Ashdod Refinery Ltd.

Condensed Interim Financial Statements
As of September 30, 2024
(Unaudited)

Translation from the Hebrew

Disclaimer
This document is a convenience translation from the Hebrew original of the financial statements dated November 25, 2024 (the "Statements") issued by Ashdod Refinery Ltd. (the "Company"). Only the Hebrew original of the Statements is legally binding. No reliance may by 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 September 30, 2024

Contents

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 September 30, 2024 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the nine and three month periods then ended. The Board of Directors and Management are responsible for the preparation and presentation of financial information for these interim periods in accordance with IAS 34 "Interim Financial Reporting", and are also responsible for the preparation of financial information for these interim periods 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.)

November 25, 2024

Condensed Interim Statements of Financial Position

$ millions	As of September 30, 2024 (Unaudited)	As of September 30, 2023 (Unaudited)	As of December 31, 2023 (Audited)
Current assets			
Cash and cash equivalents	171	156	225
Trade receivables	71	142	111
Other receivables	38	25	16
Derivative instruments	5	1	9
Inventory	332	315	294
Total current assets	617	639	655
Non-current assets			
Deposit in trust	8	8	8
Long-term other receivables	3	3	3
Right-of-use assets	25	19	18
Fixed assets	665	700	692
Intangible assets	1	1	1
Total non-current assets	702	731	722
Total assets	1,319	1,370	1,377

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

Condensed Interim Statements of Financial Position

$ millions	As of September 30, 2024 (Unaudited)	As of September 30, 2023 (Unaudited)	As of December 31, 2023 (Audited)
Current liabilities			
Short-term credit and current maturities	22	15	22
Trade payables	543	553	486
Derivative instruments	4	10	7
Other payables	29	29	33
Current maturities of lease liabilities	8	5	5
Total current liabilities	606	612	553
Non-current liabilities			
Debentures, net	173	134	199
Long-term lease liabilities	20	16	14
Liability for authorization fees	15	15	15
Employee benefits	14	14	15
Deferred tax liabilities	7	14	16
Total non-current liabilities	229	193	259
Total liabilities	835	805	812
Commitments and contingent liabilities			
Equity			
Share capital	*	*	*
Share premium	322	322	322
Retained earnings	105	186	186
Reserve from translation differences	57	57	57
Total equity	484	565	565
Total liabilities and equity	1,319	1,370	1,377

* Less than $ 1 million.

Ofer Orlitzky Chairman of the Board	Amit Carmel CEO	Ester Pinsler CFO

Date of approval of the financial statements: November 25, 2024

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

Condensed Interim Statements of Comprehensive Income

$ millions	Note	Nine month period ended September 30,		Three month period ended September 30,		Year ended December 31,
		2024	2023	2024	2023	2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues	7	2,505	2,943	844	1,066	3,774
Cost of sales		(2,487)	(2,756)	(840)	(976)	(3,557)
Gross profit		18	187	4	90	217
Selling expenses		(10)	(6)	(2)	(2)	(10)
General and administrative expenses		(9)	(9)	(3)	(3)	(13)
Other expenses, net		(1)	(1)	(1)	(1)	*
Operating profit		(2)	171	(2)	84	194
Financing income		6	4	*	3	3
Financing expenses		(39)	(38)	(17)	(13)	(58)
Financing expenses, net		(33)	(34)	(17)	(10)	(55)
Profit (loss) before taxes on income		(35)	137	(19)	74	139
Taxes on income		9	(21)	5	(11)	(23)
Profit (loss) for the period		(26)	116	(14)	63	116
Other comprehensive income (loss) items that will not be carried to profit and loss						
Foreign currency translation differences		-	(37)	-	(13)	(37)
Re-measurement of a defined benefit program, net of tax		*	1	*	*	1
Total comprehensive income (loss) for the period		(26)	80	(14)	50	80
Basic and diluted earnings (loss) per share ($)		(2.1)	10.3	(1.1)	5.4	9.9

* Less than $ 1 million.

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

Condensed Interim Statements of Changes in Equity

$ millions	Share capital	Share premium	Capital reserve from translation differences	Retained earnings	Total
For the Nine month period ended September 30, 2024 (unaudited)					
Balance as of January 1, 2024	*	322	57	186	565
Loss for the period	-	-	-	(26)	(26)
Dividend distribution	-	-	-	(55)	(55)
Other comprehensive income for the period	-	-	-	*	*
Balance as of September 30, 2024	*	322	57	105	484
For the Nine month period ended September 30, 2023 (unaudited)					
Balance as of January 1, 2023	*	286	94	69	449
Issuance of shares	*	36	-	-	36
Profit for the period	-	-	-	116	116
Other comprehensive income (loss) for the period	-	-	(37)	1	(36)
Balance as of September 30, 2023	*	322	57	186	565

* Less than $ 1 million

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

Condensed Interim Statements of Changes in Equity

$ millions	Share capital	Share premium	Capital reserve from translation differences	Retained earnings	Total
For the three month period ended September 30, 2024 (unaudited)					
Balance as of July 1, 2024	*	322	57	119	498
Profit for the period	-	-	-	(14)	(14)
Other comprehensive income for the period	-	-	-	*	*
Balance as of September 30, 2024	*	322	57	105	484
For the three month period ended September 30, 2023 (unaudited)					
Balance as of July 1, 2023	*	286	70	123	479
Issuance of shares	*	36	-	-	36
Profit for the period	-	-	-	63	63
Other comprehensive income (loss) for the period	-	-	(13)	*	(13)
Balance as of September 30, 2023	*	322	57	186	565
For the year ended December 31, 2023 (audited)					
Balance as of January 1, 2023	*	286	94	69	449
Issuance of shares	*	36	-	-	36
Profit for the year	-	-	-	116	116
Other comprehensive income (loss) for the year	-	-	(37)	1	(36)
Balance as of December 31, 2023	*	322	57	186	565

* Less than $ 1 million

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

Condensed Interim Statements of Cash Flows

$ millions	**Nine month period ended September 30,**		**Three month period ended September 30,**		**Year ended December 31,**
	2024	**2023**	**2024**	**2023**	**2023**
	(Unaudited)		**(Unaudited)**		**(Audited)**
Cash flows from operating activities					
Profit (loss) for the period	(26)	116	(14)	63	116
Adjustments for:					
Depreciation and amortization	50	50	19	16	67
Financing expenses, net	33	34	17	10	55
Foreign exchange differences, net	(5)	39	(5)	9	35
Income tax expense	(9)	21	(5)	11	23
Capital loss (gain) on de-recognition of fixed assets	-	*	-	*	*
	43	260	12	109	296
Change in derivatives	3	11	(5)	5	*
Change in inventory	(38)	10	34	(21)	31
Change in trade receivables	40	(62)	50	(63)	(32)
Change in other receivables	(22)	21	(17)	16	29
Change in trade payables	65	36	(46)	51	(29)
Change in other payables	(8)	(12)	7	3	(1)
Change in employee benefits	(1)	(2)	*	*	(2)
Current taxes paid	*	*	*	*	*
Net cash from operating activities	82	262	35	100	292

* Less than $ 1 million.

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

Condensed Interim Statements of Cash Flows

$ millions	Nine month period ended September 30, 2024	Nine month period ended September 30, 2023	Three month period ended September 30, 2024	Three month period ended September 30, 2023	Year ended December 31, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Cash flows from investing activities					
Interest received	*	*	*	*	1
Repayment of long-term loans to employees	*	*	*	*	*
Acquisition of fixed assets	(21)	(23)	(10)	(8)	(32)
Proceeds from sale of fixed assets	-	*	-	*	*
Net cash used in investing activities	(21)	(23)	(10)	(8)	(31)
Cash flows from financing activities					
Repayment of credit from Paz, net	-	(92)	-	-	(92)
Interest paid to Paz	-	*	-	-	*
Dividend paid	(55)	-	-	-	-
Repayment of loan and bank credit	-	(204)	-	(53)	(209)
Issuance of debentures, net, less issuance expenses	-	170	-	-	233
Repayment of debentures	(21)	-	-	-	-
Issuance of shares and options	-	41	-	41	41
Payment of principal of lease liabilities	(3)	(4)	(1)	(1)	(5)
Interest paid	(25)	(16)	(6)	(5)	(28)
Net cash used in financing activities	(104)	(105)	(7)	(18)	(60)
Net change in cash and cash equivalents	(43)	134	18	74	201
Cash and cash equivalents as at the beginning of the period	225	31	156	82	31
Effect of exchange rate fluctuations on cash and cash equivalents	(11)	(9)	(3)	*	(7)
Cash and cash equivalents as at the end of the period	**171**	**156**	**171**	**156**	**225**
Material non-cash transactions					
Acquisition of fixed assets on credit	3	8	3	8	6

* Less than $ 1 million.

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

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 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, 2023 (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 November 25, 2024.

The information contained in these financial statements constitutes an unofficial translation of the financial statements published by the Company in Hebrew. The Hebrew version is the binding version. This translation was prepared for convenience purposes only.

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, 2023.

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.

Note 3 - Significant Accounting Policies

A. 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, except for that mentioned hereunder:

Amendment to IAS 1, *Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current* and subsequent amendment: *Non-Current Liabilities with Covenants*

The Amendment, together with the subsequent amendment to IAS 1 (see hereunder) replaces certain requirements for classifying liabilities as current or non-current. According to the Amendment, a liability will be classified as non-current when the entity has the right to defer settlement for at least 12 months after the reporting period, and it "has substance" and is in existence at the end of the reporting period. According to the subsequent amendment, as published in October 2022, covenants with which the entity must comply after the reporting date, do not affect classification of the liability as current or non-current. Additionally, the subsequent amendment adds disclosure requirements for liabilities subject to covenants within 12 months after the reporting date, such as disclosure regarding the nature of the covenants, the date they need to be complied with and facts and circumstances that indicate the entity may have difficulty complying with the covenants. Furthermore, the Amendment clarifies that the conversion option of a liability will affect its classification as current or non-current, other than when the conversion option is recognized as equity.

The Amendment and subsequent amendment are effective for reporting periods beginning on or after January 1, 2024.

Application of the Amendment did not have an effect on the financial statements.

B. New standards not yet adopted

IFRS 18, *Presentation and Disclosure in Financial Statements*

This standard replaces IAS 1, *Presentation of Financial Statements*. The purpose of the standard is to provide improved structure and content to the financial statements, particularly the income statement. The standard includes new disclosure and presentation requirements that were taken from IAS 1, *Presentation of Financial Statements*, with small changes. As part of the new disclosure requirements, companies will be required to present two subtotals in the income statement: operating profit and profit before financing and taxes. Furthermore, for most companies, the results in the income statements will be classified into three categories: operating profit, profit from investments and profit from financing. In addition to the changes in the structure of the income statements, the standard also includes a requirement to provide separate disclosure in the financial statements regarding the use of management-defined performance measures (non-GAAP measures). Furthermore, the standard adds specific guidance for aggregation and disaggregation of items in the financial statements and in the notes. The standard will encourage companies to avoid classifying items as ‘other’ (for example, other expenses), and using this classification will lead to additional disclosure requirements.

The standard is effective from annual reporting periods beginning on or after January 1, 2027 with earlier application being permitted.

The Company is examining the effects of the standard on its financial statements with no plans for early adoption.

Note 4 - Material events in and subsequent to the reporting period

1. "Iron Swords" war

Further to that mentioned in Note 1.C.2 to the annual financial statements, according to examinations that were carried out by the Company, as at the date of issuing this report, the war is not expected to have a material effect 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.

The effects of the war on the Company's operations during and subsequent to the reporting period:

<u>Import and export logistics activity</u>:

At the beginning of May 2024 and following the war, the Turkish Ministry of Trade announced various restrictions on trade with Israel. As part of the Company's import activity, oil infrastructures in Turkey are used and various products are exported to Turkey. The measures taken by Turkey so far have not significantly affected the company's import and export activities. In the Company's estimation, these measures are not expected to affect the import activity but may have an immaterial effect on the Company's export activity.

<u>Demand on the local market</u>:

During the reporting period, the demand on the local market returned to its normal level, except for jet fuel, which remains at low levels, and diesel fuel directed to the Palestinian Authority and the Gaza Strip. Therefore, the Company exports the excess distillates. Export of the distillates instead of selling them on the local market has a negative effect on the refining margin.

<u>Workforce</u>:

During the war, an average of about 50 employees of the refinery, constituting about 11% of the Company's workforce, were drafted for reserve duty. Nevertheless, the activity of the refinery was not affected by this. As at the date of publishing these financial statements, most of the Company's employees have returned to work.

<u>Effect on the financial results</u>:

The war led to a loss of EBITDA in the amount of $ 27 million in the first nine-month period of 2024. About 50% of the damage is due to logistics effects and costs, and the rest is due to a decrease in sales and diversion of sales to export. Furthermore, the Company expects that the effects of the war will lead to a loss of EBITDA in the amount of $ 6 million in the fourth quarter of 2024, mainly due to logistics costs and a decline in demand on the local market. The Company is unable to fully and completely assess the future effects of the war on its operations due to, inter alia, the uncertainty regarding the length of the war, its intensity, its effects on the areas in which the Company operates or on its facilities, the steps that will be taken by the Government and various authorities, and the intensity and length of the economic slowdown that will develop as a result.

2. Military conflict in Europe

Further to that mentioned in Note 1.C.4 to the annual financial statements regarding the war between Russia and Ukraine and its effect on the company's activities, as of the publication date of this report, the refining margins have weakened relative to the margins in 2023.

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. The marine buoys of the Israel Electric Company

Further to that mentioned in Note 1.C.3 to the annual financial statements, in the second quarter of 2024, it was brought to the Company's attention that IEC intends to sell the buoys to Israel Ports Company, and that Israel Ports Company intends to transfer the operation of the buoys to Energy Infrastructures Ltd. Further to this, the Company began initial talks with Energy Infrastructures Ltd. in connection with the supply of unloading and loading services of ships at the marine buoys by Energy Infrastructures Ltd. (instead of IEC) to the Company.

Note 4 - Material events in and subsequent to the reporting period (cont'd)

3. The marine buoys of the Israel Electric Company (cont'd)

To the best of the company's knowledge, the temporary license received by IEC for the activities of the buoys was extended until December 31, 2024. On August 7, 2024, a notice was received at the company from IEC, according to which as long as all the conditions required to complete the sale to Israel Ports Company are met, then the delivery of the buoys to Israel Ports Company and Energy Infrastructures is expected to be carried out on October 1, 2024, and that IEC intends to stop providing service in the buoys as of that date. Despite the aforementioned, the buoys have not yet been delivered and IEC informed the company that it will continue to provide the services until the buoys are transferred to Energy Infrastructures Ltd. The company continues to work with all the relevant parties, including regulatory parties, to ensure that the operational continuity of the buoys will not be affected during this process. The Company is unable at this time to assess the effect on the Company of the transfer of operations at the buoys to Energy Infrastructures Ltd..

4. Proceedings with the Fuel Administration

4.1 Claim against the Company, the Company's CEO, and an additional employee

Further to that mentioned in Note 26.A.5 to the annual financial statements regarding an event concerning the quality of diesel fuel that was dispensed by the refinery, the next hearing in the case is scheduled for February 4, 2025.

In the opinion of management of the Company, based on the opinion of its legal counsel, at this stage it is not possible to assess whether the proceeding will have an effect on the Company and its operations and what the effects may be.

4.2 Claim against the Company and the Company's CEO

Further to that mentioned in Note 26.A.5 to the annual financial statements regarding non-compliance with a standard of gasoline that was issued by the refinery, the next hearing in the case is scheduled for February 4, 2025.

In the opinion of management of the Company, based on the opinion of its legal counsel, at this stage it is not possible to assess whether the proceeding will have an effect on the Company and its operations and what the effects may be.

Concurrently with the aforesaid, both claims were transferred to a mediation judge at the Kiryat Gat Magistrates' Court. The mediation proceeding did not succeed in bringing the parties to an agreement and the claims were remanded to the original court.

5. Dividend distribution

On February 6, 2024, the Company's board of directors decided to distribute a dividend in the amount of about $ 55 million (NIS 200 million) on the basis of the Company's profits available for distribution as at September 30, 2023, as accrued in the last 8 quarters preceding September 30, 2023. The dividend was paid in NIS on February 22, 2024.

6. Agreements with crude oil suppliers

Further to that mentioned in Note 26.B.10 to the annual financial statements, the company extended agreements with two crude oil suppliers for another.

7. Labor dispute

On June 13, 2024, the company received a notification regarding a labor dispute and a strike in the company, according to which the company's employees will be able to take organizational measures according to the directive of the New General Federation of Labor. On August 12, 2024, a notification was received regarding the cancellation of the labor dispute and the strike, and this after the parties reached agreements regarding the Controversial issues. The labor dispute did not have a material effect on the financial statements.

8. Environmental Quality

Further to that mentioned in Note 26.A.1 to the annual financial statements, on September 22, 2024, the Company received a notice of the imposition of a financial sanction in the amount of $ 2 million. The fine was fully paid.

9. Management

On September 1, 2024, the CEO of the Company informed the board of directors of his desire to conclude his service as CEO of the Company. The end date of the term has not yet been determined. In accordance with the employment agreement, the CEO has an advance notice period of six months, without additional payments.

10. Leases

During the reporting period, the company exercised an option for the lease of storage tanks for materials for a period of 3 years. The lease payments consist of a fixed annual amount and are linked to the Consumer Price Index. Accordingly, in the statement of financial position, the Company recognized a lease liability in the amount of $ 11 million, measured at the present value of the lease payments, and at the same time recognized a Right-of-use asset in the same amount.

Note 5 - Inventory Impairment

As at September 30, 2024 and December 31, 2023 the balance of inventory includes a provision for inventory impairment in the amount of $ 14 million and $ 5 million, respectively.

As at September 30, 2023 there was no need to recognize a provision for inventory impairment.

Note 6 - Documentary Credit

As at September 30, 2024 the Company has documentary credit in the amount of $ 210 million (December 31, 2023 – $ 59 million) in respect of the import of raw materials and equipment.

Note 7 - Revenues

A. Composition

$ millions	Nine-month period ended September 30,		Three-month period ended September 30,		Year ended December 31,
	2024	2023	2024	2023	2023
	(Unaudited)		(Unaudited)		(Audited)
Local market	1,946	2,262	703	806	2,944
Export	516	628	125	239	761
Electricity and other	43	53	16	21	69
Total revenues	2,505	2,943	844	1,066	3,774
Breakdown of the revenue from the Company's major customers:					
Customer A	1,219	1,596	430	553	2,067
Customer B	303	335	100	122	437

B. Composition of revenues according to distillates

$ millions	Nine-month period ended September 30,		Three-month period ended September 30,		Year ended December 31,
	2024	2023	2024	2023	2023
	(Unaudited)		(Unaudited)		(Audited)
Gasoline	957	1,020	322	377	1,320
Diesel fuel	801	968	295	358	1,278
Kerosene	289	366	75	142	460
Fuel oil	86	206	37	77	238
Other (includes electricity and dispensing)	372	383	115	112	478
Total revenues	2,505	2,943	844	1,066	3,774

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

A. Further to that mentioned in Note 1.C.7 and Note 20 to the annual financial statements regarding entering into customer factoring agreements, as of September 30, 2024, customer debts in the amount of $ 142 million have been derecognized in accordance with IFRS 9 (as of December 31, 2023, $ 110 million was derecognized).

B. Further to that mentioned in Note 1.C.6, Note 20 and Note 21 to the annual financial statements, As at September 30, 2024, the Company is in compliance with the financial covenants undertaken by it in order to raise bank credit and debentures.

C. As at September 30, 2024, the rating of the debentures is A3.il with a stable outlook

Note 9 - Financial Instruments

(1) Fair value versus carrying amount

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.

Presented hereunder is the fair value of the financial liability and the carrying amount presented in the statement of financial position:

$ millions	**September 30, 2024**		
	Adjusted balance of par value	Carrying amount *	Fair value Level 1**
Series 2 debentures	194	195	206

$ millions	**September 30, 2023**		
	Adjusted balance of par value	Carrying amount *	Fair value Level 1**
Series 2 debentures	152	149	163

$ millions	**December 31, 2023**		
	Adjusted balance of par value	Carrying amount *	Fair value Level 1**
Series 2 debentures	221	221	234

* 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.

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.

	As of September 30, 2024 (Unaudited)			
$ millions	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets – derivative instruments	5	-	-	5
Financial liabilities – derivative instruments	2	1	1	4

	As of September 30, 2023 (Unaudited)			
$ millions	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets – derivative instruments	1	*	-	1
Financial liabilities – derivative instruments	3	3	4	10

	As of December 31, 2023 (Audited)			
$ millions	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets – derivative instruments	7	2	-	9
Financial liabilities – derivative instruments	2	1	4	7

* Less than $ 1 million.

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.