Ashdod Refinery Ltd.

Condensed Interim Financial Statements
As of March 31, 2026
(Unaudited)

Translation from the Hebrew

Disclaimer
This document is a convenience translation from the Hebrew original of the financial statements dated May 26, 2026 (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 March 31, 2026

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 March 31, 2026 and the related condensed interim statements of profit or loss and other 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 (Israel) 2410, "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.

The accompanying financial statements represent a translation into English from the original financial statements in Hebrew.

Somekh Chaikin
Certified Public Accountants (Isr.)

May 26, 2026

Condensed Interim Statements of Financial Position

$ millions	As of March 31, 2026 (Unaudited)	As of March 31, 2025 (Unaudited)	As of March 31, 2025 (Audited)
Current assets			
Cash and cash equivalents	208	253	289
Trade receivables	72	159	116
Other receivables	166	29	95
Derivative instruments	7	9	4
Inventory	460	271	230
Total current assets	913	721	734
Non-current assets			
Deposit in trust	11	9	11
Long-term other receivables	4	3	4
Right-of-use assets	16	22	17
Fixed assets	622	643	623
Intangible assets	1	1	1
Deferred tax assets	19	-	9
Total non-current assets	673	678	665
Total assets	1,586	1,399	1,399

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

Condensed Interim Statements of Financial Position

$ millions	As of March 31, 2026 (Unaudited)	As of March 31, 2025 (Unaudited)	As of December 31, 2025 (Audited)
Current liabilities			
Current maturities of loans and debentures	36	25	36
Trade payables	695	555	519
Derivative instruments	78	6	3
Other payables	31	23	51
Current maturities of lease liabilities	10	9	9
Total current liabilities	850	618	618
Non-current liabilities			
Debentures, net	230	223	228
Long-term loans	26	26	26
Long-term lease liabilities	11	17	13
Liability for authorization fees	18	15	18
Employee benefits	19	14	19
Deferred tax liabilities	-	6	-
Total non-current liabilities	304	301	304
Total liabilities	1,154	919	922
Equity			
Share capital	*	*	*
Share premium	322	322	322
Reserve from translation differences	57	57	57
Retained earnings	53	101	98
Total equity	432	480	477
Total liabilities and equity	1,586	1,399	1,399

* Less than $ 1 million.

Ofer Orlitzky	Ronen Yehezkel	Ester Pinsler
Chairman of the Board	CEO	CFO

Date of approval of the financial statements: May 26, 2026

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

Condensed Interim Statements of Profit or Loss and Other Comprehensive Income

$ millions	Note	Three month period ended March 31, 2026 (Unaudited)	Three month period ended March 31, 2025 (Unaudited)	Year ended December 31, 2025 (Audited)
Revenues	7	691	738	3,028
Cost of sales		(725)	(726)	(2,966)
Gross profit (loss)		(34)	12	62
Selling expenses		(3)	(3)	(8)
General and administrative expenses		(4)	(3)	(16)
Other income (expenses), net		*	*	35
Operating profit (loss)		(41)	6	5
Financing income		*	10	3
Financing expenses		(14)	(10)	(86)
Financing expenses, net		(14)	*	(83)
Profit (loss) before taxes on income		(55)	6	(10)
Tax benefit (expenses)		10	(2)	13
Profit (loss) for the period		(45)	4	3
Other comprehensive income (loss) items that will not be carried to profit and loss				
Re-measurement of a defined benefit program, net of tax		*	*	(2)
Total comprehensive income (loss) for the period		(45)	4	1
Basic and diluted earnings (loss) per share ($)		(3.6)	0.3	0.2

* 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 March 31, 2026 (unaudited)					
Balance as of January 1, 2026	*	322	57	98	477
Loss for the period	-	-	-	(45)	(45)
Other comprehensive income for the period	-	-	-	*	*
Balance as of March 31, 2026	*	322	57	53	432

$ millions	Share capital	Share premium	Capital reserve from translation differences	Retained earnings	Total
For the three month period ended March 31, 2025 (unaudited)					
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	*	322	57	101	480

$ millions	Share capital	Share premium	Capital reserve from translation differences	Retained earnings	Total
For the year ended December 31, 2025 (audited)					
Balance as of January 1, 2025	*	322	57	97	476
Profit for the year	-	-	-	3	3
Other comprehensive loss for the year	-	-	-	(2)	(2)
Balance as of December 31, 2025	*	322	57	98	477

* 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, 2026**	**2025**	**Year ended December 31, 2025**
	(Unaudited)		**(Audited)**
Cash flows from operating activities			
Profit (loss) for the period	(45)	4	3
Adjustments for:			
Depreciation and amortization	14	17	69
Financing expenses, net	14	*	83
Foreign exchange differences	3	5	(12)
Income tax expense (income)	(10)	2	(13)
Capital loss (gain) on de-recognition of fixed assets	-	-	*
	(24)	28	130
Change in derivatives	69	*	(3)
Change in inventory	(230)	9	50
Change in trade receivables	40	(31)	28
Change in other receivables	(70)	(5)	(73)
Change in trade payables	178	5	(39)
Change in other payables	(25)	*	35
Change in employee benefits	*	*	2
Current taxes paid	*	*	*
Net cash from (used in) operating activities	(62)	6	130

* 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, 2026**	**2025**	**Year ended December 31, 2025**
	(Unaudited)		**(Audited)**
Cash flows from investing activities			
Interest received	*	*	3
Repayment of long-term loans to employees	*	*	*
Acquisition of fixed assets	(13)	(4)	(26)
Proceeds from sale of fixed assets	-	-	*
Net cash used in investing activities	(13)	(4)	(23)
Cash flows from financing activities			
Receipt (repayment) of loans and bank credit, net	*	*	(11)
Repayment of long-term loans	-	-	(4)
Repayment of debentures	-	-	(22)
Payment of principal of lease liabilities	(2)	(2)	(8)
Interest paid	(4)	(4)	(39)
Net cash used in financing activities	(6)	(6)	(84)
Net increase (decrease) in cash and cash equivalents	(81)	(4)	23
Cash and cash equivalents as at the beginning of the period	289	257	257
Effect of exchange rate fluctuations on cash and cash equivalents	*	*	9
Cash and cash equivalents as at the end of the period	208	253	289
Material non-cash transactions			
Acquisition of fixed assets on credit	5	3	7

* 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 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.

To the best of the Company's knowledge, and based on the information stated in Shapir's financial statements for the first quarter of 2026, which were published on May 26, 2026, Shapir is advancing the request to hold means of control and to obtain a control permit in the Company pursuant to Government Companies Order (Declaring the State's Essential Interests in Ashdod Oil Refinery Ltd.) – 2006, but has clarified that it has not yet made a decision regarding which of the available options it will exercise. As at the date of approval of these financial statements, Shapir has not yet provided the Company with notice of a decision to exercise the options.

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, 2025 (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 26, 2026.

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, 2025.

Note 2 - Basis of Preparation (cont'd)

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 - 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. Refinery malfunction

Further to that mentioned in Note 1.C.1 to the annual financial statements, during the reporting period the Company revamped its facilities, as part of which various actions were taken to resume full operations. However, it is noted that part of the damage resulting from the malfunction will be addressed as part of the periodic turnaround planned for 2027, and the Company is continuing to monitor its facilities.

As a result of receiving the substandard raw material the Company accumulated inventory of substandard oil and products. During the reporting period, the Company sold part of this inventory and reversed the provision for impairment that had been recognized as of December 31, 2025 with respect to the quantity sold. As of March 31, 2026, due to the increase in the price per barrel, there was no need to recognize a provision for impairment in respect of the remaining substandard inventory held by the Company, and the Company reversed the provision for impairment that had been recognized for such inventory as of December 31, 2025.

The Company is acting to fully exploit its rights with the supplier and with the carriers of the Company's property insurance and consequential loss insurance. During the reporting period, an amount of $ 11 million was received from the insurance companies, and $ 18 million was received from the insurance companies subsequent to the reporting date, and in total, advances of $40 million were received from insurance companies.

A reimbursement asset from the supplier, in the amount of $ 47 million, was recognized in 2025 and remained unchanged during the reporting period.

As of March 31, 2026, the Company is in compliance with all the financial covenants with banks and the holders of debentures.

2. "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, 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.

3. Operation "Roaring Lion" (2026 Iran war)

On February 28, 2026, the State of Israel and the United States launched a joint attack against Iran (hereinafter – "**the Operation**"). In response, the Iranian regime began launching missiles and UAVs toward the State of Israel and additional countries in the region. On March 1, the hostilities expanded to Lebanon following rocket fire toward Israel by Hezbollah.

Upon commencement of the operation, it was decided that all areas of the country would transition from an unlimited activity level to an essential activity level, which includes prohibitions on educational activities, gatherings, and attendance at workplaces, except for workplaces designated as essential to the economy. In addition, an additional reserve mobilization was carried out for the purposes of the operation.

Note 4 - Material Events In and Subsequent to the Reporting Period

3. Operation “Roaring Lion” (2026 Iran war) (cont'd)

On April 8, 2026, subsequent to the reporting date, the United States and Iran announced the entry into force of a ceasefire, which also included Israel, while, in the background, the confrontation with Hezbollah in Lebanon is ongoing. On April 12, 2026, the United States announced the imposition of a naval blockade on the Strait of Hormuz, following its closure to vessel traffic by Iran shortly after the commencement of the operation. This led to a surge in energy prices, significant disruptions to supply chains, an increase in inflation expectations, and other effects.

During the operation, the Company acted and continues to act to continuously supply its customers, including in accordance with orders and directives received from the Fuel Administration. During the operation, joint notices were received from time to time from the Leviathan and Tamar partnerships, according to which, pursuant to instructions from the Ministry of Energy, the supply of natural gas and condensate to the refinery was suspended. In addition, an order prohibiting the export of distillates was received from the Fuel Administration (hereinafter: “the Supervision Order”). As of the date of approval of this report, no restrictions apply to the Company pursuant to the aforementioned Supervision Order.

Due to the war, some of the Company’s customers reduced their purchases of distillates for April-May 2026.

As a result of the operation, the price of a barrel of oil increased significantly and reached a peak of about $ 145 per barrel. As part of the Company’s risk management policy, the Company enters into hedging transactions on oil prices. During the reporting period, the Company incurred a significant loss in respect of forward transactions on the price per barrel, while the value of inventory as of March 31, 2026 remained at cost and did not fully reflect the impact of this price increase. The Company has unhedged inventory amounting to 165 thousand tons.

The market structure, which was in a state of backwardation (a condition in which the current price of an asset is higher than its futures price, and a state in which losses arise from inventory hedging), deepened. In addition, there was a significant increase in the premium on raw material prices, an increase in logistics expenses, and an impact on the supply of natural gas and condensate. Conversely, refining margins strengthened significantly, particularly the margins of diesel and jet fuel, which reached record levels. The Company entered into forward hedging transactions on product margins through the end of 2026. As of March 31, 2026, a loss of $ 54 million was recognized in respect of these transactions.

Since this is an event that is not under the control of the Company, matters such as the continued duration of the operation, its possible expansion into additional arenas, as well as other developments, may affect the Company, its financial position, its operating results, and its cash flows. The Company continues to monitor the various developments in order to assess the effect of the operation on its activities. At this time, the Company is unable to assess the effect of the operation on its financial position, its operating results and its cash flows.

4. Military conflict in Europe

Further to that mentioned in Note 1.C.6 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.

5. Agreements for the purchase of oil

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 year, until the end of March 2027.

6. Officers

On April 26, 2026, subsequent to the reporting period, the Company's CEO, Mr. Ronen Yehezkel, informed the Chairman of the Board of Directors of his desire to conclude his service as the Company's CEO. The date of termination of his tenure has not yet been determined.

Note 5 - Inventory Impairment
As at March 31, 2026 there was no need to recognize a provision for inventory impairment.

As at December 31, 2025 and March 31, 2025, the balance of inventory includes a provision for inventory impairment in the amount of $ 99 million, and $ 1 million, respectively. See also Note 4.1 above.

Note 6 - Documentary Credit

As at March 31, 2026 the Company has documentary credit in the amount of $ 103 million (December 31, 2025 – $ 108 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,
	2026	**2025**	**2025**
	(Unaudited)		**(Audited)**
Local market	468	581	2,494
Export	203	140	464
Electricity and other	20	17	70
Total revenues	691	738	3,028
Breakdown of the revenue from the Company's major customers:			
Customer A	219	356	1,489
Customer B	84	89	380

B. Composition of revenues according to distillates

$ millions	Three month period ended March 31,		Year ended December 31,
	2026	**2025**	**2025**
	(Unaudited)		**(Audited)**
Gasoline	215	252	1,121
Diesel fuel	212	274	1,017
Kerosene	122	61	366
Fuel oil	56	34	128
Others (includes electricity and dispensing)	86	117	396
Total revenues	691	738	3,028

Note 8 - Debentures, Loans, and Current Maturities

A. Further to that mentioned in Note 20 to the annual financial statements regarding entering into customer factoring agreements, as at March 31, 2026, customer debts in the amount of approximately $ 156 million have been derecognized in accordance with IFRS 9 (as at December 31, 2025, approximately $ 124 million was derecognized).

B. Further to that mentioned in Note 20 and Note 21 to the annual financial statements, as at March 31, 2026, 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, 2026, the rating of the debentures is Baa1.il with a stable outlook.

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, long-term loans 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	March 31, 2026		
	Adjusted balance of par value	Carrying amount *	Fair value Level 1 **
Series 2 debentures	202	208	215
Series 3 debentures	60	61	61

$ millions	March 31, 2025		
	Adjusted balance of par value	Carrying amount *	Fair value Level 1 **
Series 2 debentures	194	200	208
Series 3 debentures	51	52	52

$ millions	December 31, 2025		
	Adjusted balance of par value	Carrying amount *	Fair value Level 1 **
Series 2 debentures	201	203	211
Series 3 debentures	59	59	61

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

** 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.

$ millions	As of March 31, 2026 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets – derivative instruments	7	*	-	7
Financial liabilities – derivative instruments	72	-	6	78

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

$ millions	As of December 31, 2025 (Audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets – derivative instruments	4	-	-	4
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.