



Ratio Energies - Limited Partnership
(the “Partnership”)

March 29, 2023

To
Israel Securities Authority
22 Kanfei Nesharim St.
Jerusalem

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

Re: **Profit Distribution**

The Partnership respectfully reports that on March 28, 2023, the board of directors of the Partnership’s general partner (the “**Board**”) decided, after receiving the recommendation of the Investment Committee of the Partnership’s general partner (the “**Finance Committee**”), on the distribution of profits in the sum total of U.S. \$35 million.

The record date for the distribution is April 10, 2023 and the distribution date will be April 24, 2023.

Below are details regarding the examination carried out by the Finance Committee and the Board in connection with the adoption of the decision regarding the profit distribution as aforesaid:

The Finance Committee and the Board 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 (the “**Companies Law**”), and following this examination, the general partner’s board confirmed the Partnership’s compliance with these tests in relation to the said profit distribution.

1. With respect to compliance with the profit test, in accordance with the Partnership’s financial statements as of December 31, 2022, the general partner’s board approved the said profit distribution based on the Partnership’s retained earnings accrued in the two years ended December 31, 2022 (net of profits that were distributed, tax advances and balancing payments), which exceed the sum of the distribution as aforesaid, in view of the planned work plans in the Leviathan project and considering the Partnership’s liabilities as specified below.
2. With respect to compliance with the solvency test, the Board approved the said profit distribution after examining and weighing the following matters: data regarding the Partnership’s financial position, including data regarding the Partnership’s liquid balances, the Partnership’s existing liabilities, including their due dates, the Partnership’s expected future cash flows, assumptions in relation to the Partnership’s expected future sources and uses, addressing the financing



sources available to the Partnership and possible financing sources, including a credit facility that is available to the Partnership and the possibility for additional debt raisings, tax payments and the making of future investments which have been and/or shall in the foreseeable future be approved. The Board was presented with sensitivity analyses that take into account various scenarios. Following an examination of the above matters, the Board confirmed that the Partnership complies with the solvency test with respect to the above profit distribution, i.e., there is no reasonable concern that the distribution will deny the Partnership the ability to meet its existing and expected liabilities as and when they become due. The Board also confirmed that the distribution is not contrary to financial covenants and restrictions that apply to the Partnership, and that the Partnership's position, including its liquidity, coupled with its existing and expected resources, sufficiently secure also its financing needs and its compliance with its work plan.

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

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, which was performed by the Board. These estimates are based on the information known to the Board on the date of adoption of the decision and may not materialize, in whole or in part, or materialize in a manner materially different than expected, *inter alia* following changes in the market conditions, the rate of inflation, changes in timetables for the performance of development and production actions, exchange rates, the Partnership's pace of sales, political and security changes, and regulatory and geopolitical changes which may affect the Partnership's activities.

In addition, further to the provisions of Section 21.1 of Chapter A of the Partnership's periodic report and to Note 14 to the Partnership's financial statements as of December 31, 2022, in August 2021, an amendment was approved to the Income Tax Regulations (Rules for the Calculation of Tax due to the Holding and Sale of Participation Units in Oil Exploration Partnerships), 5749-1988, according to which, *inter alia*, from the tax year 2022, there was a change to the tax regime that applies to the Partnership, such that it is taxed as a company, and in this context, tax will be deducted from any distribution of profits from the Partnership as if the distribution is a dividend on shares.

The report form to which this report is attached is intended for the distribution of a dividend of a company and not the distribution of profits of a partnership. Therefore, any mention of a "dividend" in the report form should be read as "profit distribution",



and any mention of a “company” in the report form should be read as “partnership”. In addition, the security of the corporation to which the profit distribution is made is a participation unit and not shares.

Out of the distributed amount, the Partnership’s general partner, Ratio Energies Management Ltd., is entitled to the sum of approx. \$3,093 thousand in respect of its holding in the Partnership’s participation units.

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 29/3/2023 (the “Hebrew Report”). The sole, complete and legally binding version is the Hebrew Report.