



Purchase of Delek Drilling Participation Units and Annulment of Injunction

March 25, 2020

Tel Aviv, March 25, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY) (“the Company”) announces that further to the Company’s Immediate Reports dated March 15, 2020 and March 17, 2020 (ref. nos. 2020-01-024360, 2020-01-024777 and 2019-01-025776, respectively) concerning legal proceedings by Delek Energy Systems Ltd (“Delek Energy”) against a foreign bank that put up for sale participation units that grant participation rights of the limited partner in Delek Drilling that Delek Energy had pledged in its favor (“the Units”), on March 25, 2020 in the early morning and after having signed the transaction detailed below, Delek Energy submitted a notice and petition in its name to the Tel-Aviv District Court, without it being considered admission by one party of the claims of the other, that the court should order the nullification of the temporary injunction, cancellation of the hearing set for March 26, 2020, and dismissal of the petition without ordering costs. The court approved the petition.

Shortly before the submission to the court, Delek Energy contacted a third party that claimed it had entered into an agreement for the purchase of the Units from the foreign bank (“the Bidder”) and arrived at accords whereby the agreement with the bank and the Bidder will be completed and straight afterwards most of the Units (7% out of 12%) about which the agreement had been signed between the Bidder and the bank will be repurchased by Delek Energy.

Under the agreement with the Bidder Delek Energy will purchase from the Bidder 83,768,194 Units representing 7% of the partnership capital for a consideration of USD 35.8 million (the Unit price identical to the price at which the Bidder purchased the Units from the bank plus USD 2.5 million). The closing date has been set for March 26, 2020.

It was also stipulated in the agreement that if the Bidder will wish to sell the remaining balance it holds of the Units (4.9%), in whole or in part, Delek Energy will have the right of first refusal to announce within predetermined (short) time frames of its wish to purchase the Units offered for sale at a price that will not exceed the closing price of the Units on Tel-Aviv Stock Exchange on the day preceding the date of the Bidder’s notice of the sale. Transactions between the bidder’s associated bodies are excluded from the foregoing, as well as transactions lower than a level to be specified, starting from a given date.

Delek Energy has arrived at an agreement with the foreign bank whereby subject to waiving the mutual claims and completion of the transaction with the Bidder, the balance of Units held by the foreign bank (3% of the partnership’s capital) will be released and will be transferred to Delek Energy.

Subject to completion of the above actions, Delek Group Ltd will hold, directly or indirectly, 55% of the capital of Delek Drilling Limited Partnership.

This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on March 25, 2020.

About The Delek Group

Delek Group is an independent E&P and the pioneering visionary behind the development of the naturel gas reservoirs in the East Med. With major finds in the Levant Basin, including the Leviathan (21.4 TCF) and Tamar (11.2 TCF) reservoirs and others, Delek is leading the region’s development into a major natural gas export hub. In addition, Delek has been expanding internationally with a focus on high-potential opportunities in the North Sea. Delek Group is one of Israel’s largest and most prominent companies with a consistent track record of growth. Its shares are traded on the Tel Aviv Stock Exchange (TASE: DLEKG) and are part of the TA 35 Index.

For more information on Delek Group please visit www.delek-group.com

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