secure its financing needs and its compliance with its work plan as well.

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

Caution concerning forward-looking information – The assessments specified in paragraphs 2 and 3 above constitute forward-looking information, within the definition thereof in the Securities Law, 5728-1968, which is based on an analysis of the information specified in paragraph 2 above conducted by the Board of Directors of the General Partner. Such assessments are based on the information known to the Board of Directors of the General Partner at the time of adoption of the resolution and they may not materialize, in whole or in part, or may materialize in a manner that is materially different than anticipated, *inter alia*, following changes in market conditions, the inflation rate, changes in the timetables for the performance of development and production activities, exchange rates, the Partnership's sales rate, political and security changes, and regulatory and geopolitical changes that may affect the Partnership's operations.

In accordance with Section 20.4.4 of Chapter A of the Partnership's periodic report for 2021, released on March 31, 2022 (Reference: 2022-01-033438) (the "**Periodic Report**") and in accordance with the terms and conditions of the Series B Bonds issued by the subsidiary Ratio Energies (Finance) Ltd., before the performance of the said distribution of profit, the Partnership will deposit collateral (a deposit or a bank guarantee) in the amount of the outstanding balance of the amount of the loan (principal and interest) in respect of the Series B Bonds in the interest cushion account for the Series B Bonds.

In addition, further to Section 20.5 of Chapter A of the Periodic Report and Note 11.A of the Partnership's financial statements as of December 31, 2021, in August 2021, the Amendment to the Income Tax Regulations (Rules for the Calculation of Tax for Holding and Sale of Participation Units of Oil Exploration Partnerships), 5749-1988, whereby, *inter alia*, as of the 2022 tax year, there is a change in the tax regime that governs the Partnership, such that it is taxed as a company.

The reporting form to which this report is attached is designed for dividend distributions by companies, rather than distributions of profit by partnerships. Accordingly, any mention of "Dividend" in the reporting form means "Distribution of Profit", and any reference to "Company" in the reporting form means "Partnership". Furthermore, the securities of the corporation for which the distribution of profit is made are participation units rather than shares.

Out of the distributed amount, the General Partner of the Partnership, Ratio Energies Management Ltd., is entitled to approx. USD 2,209 thousand for its holding of participation units of the Partnership.

Sincerely,

Ratio Energies Management Ltd.
General Partner of Ratio Energies - Limited Partnership

By Ligad Rotlevy, Chairman

Note: This is a convenience translation of the original report in Hebrew issued to the Tel Aviv Stock Exchange and Israel Securities Authority by the Partnership on 31.8 2022("The Hebrew Report"). The sole complete and legally binding version is the Hebrew Report.