

**Ashdod Refinery Ltd.**

**Condensed Interim Financial Statements  
As of March 31, 2025  
(Unaudited)**

**Translation from the Hebrew**

*Disclaimer*

*This document is a convenience translation from the Hebrew original of the financial statements dated May 27, 2025 (the "Statements") issued by Ashdod Refinery Ltd. (the "Company"). Only the Hebrew original of the Statements is legally binding. No reliance may be placed for any purpose whatsoever on the completeness, accuracy or fairness of information contained in this document. No warranty or representation, express or implied, is made or given by or on behalf of the Company or any of its directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information contained in this document and no responsibility or liability is accepted by any person for such information.*

**Financial Statements as of March 31, 2025**

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**INDEPENDENT AUDITORS' REVIEW REPORT TO THE  
SHAREHOLDERS OF  
ASHDOD REFINERY LTD.**

*Introduction*

We have reviewed the accompanying financial information of Ashdod Refinery Ltd. (hereinafter - "the Company") comprising of the condensed interim statement of financial position as of March 31, 2025 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the three month period then ended. The Board of Directors and Management are responsible for the preparation and presentation of financial information for this interim period in accordance with IAS 34 "Interim Financial Reporting", and are also responsible for the preparation of financial information for this interim period in accordance with Section D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

*Scope of Review*

We conducted our review in accordance with Standard on Review Engagements 2410 (Israel), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Institute of Certified Public Accountants in Israel. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to that mentioned in the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

As explained in Note 2A the accompanying financial statements represent a translation into English from the original financial statements in Hebrew.

  
Somekh Chaikin  
Certified Public Accountants (Isr.)

May 27, 2025

**Condensed Interim Statements of Financial Position**

<b>\$ millions</b>	<b>As of March 31, 2025 (Unaudited)</b>	<b>As of March 31, 2024 (Unaudited)</b>	<b>As of March 31, 2024 (Audited)</b>
<b>Current assets</b>			
Cash and cash equivalents	253	66	257
Trade receivables	159	93	134
Other receivables	29	24	24
Derivative instruments	9	2	3
Inventory	271	454	280
<b>Total current assets</b>	<b>721</b>	<b>639</b>	<b>698</b>
<b>Non-current assets</b>			
Deposit in trust	9	8	9
Long-term other receivables	3	3	3
Right-of-use assets	22	17	23
Fixed assets	643	685	656
Intangible assets	1	1	1
<b>Total non-current assets</b>	<b>678</b>	<b>714</b>	<b>692</b>
<b>Total assets</b>	<b>1,399</b>	<b>1,353</b>	<b>1,390</b>

The accompanying notes are an integral part of these condensed interim financial statements.

**Condensed Interim Statements of Financial Position**

<b>\$ millions</b>	<b>As of March 31, 2025 (Unaudited)</b>	<b>As of March 31, 2024 (Unaudited)</b>	<b>As of December 31, 2024 (Audited)</b>
<b>Current liabilities</b>			
Loans, short-term credit and current maturities	25	22	26
Trade payables	555	541	552
Derivative instruments	6	17	3
Other payables	23	27	18
Current maturities of lease liabilities	9	5	9
<b>Total current liabilities</b>	<b>618</b>	<b>612</b>	<b>608</b>
<b>Non-current liabilities</b>			
Debentures, net	223	196	228
Long-term loans	26	-	26
Long-term lease liabilities	17	13	19
Liability for authorization fees	15	15	15
Employee benefits	14	15	14
Deferred tax liabilities	6	11	4
<b>Total non-current liabilities</b>	<b>301</b>	<b>250</b>	<b>306</b>
<b>Total liabilities</b>	<b>919</b>	<b>862</b>	<b>914</b>
<b>Equity</b>			
Share capital	*	*	*
Share premium	322	322	322
Retained earnings	101	112	97
Reserve from translation differences	57	57	57
<b>Total equity</b>	<b>480</b>	<b>491</b>	<b>476</b>
<b>Total liabilities and equity</b>	<b>1,399</b>	<b>1,353</b>	<b>1,390</b>

\* Less than \$ 1 million.



Ofer Orlitzky

Chairman of the Board



Ronen Yehezkel

CEO



Ester Pinsler

CFO

Date of approval of the financial statements: May 27, 2025

The accompanying notes are an integral part of these condensed interim financial statements.

**Condensed Interim Statements of Comprehensive Income**

\$ millions		Three month period ended March 31,		Year ended December 31,
		2025	2024	2024
	Note	(Unaudited)	(Unaudited)	(Audited)
<b>Revenues</b>	7	738	793	3,216
<b>Cost of sales</b>		(726)	(798)	(3,182)
<b>Gross profit (loss)</b>		12	(5)	34
Selling expenses		(3)	(5)	(15)
General and administrative expenses		(3)	(3)	(13)
Other expenses, net		*	*	(1)
<b>Operating profit (loss)</b>		6	(13)	5
Financing income		10	2	3
Financing expenses		(10)	(13)	(54)
<b>Financing expenses, net</b>		*	(11)	(51)
<b>Profit (loss) before taxes on income</b>		6	(24)	(46)
Tax benefit (expenses)		(2)	5	12
<b>Profit (loss) for the period</b>		4	(19)	(34)
<b>Other comprehensive income (loss) items that will not be carried to profit and loss</b>				
Re-measurement of a defined benefit program, net of tax		*	*	*
<b>Total comprehensive income (loss) for the period</b>		4	(19)	(34)
<b>Basic and diluted earnings (loss) per share (\$)</b>		0.3	(1.5)	(2.7)

\* Less than \$ 1 million.

The accompanying notes are an integral part of these condensed interim financial statements.

**Condensed Interim Statements of Changes in Equity**

<b>\$ millions</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Capital reserve from translation differences</b>	<b>Retained earnings</b>	<b>Total</b>
<b><u>For the three month period ended March 31, 2025 (unaudited)</u></b>					
Balance as of January 1, 2025	*	322	57	97	476
Profit for the period	-	-	-	4	4
Other comprehensive income for the period	-	-	-	*	*
Balance as of March 31, 2025	<u>*</u>	<u>322</u>	<u>57</u>	<u>101</u>	<u>480</u>
<b><u>For the three month period ended March 31, 2024 (unaudited)</u></b>					
Balance as of January 1, 2024	*	322	57	186	565
Loss for the period	-	-	-	(19)	(19)
Dividend distribution	-	-	-	(55)	(55)
Other comprehensive income for the period	-	-	-	*	*
Balance as of March 31, 2024	<u>*</u>	<u>322</u>	<u>57</u>	<u>112</u>	<u>491</u>
<b><u>For the year ended December 31, 2024 (audited)</u></b>					
Balance as of January 1, 2024	*	322	57	186	565
Loss for the year	-	-	-	(34)	(34)
Dividend distribution	-	-	-	(55)	(55)
Other comprehensive loss for the year	-	-	-	*	*
Balance as of December 31, 2024	<u>*</u>	<u>322</u>	<u>57</u>	<u>97</u>	<u>476</u>

\* Less than \$ 1 million

The accompanying notes are an integral part of these condensed interim financial statements.

**Condensed Interim Statements of Cash Flows**

\$ millions

	<b>Three month period ended March 31,</b>		<b>Year ended December 31,</b>
	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
<b>Cash flows from operating activities</b>			
Profit (loss) for the period	4	(19)	(34)
Adjustments for:			
Depreciation and amortization	17	16	67
Financing expenses, net	*	11	51
Foreign exchange differences	5	-	(8)
Income tax expense (income)	2	(5)	(12)
	28	3	64
Change in derivatives	*	15	5
Change in inventory	9	(160)	14
Change in trade receivables	(31)	16	(21)
Change in other receivables	(5)	(8)	(8)
Change in trade payables	5	54	71
Change in other payables	*	(9)	(15)
Change in employee benefits	*	*	(1)
Current taxes paid	*	*	*
<b>Net cash from (used in) operating activities</b>	<b>6</b>	<b>(89)</b>	<b>109</b>

\* Less than \$ 1 million.

The accompanying notes are an integral part of these condensed interim financial statements.



**Condensed Interim Statements of Cash Flows**

\$ millions	Three month period ended March 31,		Year ended December 31,
	2025	2024	2024
	(Unaudited)		(Audited)
<b>Cash flows from investing activities</b>			
Interest received	*	*	*
Repayment of long-term loans to employees	*	*	*
Acquisition of fixed assets	(4)	(5)	(25)
Proceeds from sale of fixed assets	-	*	-
<b>Net cash used in investing activities</b>	<b>(4)</b>	<b>(5)</b>	<b>(25)</b>
<b>Cash flows from financing activities</b>			
Dividend paid	-	(55)	(55)
Receipt (repayment) of loans and bank credit	*	-	(6)
Receipt of long-term loans	-	-	30
Issuance of debentures, net, less issuance expenses	-	-	52
Repayment of debentures	-	-	(21)
Payment of principal of lease liabilities	(2)	(1)	(4)
Interest paid	(4)	(5)	(37)
<b>Net cash used in financing activities</b>	<b>(6)</b>	<b>(61)</b>	<b>(41)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4)</b>	<b>(155)</b>	<b>43</b>
Cash and cash equivalents as at the beginning of the period	257	225	225
Effect of exchange rate fluctuations on cash and cash equivalents	*	(4)	(11)
<b>Cash and cash equivalents as at the end of the period</b>	<b>253</b>	<b>66</b>	<b>257</b>
<b><u>Material non-cash transactions</u></b>			
Acquisition of fixed assets on credit	3	8	5

\* Less than \$ 1 million.

The accompanying notes are an integral part of these condensed interim financial statements.

## Notes to the Condensed Interim Financial Statements as of March 31, 202

### Note 1 - General

#### A. The reporting entity

Ashdod Refinery Ltd. (hereinafter – the “Company”) is an Israeli-resident company that was incorporated on January 4, 2006 and whose official address is HaNeft Street, North Industrial Zone Ashdod. The Company engages in import of crude oil, refining of crude oil into oil distillates, marketing and sale of such products and production and sale of electricity. Until August 28, 2023 the Company was a wholly owned subsidiary of Paz Oil Company Ltd. (hereinafter – “Paz”).

On December 30, 2021 the Company and Paz submitted to the Securities Authority an initial draft of a prospectus for the distribution of the Company's shares as a dividend in kind to the shareholders of Paz (hereinafter – “**the spin-off**”), and registration of the Company's shares on Tel Aviv Stock Exchange Ltd. On November 9, 2022 the Company, Paz and Shapir Energy Ltd. entered into an agreement, which was amended on June 21, 2023 and assigned to Shapir Energy Ashdod Ltd., a wholly owned subsidiary of Shapir Engineering & Industry Ltd. (hereinafter – “**Shapir**”) on August 3, 2023, by which on the date of completing the spin-off the Company will issue and sell shares and options to Shapir as set forth in the agreement. On August 28, 2023 (hereinafter – “**the spin-off date**”) the spin-off process was completed, and on August 30, 2023 the Company's shares were listed for trade on Tel Aviv Stock Exchange Ltd.

### Note 2 - Basis of Preparation

#### A. Statement of compliance with IFRS

These condensed interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and do not include all of the information required for full annual financial statements. They should be read in conjunction with the financial statements as at and for the year ended December 31, 2024 (hereinafter – “the annual financial statements”).

Furthermore, these financial statements have been prepared in accordance with Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

These condensed interim financial statements were authorized for issue by the Company's Board of Directors on May 27, 2025.

#### B. Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to exercise judgment when making assessments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and judgments made by management in applying the Company's accounting policies and preparing the interim financial statements were consistent with those applied in preparing the financial statements as at December 31, 2024.

#### C. Functional currency and presentation currency

Until the date of the spin-off, the financial statements were presented in NIS millions which was the functional currency of the Company due to its operation being an integral part of the Paz Group, whose functional currency is NIS.

As from the date of the spin-off, the Company changed its functional currency into USD since the dollar is the currency that represents the economic environment of the Company when acting as an independent company in the refining industry.

**Notes to the Condensed Interim Financial Statements as of March 31, 202****Note 3 - Material Accounting Policies**

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its annual financial statements.

**Note 4 - Material Events In and Subsequent to the Reporting Period****1. “Iron Swords” war**

Further to that mentioned in Note 1.C.1 to the annual financial statements, according to examinations that were carried out by the Company, as at the date of issuing this report, there has been no significant change in the Company's assessments regarding the effects of the war on the Company's ability to meet its liabilities, on the measurement of assets and liabilities or on asset impairment or critical estimates and judgements.

**2. Military conflict in Europe**

Further to that mentioned in Note 1.C.3 to the annual financial statements there has been no significant change in the Company's assessments regarding the war between Russia and Ukraine and its effect on the Company's activities.

Since this is an event that is not under the control of the Company, the Company is continuing to regularly monitor the global changes in oil prices and to examine the effects on its business results.

**3. Agreements for the purchase of oil**

Further to that mentioned in Note 26.B.9 to the annual financial statements, the Company extended agreements with two crude oil suppliers for another year, until the end of March 2026.

**4. Officers**

Further to that mentioned in Note 1.C.5 to the annual financial statements, on April 24, 2025, subsequent to balance sheet date, the Company announced the appointment of Mr. Ronen Yehezkel as CEO of the Company in effect from May 1, 2025. On May 4, 2025 Mr. Jacky Berdugo ceased serving as the interim CEO and returned to his position as the Company's VP of Production.

On May 14, 2025, subsequent to balance sheet date, Mr. Shimon Gal ceased serving as a director on the Company's board.

**5. Agreement for the supply of natural gas**

In May 2025 a natural gas supply agreement was signed between the Company and ICL Group Ltd. (hereinafter in this item: “the seller”) by which the Company will purchase from the seller natural gas for the purpose of operating the Company's facilities (hereinafter in this item: “the agreement”).

Pursuant to the agreement, the seller will supply the Company a total contractual quantity of about 27 million MMBTU throughout the life of the agreement (hereinafter: “the total contractual quantity”), at the terms set forth in the agreement. The agreement is for a period of five years beginning from July 1, 2025. The agreement includes, inter alia, a Take or Pay mechanism for a minimum annual quantity of natural gas at a volume and pursuant to a mechanism as set out in the agreement (hereinafter – the “minimum annual quantity”). According to the agreement the price of natural gas will be partly linked to the production component tariff as set from time to time by the Electricity Authority and partly to the US consumer price index. In the opinion of the Company, the overall monetary scope of the agreement throughout the entire period of the agreement (based on an assessment of the price and quantity of natural gas the Company will acquire throughout the period of the agreement), could amount to US\$ 120 million, assuming that the Company uses the total contractual quantity. It is clarified that the actual monetary scope will be derived from several matters, including the quantities of natural gas that are actually acquired by the Company and changes in the linkage as mentioned above.

**Notes to the Condensed Interim Financial Statements as of March 31, 202****Note 4 - Material Events In and Subsequent to the Reporting Period (cont'd)****6. Clean Air Law**

On April 7, 2025, subsequent to balance sheet date, the Company received a warning and summons to a hearing from the Ministry of Environmental Protection (hereinafter: "the Ministry") with respect to an alleged violation of the provisions of the Clean Air Law and the Company's emission permit. Most of the alleged violations relate to deviations in emission values that were found in surprise tests the Ministry performed in the plant's stacks, deviation in the continuous monitoring at the stacks and visible emission of vapor. In the hearing that was held on May 14, 2025 the Company presented its arguments against the allegations and findings of the Ministry.

**Note 5 - Inventory Impairment**

As at March 31, 2025, December 31, 2024 and March 31, 2024, the balance of inventory includes a provision for inventory impairment in the amount of \$ 1 million, \$ 4 million, and \$ 1 million, respectively.

**Note 6 - Documentary Credit**

As at March 31, 2025 the Company has documentary credit in the amount of \$ 119 million (December 31, 2024 – \$ 107 million) in respect of the import of raw materials and equipment.

**Note 7 - Revenues****A. Composition**

\$ millions

	Three month period ended March 31,		Year ended December 31,
	2025	2024	2024
	(Unaudited)		(Audited)
Local market	581	543	2,499
Export	140	236	656
Electricity and other	17	14	61
<b>Total revenues</b>	<b>738</b>	<b>793</b>	<b>3,216</b>

Breakdown of the revenue from the  
Company's major customers:

Customer A	356	358	1,556
Customer B	89	97	388

## Notes to the Condensed Interim Financial Statements as of March 31, 202

## Note 7 – Revenues (cont'd)

## B. Composition of revenues according to distillates

\$ millions	Three month period ended March 31,		Year ended December 31,
	2025	2024	2024
	(Unaudited)		(Audited)
Gasoline	252	313	1,196
Diesel fuel	274	225	1,059
Kerosene	61	107	365
Fuel oil	34	17	100
Others (includes electricity and dispensing)	117	131	496
<b>Total revenues</b>	<b>738</b>	<b>793</b>	<b>3,216</b>

## Note 8 - Debentures, Loans, and Short-Term Credit

- A. Further to that mentioned in Note 20 to the annual financial statements regarding entering into customer factoring agreements, as at March 31, 2025, customer debts in the amount of approximately \$ 46 million have been derecognized in accordance with IFRS 9 (as at December 31, 2024, approximately \$ 107 million was derecognized).
- B. Further to that mentioned in Note 20 and Note 21 to the annual financial statements, as at March 31, 2025, the Company is in compliance with the financial covenants undertaken by it in order to raise bank credit and debentures.
- C. As at March 31, 2025, the rating of the debentures is A3.il with a negative outlook.

**Notes to the Condensed Interim Financial Statements as of March 31, 202****Note 9 - Financial Instruments****(1) Financial instruments measured at fair value for disclosure purposes only**

The carrying amount of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, other long-term receivables, deposit in trust, derivatives, credit from banks, trade payables, other payables and lease liabilities, is equal to or approximates their fair value.

The fair values of the other financial assets and the carrying amounts shown in the statement of financial position, are as follows:

\$ millions

	<b>March 31, 2025</b>		
	<u>Adjusted balance of par value</u>	<u>Carrying amount *</u>	<u>Fair value Level 1 **</u>
Series 2 debentures	194	194	208
Series 3 debentures	51	51	52

\$ millions

	<b>March 31, 2024</b>		
	<u>Adjusted balance of par value</u>	<u>Carrying amount *</u>	<u>Fair value Level 1 **</u>
Series 2 debentures	218	218	235

\$ millions

	<b>December 31, 2024</b>		
	<u>Adjusted balance of par value</u>	<u>Carrying amount *</u>	<u>Fair value Level 1 **</u>
Series 2 debentures	197	198	210
Series 3 debentures	52	52	52

\* The carrying amount of the debentures is presented at amortized cost (net of raising costs and with the addition of a premium).

\*\* The fair value of the debentures is based on the quoted price on the stock exchange at the reporting date.

**Notes to the Condensed Interim Financial Statements as of March 31, 202****Note 9 - Financial Instruments (cont'd)**(2) The fair value hierarchy of financial instruments measured at fair value

The table below presents an analysis of financial instruments measured at fair value using valuation methodology. The various levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in an active market for identical instruments.
- Level 2: Observable (directly or indirectly) inputs, not included in level 1.
- Level 3: Inputs that are not based on observable market data.

\$ millions	As of March 31, 2025			
	(Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets – derivative instruments	4	5	-	9
Financial liabilities – derivative instruments	4	-	2	6

\$ millions	As of March 31, 2024			
	(Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets – derivative instruments	1	1	-	2
Financial liabilities – derivative instruments	10	2	5	17

\$ millions	As of December 31, 2024			
	(Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets – derivative instruments	2	1	-	3
Financial liabilities – derivative instruments	1	-	2	3

For information regarding valuation techniques for determination of fair value of financial instruments measured at level 2, see Note 25.F to the annual financial statements.