



## **Announcement of Postponement of Publication Date of 2019 Periodic Report and Details of Credit Facilities and Bank Loans of the Company and the Staff Companies**

March 23, 2020

**Tel Aviv, March 23, 2020. Delek Group (TASE: DLEKG, US ADR: DGRLY)** ("the Company") announces that further to the notice of the Securities Authority dated March 16, 2020 whereby in the current exceptional circumstances caused by the Corona virus, an extension has been given to companies to publish the 2019 Periodic Report, on March 22, 2020 the Company's Board of Directors decided on postponement of the Company's 2019 Periodic Report, and it will be published on April 30, 2020.

In the light of the foregoing concerning postponement of the financial statements and in the light of the extreme changes that have occurred in the prices of the Company's securities and/or those of its investee companies, mainly the participation units of Delek Drilling Limited Partnership ("Delek Drilling"), and in the light of the situation in the capital markets in Israel and abroad, mainly caused by the force majeure of the Corona crisis, in advance of the general meeting of the Company's debenture holders that has been convened for March 23, 2020 at 10:00am, an appendix is provided to this report with information about the various financing agreements of the Company and the Staff Companies ("Staff Companies") - Delek Energy Systems ("Delek Energy"), and wholly-owned foreign companies of the Company held indirectly by Ithaca Energy Ltd ("Ithaca").

It should be noted that further to the Company's Immediate Report dated March 15, 2020 (ref. no. 2020-01-024360) the Company and the Staff Companies are holding discussions with the various banks to make changes in the agreements to arrive at accords concerning the financial conditions and mandatory prepayment events, in order to avoid immediate repayment of the loans in whole or in part or realization of the collateral on account of temporary non-compliance of the collateral ratio as required under the loan agreements, at a time when the banks retain their rights.

**This is a convenience translation of the original HEBREW immediate report issued to the Tel Aviv Stock Exchange by the Company on March 23, 2020.**

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### **About The Delek Group**

Delek Group is an independent E&P and the pioneering visionary behind the development of the natural 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](http://www.delek-group.com)

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### **Contact**

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### **Appendix A -**

#### **Details of credit facilities and bank loans of the Company and Staff Companies<sup>1</sup>**

##### **1. Used credit facilities and short-term loans in the Company and Delek Energy**

1. As of March 22, 2020 the Company and Delek Energy had bank loans as part of used credit facilities in a

cumulative amount of NIS 923 million. The Company and Delek Energy have mortgaged against these loans 430,309,126 participation units of Delek Drilling ("Participation Units") and 3,406,165 shares of Cohen Development Gas & Oil Ltd. The value of the above collateral at the closing stock exchange prices as of March 22, 2020 came to NIS 1.7 billion. It should be noted that during recent weeks, due to the daily volatility in the value of the collateral and in the light of the fact that at certain moments in this period the Company and Delek Energy did not comply with the required collateral ratio and some of the conditions, in accordance with the agreements, the Company and Delek Energy added collateral in accordance with the agreements and are in direct contact with the lender banks in discussions concerning the value of the collateral and the change in the required collateral ratio in order that the loans not come up for immediate repayment. In the opinion of the Company's management, the lender banks have an adequate ratio in the circumstances and market conditions.

2. In addition, further to the Immediate Reports dated March 15, 2020 concerning legal proceedings with a foreign bank that had acted to realize collateral of Delek Energy (ref. nos. 2020-01-024360 and 2020-01-02477), it should be noted that against the loans granted in the past whose balance close to the immediate repayment date was USD 57 million, 176,100,000 Participation Units were pledged (the above loans and Participation Units are in addition to what is stated in section 1 above). Against the realization the Company received a temporary injunction and a hearing in the case has been set for March 26, 2020.

## **2. Short-term loan at DKL Energy Ltd**

DKL Energy Ltd, a wholly-owned foreign subsidiary of the Company held indirectly by Ithaca, has a loan provided by a foreign bank of USD 200 million, largely secured by mortgages on shares of Ithaca and a foreign subsidiary that holds Ithaca shares. It is stipulated in the loan agreement that any dividend paid in all the companies in the Ithaca chain of companies will be used for repayment of the loan. For further information see Chapter 1 of Part 4, section A.2 of the Company's Q3 2019 Report (ref. no. 2019-01-103617).

Events are stipulated in the said loan agreement such as a margin call and other mandatory prepayment events for which the bank has the right to put up the credit in whole or part for immediate repayment at its discretion and within a short timescale determined in the agreement.

In the light of the drop of more than 20% in the value of companies similar to Ithaca (as defined in the agreement), DKL Energy Ltd provided USD 43 million as additional collateral to secure the loan (which in the event of repayment will be set off against the balance of the debt).

In addition, there has occurred a further drop of over 50% in the value of the basket of companies similar to Ithaca (as defined in the agreement) and a drop of over 50% in the value of the Delek Group share and the FTSE-100 index, which according to the lender bank's claim represent grounds for immediate repayment. DKL Energy Ltd is in discussions with the lender bank concerning the extraordinary events in the markets that have led to non-compliance with part of the conditions stipulated in the loan agreement, and the bank has announced that at this stage it reserves its rights under the agreement.

## **3. Loan provided to DKL Investment Ltd**

In August 2019 a foreign bank provided a loan of EUR 50 million to DKL Investment Ltd that is secured by a guarantee of the Company and Delek Energy ("the Guarantee"). Loan repayment date is June 2022. The loan agreement includes a cross default condition also applicable to the Guarantee, and the Company is holding discussions with the bank to change the terms of the loan.

## **4. Swap transactions**

As of the report date the Company has swap transactions with various banks in respect of 10% of the share capital of The Phoenix. For details see Note 3A of the Company's financial statements as of September 30, 2019 (ref. no. 2019-01-103617). As of the report date the Company has deposited at various banks deposits of NIS 226 million and has been required to add a further NIS 40 million. The Company is holding discussions with the banks about adding to the collateral / deposits.

## **5. Balance of cash and marketable securities**

As of March 22, 2020 the Company has a cash balance of NIS 110 million and marketable securities that can be realized in the short-term of NIS 150 million. In addition, the Company is expected to receive consideration from the sale of its holdings in IDE of NIS 164 million, see in this matter the Company's Report dated March 16, 2020 (ref. no. 2020-01-025203).

**Warning of forward looking information** - The Company's estimates concerning completion of the transaction, fulfillment of the contingent terms, and the transfer of the consideration are forward looking information in the meaning of the Securities Law, 1968, for which there can be no certainty that they will take place, in whole or in part, and especially there is no certainty that the contingent terms under the sales agreement will be fulfilled. These estimates are based and dependent, *inter alia*, on factors over which the Company has no control, and they therefore may not come about in the manner described in this report.

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<sup>1</sup> This appendix does not refer to credit received by subsidiaries in the areas of operations, unless stated explicitly otherwise. Similarly, it does not refer to the terms of the Company's debentures.