

January 1, 2026

NewMed Energy Limited Partnership (the Partnership)

To:
Israel Securities Authority
Via MAGNA

To:
Tel Aviv Stock Exchange Ltd.
Via MAGNA

Dear Sir/Madam,

Subject: Receipt of tax assessments not by agreement for the fiscal years 2019-2020

Further to the statements in sections 7.22.7-7.22.8 of the Partnership's periodic report as of 31.12.2024, as published on 10.3.2025 (Reference number: 2025-01-015633) (the periodic report), regarding the taxable income of the Partnership attributed to eligible holders due to the holding of participation units of the Partnership for the years 2019-2020, the Partnership is hereby honored to update that, in light of the disputes that have arisen between the Partnership and the Israel Tax Authority and the lack of agreement on the level of the Partnership's taxable income for tax purposes for 2019-2020, on 31.12.2025, the Israel Tax Authority issued assessments not by agreement in accordance with Section 145(a)(2)(b) of the Income Tax Ordinance [New Version], 1961 (the tax assessments),

according to which:

1. The taxable business income for 2019 of the Partnership is approximately USD 406 million (instead of about USD 170 million, as included in the Partnership's tax report submitted to the Israel Tax Authority), and the capital gain for 2019 of the Partnership is about USD 11 million, as declared in the report submitted by it as above.¹
2. The taxable business income for 2020 of the Partnership is approximately USD 370 million (instead of about USD 87 million, as included in the Partnership's tax report submitted to the Israel Tax Authority).²

The main disputes for the 2019 tax year relate to the interpretation of the recognition method for finance income and additional expenses borne by the Partnership, similarly to the disputes for which best judgment assessments were issued for the years 2016-2018, as detailed in sections 7.22.4, 7.22.5, and 7.22.6 to the periodic report. The main disputes for the 2020 tax year relate to the interpretation of the recognition of finance income and the method and timing of recognition of expenses relating to the development of Leviathan.

According to the tax assessments, and if all the arguments of the Israel Tax Authority are accepted, the Partnership will be required to pay additional tax (including linkage differentials and interest), on behalf of the participation unit holders in the Partnership, in the amount of about USD 90 million for 2019 and about USD 108 million for 2020.

It should be noted that, in light of the above, there may be a delay in issuing final tax certificates to eligible holders as a result of their holding participation units of the Partnership for the tax years 2019-2020, until the completion of the required proceedings for determining the final assessments.

It should be clarified that, the Partnership has adopted a similar interpretation on the disputed issues since the 2016 tax year to date, as these matters are currently being clarified within the framework of legal proceedings between the Israel Tax Authority and the Partnership with respect to the tax years 2016-2018.

Furthermore, it should be clarified that the overwhelming majority of the disputed issues relate to the timing of recognition of income and expenses in the disputed years, and not their volume. Therefore, even if the tax officer's position is accepted on these issues, no material impact is expected on the total tax liability of the Partnership over the years, but only on the timing of the tax payments during those years.

According to the Partnership's assessment, based on the opinion of its professional advisors, the likelihood of the main arguments of the Partnership being accepted is greater than 50%, and therefore it intends to file an objection to the tax assessments and exhaust all administrative and legal proceedings at its disposal.

¹ The amounts mentioned were converted from shekels to dollars based on the dollar exchange rate known at the time the tax assessments were issued.

² See note 1 above.

2024-06-10

Respectfully,

NewMed Energy Management Ltd.

The General Partner in NewMed Energy - Limited Partnership

By: Yossi Abu, CEO Tzahi Havusha, CFO
