Paz Retail and Energy Ltd.

First Quarter 2026
Financial Results



Table of Contents

A. Report of the Board of Directors on the State of Affairs of the Corporation

B. Description of the Company's Business

C. Consolidated Interim Financial Statements As At March 31,2026

D. Separate Financial Data as At March 31,2026

E. Report on the Effectiveness of the Internal Review of Financial Reporting and Disclosure



Chapter A

Report of the Board of Directors on the State of Affairs of the Corporation



All of the Company's financial reports are filed in Hebrew with the Israel Securities Authority and the Tel Aviv Stock Exchange. This English version is provided for convenience only and does not constitute an official or legally binding version. The translation may have been prepared with the assistance of artificial intelligence (AI) tools and may not be complete or fully accurate. The Hebrew version, as filed with the Israel Securities Authority and the Tel Aviv Stock Exchange, is the sole binding version, and in the event of any discrepancy, the Hebrew version shall prevail.

Paz Retail and Energy Ltd.

Board of Directors' Report on the Status of the Corporation's Affairs

For the period of three months ended March 31, 2026

Table of Contents

Part One – The Board's Explanations of the Corporation's Business Situation 2

1. The corporation and its business environment 2
2. Key events during and after the reporting period 5
3. Results of operations 7
.4 Statement of Financial Position 10
5. Funding Sources 11
6 Liquidity 11
7. Information about sensitivities fo sensitive instruments inaccordance with changes in market factors 12

Part Two - Aspects of Corporate Governance 13

.8 Authorized signatories in the company 13
9. Officers, Board of Directors and Management of The Company's 13

Part Three – Disclosure Provisions in Connection with the Corporation's Financial Reporting 14

10. Critical Accounting Estimates 14

Part IV – Buybacks 14

.11 Repurchase of debentursand shares by the company 14
12. Debentures 14

Board of Directors' Report on the state of the Corporation's affairs for the three-month period ended March 31, 2026

We hereby have the honour to submit the Board of Directors' Report of Paz Retail and Energy Ltd. (formerly Paz Oil Company Ltd.) (hereinafter: "Paz" or the "Company") and the Group companies on a consolidated basis (hereinafter: "Paz Group" or the "Group") for the three-month period ended March 31, 2026 (hereinafter: the "Report Period"), in accordance with the Securities Regulations (Periodic and Immediate Reports) tashal-1970.

PART ONE – The Board's Notes of the Corporation's Business Situation

1. The Corporation and its business environment

1.1. General

Paz is a leading group in Israel operating in the energy and food retail sectors. As of the reporting period, the Company is active in the field of Transportation Energy, inter alia, through 264 complexes, 112 of which also include electric charging services for the purpose of powering electric vehicles. The Company is engaged in direct marketing of fuels and petroleum products (gasoline, diesel, jet fuel, etc.) for industry, companies and factories, and airlines.

As of the reporting period, the Group operates 315 food retail branches at filling stations and neighborhood supermarkets under various brands.

The Company operates a cellular application (the "App" or the "Digital Loyalty Wallet") that enables payment for the purchase of fuel at the Company's filling stations and/or electric charging at the Company's premises and/or for purchasing products in the Yelloww convenience stores as well as in supermarkets operated by it and/or to join electricity consumption and gas services through Pazgas. The app provides benefits to Trade receivables and encourages consumption and loyalty to the Company, by accumulating money to be used in convenience stores, supermarkets operated by it, and in other chains and stores such as "Super Pharm" and Wolt.

In addition, the Company is active in the field of real estate, both in initiation and development and in renting space in its filling stations to various tenants – business owners, restaurants, cafes, stores and more.

In addition, the Company owns subsidiaries engaged in the fields of industry – oil production, chemicals and solvents (Paz Oils and Chemicals Ltd.), LPG marketing to business and private consumers (Paz Gas Ltd.) and aviation (Paz Aviation Services Ltd. and Paz Aviation Assets Ltd.).

The Group's range of activities helps it cope with the challenges and changes in the markets in which it operates.

The Company is a company without a controlling core. For details, see Section 1.1.3 of the 2025 Business Description Report of the Corporation.

For details about the organizational structure of the Paz Group, see section 1.1.4 of the chapter of the Corporation's business description report for 2025.

1.2. Segments of Activity of the Company

Transportation Energy – within the framework of this sector, the refueling complexes are managed, including the transportation, marketing and sale of fuels, as well as electric charging. Also included in this field is the direct marketing of fuels (trade) for commercial, industrial and institutional Trade receivables (mainly marketed to the customer's yard), the marketing of fuels to electronic refueling Trade receivables (Pazomat) and the marketing of fuels to the Palestinian Authority. This field also includes the subsidiaries Aviation Services and Aviation Assets, which are mainly engaged in jet fuel refueling and storage services, as well as the subsidiary Paz Oils, which manufactures and markets, among other things, transportation oils, solvents and recycled oils.

Food Retail – As part of this sector, the Company's convenience stores and neighborhood supermarkets are managed throughout the country. This sector includes the marketing and sale of various products, including food and convenience products, through the YellowW chain of stores, and through neighborhood supermarket chains that include several brands.

Real Estate – This sector works to maximize its real estate potential, including by changing the designation and improving the real estate owned and/or leased by the Company. This sector operates through two arms: one, real estate operations, which deals with the ongoing management of agreements involved in this activity and the rental of assets. The second is real estate development, which deals with the initiation of real estate projects and real estate improvement based on the real estate assets owned by the Company.

Gas and Renewable Energy – This segment mainly includes the subsidiary Pazgas, which is engaged in the marketing, distribution and sale of LPG for cooking, heating, and refueling vehicles adapted to LPG, for institutional, business and private Trade receivables; in the marketing, distribution and sale of LPG-consuming appliances (heating appliances, water heaters and dryers). In addition, Pazgas supplies electricity to private and commercial Trade receivables. Furthermore, this segment includes activity in a renewable energy project abroad.

1.3. Business Environment and Effects on the Company

1.3.1. Macroeconomic Factors

The security and regulatory situation in Israel affects the consumption habits of the Israeli public and the scope of tourism in the country. During periods of security deterioration, there is a decrease in fuel consumption, thus affecting the volume of sales in the energy sector for transportation, and as a result, the profitability of the sector. On February 28, 2026, Operation Lion's Roar began. For more details in respect

of the impact of Operation Lion's Roar as aforesaid, see Note 6.4 to the financial statements attached as Chapter C to this Quarterly Report.

The Company's activity is influenced by many various local macroeconomic factors, including the price of oil, the inflation rate, the growth rate of the economy, the trend of growth in various types of transportation vehicles, demographic growth, the growth of the convenience store and supermarket market, private consumption per capita, the increase in the minimum wage, the security situation, the change in the number of flights, and more.

In recent years, there has been a trend toward alternative propulsion – electric vehicles and hybrid vehicles. These trends have an impact on the demand for gasoline.

Regulatory developments in the Company's fields of activity have a direct impact on its operations. In Israel, there is supervision of the marketing margin in the sale of 95-octane gasoline at filling stations, supervision of the prices of stationary LPG tanks, supervision of the prices of refueling services for aircraft, and more. The policy of the Israeli government is to adjust the marketing margins in the sale of 95-octane gasoline periodically. In addition, competition between companies may have an impact on the volume of sales and the sale prices. The Company regularly analyzes the macroeconomic environment in which it operates, especially in matters that have a direct impact on its business activity.

For the effects of inflation and the change in the interest rate during the reporting period , see section 2.2 below.

1.3.2. **Geopolitical Situation and Oil Prices**

The geopolitical and security situation in the world has a direct and substantial impact on the economic situation, global oil prices and oil distillate prices, and therefore also on the Company's operations.

Changes in the price of a barrel of oil and the prices of distillates are characterized by high volatility.
The increase in the price of petroleum products mainly affects the working capital needs of the fuels, oils, and LPG activities, and increases their cost and the cost of financing, as well as leads to an increase in inventories profits. The decline in the price of petroleum products has the opposite effects.
In the first quarter, the Company did not incur any profits or losses from fuel inventories, in relation to the impact of the increase in distillate prices following Operation Roar. See Note 6.4 to the financial statements attached as Chapter C to this quarterly report.

1.4. **Financial Management**

As at the date of the report, the Company does not hedge the risk arising from fluctuations in distillate prices, and conducts its financial affairs with a broad perspective, in accordance with market conditions, inter alia, in order to create certain hedges against other market exposures.

2. **Key events during and after the reporting period**

2.1. For details on changes in the Company's officers and board of directors, see section 9.3 below.

2.2. The Company is affected by both inflation levels and the interest rate in the economy. The main impacts are as follows:
The effect of inflation is mainly reflected in the increase in Finance expenses on the Company's CPI-indexed Debentures as well as on gas deposits. The Company's net reserves linked to the Consumer Price Index, mainly for the aforementioned items, amount to about NIS 1.3 billion as at the cut-off date. The effect of a 1% increase in the inflation rate entails Finance expenses of about NIS 13 million. During the reporting period, the index declined by about 0.1 percent.
Additional effects of inflation on the Company's financial results, such as the indexation of rental expenses, the effect on the marketing margin, and the effect on prices in food retail, are the majority of them offset against each other.

The effect of the interest rate is mainly on the Company's bank loans, debentures, commercial securities, bank deposits, and the Company's variable-interest funds. The Company's net balances that bear variable interest, mainly in the aforementioned items, amount to net assets of approximately NIS 0.2 billion as at the cut-off date.

2.3. On March 11, 2026, the Company's Board of Directors decided to distribute a permissible cash dividend, in a total amount of NIS 200 million.

2.4. Further to what was stated in Note 31.6.1 to its financial statements for the year 2025, on April 30, 2026, the Company announced that as part of the transaction for the sale of its full rights in the property in Ashdod, as aforesaid, all the conditions for its entry into force have been fulfilled and it is expected to be completed within a few months. The expected impact of the completion of the transaction on the profit (after tax) in the Company's consolidated financial statements is not material.

2.5. On May 19, 2026, the Company's board of directors decided on a permitted distribution of a cash dividend, in a total amount of NIS 130 million.

3. Results of Operations

3.1. Summary of Results

The results of the activity are presented without the effect of fuel inventories losses (NIS million):

	First Quarter 2026	First Quarter 2025	Difference
Net Sales	2,684	2,785	(101)
Cost of sales	1,995	2,159	(164)
Gross Profit	**689**	**626**	**63**
Selling and marketing expenses	398	382	16
General and administrative expenses	62	61	1
Other income, net	(7)	(34)	27
Operating income excluding the impact of fuel inventories losses	**236**	**217**	**19**
Finance expenses, net	25	30	(5)
The Company's Share in the Profits of Investees	2	1	1
Profit Before Income Tax	**213**	**188**	**25**
Income tax expense	50	32	18
Net profit	**163**	**156**	**7**
The Impact of After-Tax Fuel Inventories Losses	-	-	-
Net profit including inventories profits (losses)	**163**	**156**	**7**

Notes of results versus the corresponding period

Sales: A decline in fuel prices in the Transportation Energy sector, while an increase in revenue in the food retail sector.

Expenses – an increase in business activity and the opening of new branches, mainly in the food retail sector.

Other income, net – Capital gains of NIS 32 million last year.

Financing expenses, net – The main decrease is due to the effect of the index on the Company's indexed debentures, as well as a reduction in the average debt.

3.2. **Sales by Operating Segments (NIS million):**

	First Quarter 2026	First Quarter 2025	Difference
Transportation Energy	1,612	1,769	(157)
Food Retail	789	744	45
Real Estate	52	52	-
Gas and Renewable Energy	392	381	11
Consolidation adjustments	(161)	(161)	-
Total consolidated sales	**2,684**	**2,785**	**(101)**

Notes for sales compared to the same period last year

Transportation energy – mainly the effects of the average fuel prices between the periods.

Food retail – an increase in activity, mainly due to the positive impact of the war and the timing of the Passover holiday.

Gas and Renewable Energy – an increase in the average price of LPG.

The revenue in the food retail sector, including franchisees, amounted to NIS 809 million in the first quarter of the year, compared to NIS 768 million last year, an increase of about 5%.

The revenue in the first quarter of the year in identical stores in the food retail sector, including franchisees, increased by about 5%. 5

Monthly sales per square meter in the food retail sector amounted to approximately NIS 4,600 in the first quarter of the year, compared to NIS 4,500 in the corresponding quarter last year.

In relation to convenience stores, revenue and revenue per square meter include franchisees whose sales revenue is partially attributed to the Company in the financial statements in accordance with the franchise model.

3.3. **Gross Profit by Operating Segments (NIS million)**

	First Quarter 2026	First Quarter 2025	Difference
Transportation Energy	294	260	34
Food Retail	271	258	13
Real Estate	52	52	-
Gas and Renewable Energy	109	92	17
Inter-segment eliminations	(37)	(36)	(1)
Total Reported Gross Profit	**689**	**626**	**63**

The gross profit rate (out of the Company's revenue) during the reporting period amounted to about 26%, compared to about 22% last year.

The gross profit rate in the Retail Segment – Food, which includes convenience stores and supermarkets (in supermarkets – without the effect of app redemptions, in convenience stores – including franchisees, and is based on sales prices minus purchase prices) amounted to about 37.7% in the first quarter of the year, compared to about 37.9% in the corresponding quarter last year.

3.4. **Operating income by operating segments (NIS million):**

	First Quarter 2026	First Quarter 2025	Difference
Transportation Energy	71	41	30
Food Retail	62	58	4
Real Estate	41	75	(34)
Gas and Renewable Energy	62	43	19
Total Operating income	**236**	**217**	**19**

Notes for the operating income compared to the same period last year

Transportation Energy – The gap is mainly due to the effects of the war, which led to an increase in direct marketing and aviation transactions, and on the other hand, a decline in fuel sales at the stations.

Food retail – increase in activity, mainly due to the positive impact of the war and the timing of the Passover holiday; however, the war had a negative impact on convenience stores on the roads.

Real Estate – last year capital gains in the amount of NIS 33 million.

Gas and Renewable Energy – mainly the effects of the war, which were expressed, among other things, in an improvement in the gas margin and, on the other hand, a decrease in volumes.

3.5. **EBITDA by Operating Segments (NIS million):**

	First Quarter 2026	First Quarter 2025	Difference
Transportation Energy	128	97	31
Food Retail	114	108	6
Real Estate	50	83	(33)
Gas and Renewable Energy	78	59	19
Total	**370**	**347**	**23**

3.6. **EBITDA excluding the effect of IFRS 16 by operating segment (NIS million):**

	First Quarter 2026	First Quarter 2025	Difference
Transportation Energy	86	58	28
Food Retail	77	72	5
Real Estate	46	80	(34)
Gas and Renewable Energy	76	56	20
Total	**285**	**266**	**19**

EBITDA stands for Operating income (loss) net of inventories profits (losses), before impairment of assets, excluding depreciation, amortization and revaluations, and excluding expenses for share-based payment, and includes the Company's share of EBITDA of an overseas renewable energy project.

The totalNOI for income-producing real estate (from third parties) in the first quarter of the year amounted to approximately NIS 14 million, similar to the corresponding quarter last year. The totalNOI for self-use Assets for the first quarter of the year amounted to approximately NIS 38 million, similar to the corresponding quarter last year.

4. **Statement of Financial Position**

4.1. The following table presents a summary of the consolidated balance sheet data as at March 31, 2026 compared to December 31, 2025:

NIS million	31.03.2026	% Statement of Financial Position	31.12.2025	% Statement of Financial Position	Difference
Current Assets	2,832	27%	2,778	27%	54
Non-current assets	7,623	73%	7,581	73%	42
Total Assets	10,455	100%	10,359	100%	96
Current liabilities	3,376	32%	3,286	32%	90
Non-current liabilities	3,704	36%	3,681	35%	23
Equity	3,375	32%	3,392	33%	(17)
Total liabilities and equity	10,455	100%	10,359	100%	96

4.2. **Working capital**

Operating working capital (trade receivables, receivables and inventories, net of trade payables and eligibles) as at March 31, 2026, amounted to NIS 36 million, compared to negative working capital of NIS 65 million as at December 31, 2025. An increase of about NIS 101 million, mainly due to the effects of the war.

Accounting working capital (current assets net of current liabilities) as at March 31, 2026 amounted to a working capital deficit of NIS 544 million, compared to a working capital deficit of NIS 508 million as at December 31, 2025.2025

Disclosure in accordance with Section 10(b)(14) of the Securities Regulations (Periodic and Immediate Reports), 1970

On May 19, 2026, the Company's Board of Directors determined that the existence of a working capital deficit does not indicate a liquidity problem in the Company, inter alia, for the reasons listed below:

The Company consistently generates positive cash flow from current operations, and in the first quarter of 2026, the cash flow from current operations amounted to approximately NIS 147 million.

The Company has credit facilities from banks in the amount of approximately NIS 300 million as at December 31, 2027.

The working capital deficit is affected by IFRS 16 as a result of the classification of current liabilities in respect of lease liabilities in the amount of approximately NIS 292 million. Excluding the effect of the standard, the Company had negative working capital as at March 31, 2026, in the amount of approximately NIS 252 million.

In light of all of the above, and taking into account the Company's availability of credit sources (both by way of expanding existing debenture series and by way of the possibility of raising long-term bank loans), the Company's cash balance of approximately NIS 618 million as at March 31, 2026, and the forecast of the Company's expected cash flow for a period of two years starting from the beginning of the reporting period, the Company's Board of Directors determined, as stated above, that

the existence of a deficit in working capital does not indicate a liquidity problem in the Company.

5. **Funding Sources**

5.1. The average volume of loans and debentures (net, net of deposits and money funds) amounted to NIS 2.6 billion during the reporting period, compared to NIS 2.7 billion in the corresponding period last year.
As at March 31, 2026, the volume of short-term credit (mainly commercial paper and current maturities of debentures) amounted to approximately NIS 892 million.
Excluding cash and cash equivalents (in the amount of approximately NIS 618 million), the balance of the net financial debt in the Company's balance sheet as at the reporting date is approximately NIS 2,418 million.

5.2. As of March 31, 2026, and on the date of publication of the report, the Company has committed credit facilities from banks in the amount of NIS 300 million until December 31, 2027.

5.3. The average volume of trade receivables during the reporting period was about NIS 1.7 billion. The average volume of trade payables during the reporting period was about NIS 1.3 billion.

5.4. The Company has a dividend distribution policy, according to which the Company will distribute a dividend to its shareholders each quarter, at a rate of 70% of the Company's quarterly Net profit that is distributable, according to the Company's consolidated financial statements for the previous quarter. However, to the extent that the Company has distributable Net profit deriving from the realization of real assets in that quarter, the Company will distribute 100% of these profits. Each dividend distribution will be subject to a separate decision of the Board of Directors. A decision in respect of the distribution of the dividend will be made only if the payment of the dividend does not adversely affect the Company's ongoing business operations, its investment plans, its strategy, the Company's liquidity, the Company's debenture rating, its financial liabilities and financial covenants, the Company's financial policy, and the Company's needs. The distribution of the dividend will be subject to the provisions of the Companies Law, 5759-1999 (the "Companies Law"), including the fulfillment of distribution tests. The said decision does not detract from the authority of the Board of Directors to review the policy from time to time and decide at any time, taking into account business considerations and the provisions of the law, to change the policy or to change the rate of the dividend to be distributed for a certain period or to decide not to distribute a dividend at all.

6. **Liquidity**

6.1. The current ratio as at March 31, 2026 is about 0.8, similar to the current ratio as at December 31, 2025.

6.2. On March 30, 2026, S&P Global Ratings Maalot Ltd. ("S&P Maalot") upgraded the Company's long-term rating to 'ilAA-' due to improved operating performance with a stable outlook and raised its short-term rating to 'ilA-1+'.

6.3. Analysis of the change in cash flows.

The group's free cash flow data will be presented below (excluding the effects of discontinued operation in comparative figures):

NIS million	First Quarter 2025	First Quarter 2025	Difference
Cash flows from operating activities	147	306	(159)
Neutralizing changes in operating working capital	171	(8)	179
Neutralizing the impact of IFRS 16	(85)	(81)	(4)
Cash flow from operating activities after adjustments	**233**	**217**	**16**
Acquisition of property, plant and equipment and other assets	(56)	(52)	(4)
Free cash flow (FCF) (1)	**177**	**165**	**12**
Cash flows from investing activities	(66)	20	(86)
Cash flow from financing activities	(208)	(158)	(50)

(1) Free cash flow (FCF) is an economic indicator that is not based on accepted accounting principles, and represents cash flow from operating activities, neutralizing changes in operating working capital, less cash flow from the acquisition of property, plant and equipment and other assets, and less the impact of IFRS 16.

7. Information in respect of sensitivities of sensitive instruments in accordance with changes in market factors

For detailed information in respect of sensitivities to sensitive instruments in accordance with changes in market factors – see Appendix A to the 2025 Board of Directors Report.

Part Two - Aspects of Corporate Governance

8. **Authorized signatories in the Company**

As at the date of this report, the Company does not have an independent authorized signatory, as defined in the Securities Law.

9. **Officers, Board of Directors and Management of the Company**

9.1. **Directors with accounting and financial expertise:**

As at the date of the report, the majority of the members of the Board of Directors are directors with accounting and financial expertise in accordance with the provisions of Section 92(a)(12) of the Companies Law and the Companies Regulations (Terms and Tests for a Director with Accounting and Financial Expertise and a Director with Professional Qualifications), TASHSAV-2005, based on their education and experience. For more details in respect of the experience of these directors, see Section 15 (Regulation 26) in Chapter D of the Periodic Report (additional details about the Corporation) as well as immediate reports from March 29, 2026 and May 4, 2026 (References No. 2026-01-028982 and 2026-01-041183, respectively), which are incorporated here by reference.

9.2. **Independent Directors:**

For details in respect of independent directors of the Company, see Section 15 (Regulation 26) of Chapter D of the 2025 Periodic Report (additional details about the Corporation) and the Corporate Governance Questionnaire.

9.3. **Changes in the Company's board of directors and officers:**

On March 29, 2026, the Company published a report convening a special general meeting of the shareholders, the agenda of which was to approve the appointment of Mr. Sami (Shmuel) Babakov as an ordinary director of the Company from the date of approval at the meeting until the date of the Company's annual general meeting for 2026, and to amend the provision of Section 19.4.1 of the Company's Articles of Association by way of a one-time temporary order, so that one director could be appointed at a special general meeting in 2026. On May 4, 2026, the shareholders' meeting approved the appointment of Mr. Sami (Shmuel) Babakov as an ordinary director of the Company. For further details, see Immediate Reports dated March 29, 2026 and May 4, 2026 (References 2026-01-028982 and 2026-01-041183, respectively), which are incorporated herein by reference.

On March 1, 2026, Mr. Idan Gavish began serving as the Company's Chief Operating Officer.

Part Three – Disclosure Provisions in Respect of the Corporation's Financial Reporting

10. **Critical Accounting Estimates**

10.1. For details in respect of critical accounting estimates, see Note 2.5 to the financial statements as at December 31, 2025.

Part Four – Buybacks and Commitment Certificates

11. **Repurchase of debentures and shares by the Company**

As at the date of the report, the Company has no plans to repurchase debentures and/or shares.

12. **Debentures**

For details in respect of the Corporation's certificates of commitment – see Appendix A to the Board of Directors' Report.

The Company's Board of Directors thanks the staff and management of the Group companies for their contribution to the results during the reporting period and for the efforts they invested in advancing the Company.

Harel Locker	**Nir Sztern-CEO**
Chairman of the Board of Directors	

Date: May 19, 2026

Appendix A – Details in respect of the Corporation's Debentures As at March 31, 2026:6

Series	Issue Date	Rating Company Name	Rating Updated	Total nominal value at the date of the offering in millions of NIS	Type of Interest	Nominal interest rate	Effective interest rate as at the reporting date	Listing on the Stock Exchange (Yes/No)	Dates of Interest Payment	Principal Payment Dates	Linkage basis	Nominal A.N. As at March 31, 2026 in NIS million	Revalued nominal value according to linkage terms as at March 31, 2026 in NIS million	Carrying amount of debenture balances as at March 31, 2026 in NIS million NIS *	The amount of interest accrued to be paid as at March 31, 2026 in NIS million	Market value as at March 31, 2026 NIS million
Series F	12/2016	Maala	AA-	723	Semi-annual fixed interest rate linked to the index	1.94%	1.92%	Yes	Twice a year on: May 31 and November 30, 2017-2028	Once a year, on November 30, from 2017 to 2028.	Consumer Price Index October 2016	181	215	216	1	216
Series G	In December 2017 and expansion in July 2018, April 2019, and February 2020.	Maalaot	AA-	1,742	Semi-annual fixed interest rate linked to the index	1.23%	2.45%	Yes	Twice a year, on May 31 and November 30, between 2018-2030	Once a year on November 30, between 2020 and 2030	Consumer Price Index October 2017	801	950	954	4	924
Series Q	2/2020 and expansion in December 2021	Maalaot	AA-	1,465	Fixed Semi-Annual Interest	2.43%	4.56%	Yes	Twice a year, on May 31 and November 30, between 2020 and 2031	Once a year on November 30, from 2025 to 2031	None	1,255	1,255	1,265	10	1,190
Series I	4/2024	Maala	AA-	200	Fixed Semi-Annual Interest	5.86%	4.56%	Yes	Twice a year on May 31 and November 30, between 2024 and 2035	Once a year on May 31, 2031-2035	None	200	200	203	3	219

* Excludes issuance expenses and net premiums in the amount of approximately NIS 10 million.

(1) The trustee of the Debentures, (Series F), (Series G), (Series H) and (Series I) is Strauss Lazar Trust Company (1992) Ltd.: 94 Yigal Alon Street, Tel Aviv, Tel: 03-6237777, Fax: 03-5613824. The contact person is Uri Lazar.

All of the Company's debenture series in circulation, as detailed in the table above, are material.

As at the date of the report and during the reporting period, the Company has complied with all the conditions and obligations by virtue of the Trust Deeds and the financial standards set out in the Debenture Trust Deeds, and no conditions have been met that provide grounds for providing the Debentures for immediate repayment. The Company's Net Financial Debt to CAP (Consolidated) Ratio, as defined in the Debenture Trust Deeds, (CAP – Equity plus Net Financial Debt) as at March 31, 2026 is 42% (as opposed to a required ratio not exceeding 75%-77%). For the latest rating report, please see the Company's immediate report dated March 30, 2026 (reference no. 2026-15-029435), which is included here by reference. The following is the history of the ratings for the Debentures listed above from the date of their issuance: April 2014: ilA+ Stable; April 2015: ilAA- Stable; April 2016: ilAA- Stable; November 2016: ilAA- Stable; April 2017: ilAA- Stable; March 2018:

ilAA- Stable; June 2018: ilAA- Stable; March 2019: ilAA- Stable; February 2020: ilAA- Stable; March 2021: ilAA- Negative; November 2021: ilA+ Stable; November 29, 2021: ilA+ Stable; March 16, 2022: ilA+ Stable; March 29, 2023: ilA+ Stable; March 31, 2024: ilAA- Stable; March 31, 2025: ilAA- Stable; and March 31, 2026: ilAA- Stable.2

Chapter B

Director's Report on the State of the Company's Affairs



All of the Company's financial reports are filed in Hebrew with the Israel Securities Authority and the Tel Aviv Stock Exchange. This English version is provided for convenience only and does not constitute an official or legally binding version. The translation may have been prepared with the assistance of artificial intelligence (AI) tools and may not be complete or fully accurate. The Hebrew version, as filed with the Israel Securities Authority and the Tel Aviv Stock Exchange, is the sole binding version, and in the event of any discrepancy, the Hebrew version shall prevail.

Updating the Corporation's Business Description in Relation to the Periodic Report for 2025

In accordance with Regulation 39A of the Securities Regulations (Immediate and Periodic Reports), 5730-1970 (hereinafter: the "Reporting Regulations"), the following is a breakdown of the material changes or innovations that occurred in the Company's business during the first three months of 2026 (hereinafter: the "Report Period") and up to the date of publication of this report. The following updates are in contrast to the Corporation's business description chapter in the Company's Periodic Report for 2025, which was published on March 11, 2026 (Reference No. 2026-01-021639) (hereinafter: the "Periodic Report"). The following terms shall have the meaning ascribed to them in the Periodic Report, unless expressly stated otherwise. Sometimes, for the sake of completeness, the Company may also update in respect of changes or innovations that are not material in themselves, but which in its opinion may help to understand the Company's business.

Part One: A Description of the General Development of the Corporation's Business

Section 1.1.5 Paz Group Companies Chart

On November 19, 2025, the Company's Board of Directors approved additional mergers (which are not material to the Company) with each of the following target companies: Netanya Filling Station and Pin Netanya Ltd., Z.K. Filling Station Ltd. and Nativ Paz Agents Ltd., which are subsidiaries owned and fully controlled by the Company, in the framework of which the aforementioned Target Companies will legally merge with and into the Company. The conditions for the completion of such mergers have been completed, and on April 12, 2026, the mergers were registered with the Registrar of Companies. For more details, see Immediate Reports of November 19, 2025 and July 12, 2026 (References Nos. 2025-01-089133 and 2026-01-033245, respectively), which are incorporated here by reference.

Section 1.3 Investments in the Corporation's Capital and Transactions in its Shares

Section 1.3.1 Material Transactions in the Company's Shares by Interested Parties

In accordance with the information received by the Company from Summit Real Estate Holdings Ltd. and its subsidiaries (Hail Assets (1991) Ltd. and Summit Poly Ltd.) (hereinafter: "**Summit**"), on July 24, 2025, the Company reported the sale of 1,175,220 shares of the Company by Summit in 14 off-exchange transactions. In addition, according to Summit's announcement, Summit has granted an option to purchase approximately 529,000 ordinary shares of the Company that remain in its ownership after the aforementioned sale. In the period from November 4, 2025 until January 29, 2026, it sold all of its holdings in the Company.

On February 10, 2026, the Company reported that the Altshuler-Shaham Group had become an interested party in the Company. For more details, see Immediate Reports dated February 10, 2026 (References Nos. 2026-01-013924, 2026-01-013929, 2026-01-013930), which are included here by reference.

Section 1.4 Distribution of Dividends

Section 1.4.1 Dividend Distribution Policy

On March 11, 2026, the Company's Board of Directors decided to distribute a permissible cash dividend, in a total amount of NIS 200 million. For more details, see Immediate Reports for March 11, 2026 and March 23, 2026 (References Nos. 2026-01-021658 and 2026-01-025829, respectively), which are included here by reference.

On May 19, 2026, the Company's Board of Directors resolved to distribute a permitted cash dividend in a total amount of NIS 130 million.

PART TWO: Other Information

Section 2.2 General Environment and the Influence of External Factors on the Corporation's Operations

Section 2.2.2 The Security and Political Situation

On February 28, 2026, Operation Lion's Roar began its attack on Iran, and a special situation was declared on the home front for the entire country. For more details in respect of the impact of the Iron Sword War, Operation Am Kalvi as mentioned, and Operation Lion's Roar, see Note 6.4 to the financial statement as at March 31, 2026.

Part Three: Energy for Transportation

Section 3.18.8 Restrictions on Operating a Filling Station - Business Licensing

In March 2026, a permanent business license was received for the operation of aviation assets at Ben Gurion Airport for a period ending on December 31, 2036. Due to the lack of planning regulation at Haifa and Megiddo airports, there are temporary business licenses for the operation of aviation services at these airports. In March 2026, a temporary business license was received, valid until June 16, 2026, for facilities at Megiddo Airport, and in December 2025, a temporary business license was received, valid until June 30, 2026, for a facility at Haifa Airport. A business license has not yet been granted in Herzliya.

PART FOUR: Food Retail

There are no material updates in respect of this section as presented in the chapter on the description of the Corporation's business in the periodic report.

PART FIVE: Real Estate Activity

Section 5.7.1 Real Estate Development

1. On October 31, 2024, the Company entered into transactions with Nadav B. Logistics Ltd. (hereinafter: "**Nadav Ltd**.") and Egged Assets Ltd. (hereinafter: "**Egged**") (collectively: "**Logistics**") for the sale of Paz's entire rights in three different assets to Logistics. On February 10, 2025, two transactions were completed at the Re'em Junction and Be'er Sheva, and the consideration for them was received. In its financial statements during the Reporting Period, the Company recorded a Net profit of approximately NIS 41 million in respect of the transaction. During April 2025, Logistics announced that one of the two conditions precedent to the sale agreement for the asset in Ashdod had not been met. Accordingly, Egged informed the Company that it was not interested in waiving the fulfillment of the aforementioned condition precedent, while Nadav Ltd. announced that it wished to waive its fulfillment. Therefore, the sale agreement between the Company and Egged in respect of the asset in Ashdod was canceled and another sale agreement was signed between the Company and Nadav Ltd., according to which Nadav Ltd. will purchase the remaining half of Paz's rights in the asset in Ashdod (the same half that Egged canceled its purchase), so that in effect Nadav Ltd. will acquire Paz's full rights in the asset in Ashdod.
   On April 30, 2026, the Company announced that, as part of the transaction for the sale of its full rights in the property in Ashdod as stated, all the conditions for its entry into force had been met and it is expected to be completed within a few months. As detailed in the Company's reports, the expected impact of the completion of the transaction on profit (after tax) in the Company's consolidated financial statements is not material.

The aforementioned information in respect of the date of completion of the transaction and its impact on the financial statements is Forward-looking Information, as defined in the Securities Law, tashkax-1968, and is based, inter alia, on the Company's estimates and experience, as well as on the information available to it at the time of publication of this report, including in respect of the potential tax liabilities, and therefore there may be a change in the aforesaid.

2. Following the Company's report dated September 10, 2025, in respect of the beginning of the process of selling private land it owns in an area of 104 dunams in the Haifa Bay area, Paz Shemanim continues to work to promote the reduction of the area of its factory to about 40 dunams. At the beginning of May 2026, the process of shutting down the issuance facility located on the land began, and the Company found an alternative solution for issuing in the northern region. In addition, as part of the aforementioned sale process, the Company opened an information room to which access was given to a number of bidders, who submitted non-binding bids to the Company, while the Company and some of the bidders are in talks with the aim of making progress towards formulating the main terms of the transaction.
   At this stage, there is no certainty in respect of the outcome of the proceeding and the possibility of reaching a binding agreement, including the identity of the purchaser, the amount of consideration that the Company will receive, the manner in which the transaction will be executed and other main conditions. In light of the stage at which the proceeding is as stated above, the Company is not able, at this stage, to assess the potential impact of a possible sale of the land or part thereof, if and to the extent that it is carried out, on the Company's financial results.

   The aforementioned information includes Forward-looking Information, as defined in the Securities Law, the realization of which is uncertain, including the crystallization of such contacts for a binding transaction in respect of the sale of the Company's rights in the land, in whole or in part, the completion of the sale of such land, which depends, inter alia, on factors beyond the Company's control, including the state of the real estate market in Israel, demand for land in the area, approvals from regulatory authorities, as well as the realization of any of the risk factors specified in Section 8.11 of the Periodic Report. Therefore, there is no certainty that the above will be realized, and even if it is realized, there is no certainty that there will be no material change in the aforesaid.

Part Six: Gas and Renewables Activity

Section 6.4 – Marketing and Distribution of LPG

As part of the implementation of Pazgas Ltd.'s strategy to strengthen the LPG sector and improve operations, inter alia, through mergers and acquisitions of agencies, while implementing a unified operating model and strengthening the relationship with Trade receivables, on March 18, 2026, Pazgas Ltd. signed another deal for the acquisition of an independent agency. The completion of the transaction is subject to the fulfillment of the suspension conditions set out in the agreement, including the approval of the Competition Commissioner, which was received on April 14, 2026. As at the date of publication of the report, the parties are preparing to complete the transaction.

PART EIGHT: Additional Information at the Corporate Level

In this section, updates will be detailed below, compared to the description of the Corporation's business in the periodic report.

Section 8.1 – Human Equity

Clause 8.1.5.1 - Further to what is stated in clause 8.1.5.1 of the Company's periodic report for 2025, Pazgas Ltd. is negotiating with its Workers' Committee and the Histadrut in respect of a new collective agreement, which is intended to replace the existing agreement, which is expected to expire in June 2026.

At this stage, the Company is unable to assess the extent of the impact, if and to the extent that it may have, of the Histadrut's announcement and its realization and/or the negotiations in respect of Pazgas and/or the Company.

Section 8.2 - Working Capital

On May 19, 2026, the Company's Board of Directors determined that the existence of a working capital deficit does not indicate a liquidity problem in the Company. For the Board's reasoning, see Section 4.2 of the Board's report as at March 31, 2026.

Section 8.4.3 – Shelf Prospectus

On March 26, 2026, the Company published a shelf prospectus. For more details, see the Company's report dated March 26, 2026 (Reference No. 2026-01-028025), which is incorporated herein by reference.

Section 8.4.8 – the Corporation's Credit Rating

On March 30, 2026, S&P Global Ratings Maalot Ltd. ("S&P Maalot") raised the Company's long-term rating to 'ilAA' due to improved operating performance; the outlook is stable. It also raised the short-term rating to 'ilA-1+'. For more details, see Immediate Report dated March 30, 2026 (Ref. No. 2026-15-029435), which is included here by reference.

Section 8.8 - Legal Proceedings

The following are updates in respect of the legal proceedings compared to the disclosure provided in the 2025 periodic report:

Further to the Company's report dated June 11, 2015 (Reference No. 2015-01-045777), which is included here by reference, and further to what is stated in Section 8.8 of the Periodic Report in respect of a claim and a request to recognize a class action against 11 defendants, including the Company and a wholly owned subsidiary, for claims that allegedly relate to air pollution in Haifa Bay and the damage caused by it to the population of Haifa Bay (hereinafter in this paragraph: "**the Motion for Certification as a Class Action**"), with a financial scope of approximately NIS 14.4 billion, on January 14, 2026, the Company reported that on January 13, 2026, the Tel Aviv District Court rejected the motion for certification as a class action and awarded costs in the total amount of NIS 1 million in favor of the defendants. In March 2026, the applicants filed an appeal with the Supreme Court; in the opinion of the Company's Management, based on its legal advisors, it is more likely than not that the appeal will be rejected.

In January 2026, a lawsuit was filed on behalf of the heirs of a disabled IDF veteran (who passed away), against MDA, the Israel Land Authority (ILA), and the Company (which was added as a formal defendant), in which the court was requested to require the Israel Land Authority to sign a new lease agreement with the heirs of the disabled person, as well as additional remedies. In May 2026, the Israel Land Authority filed a Data on defense with a counterclaim against the heirs of the disabled person, the filling station, and the Company, claiming that the lease right is personal and therefore, upon the death of the original rights owner, the right as well as the Company's sublease right expired. In the framework of the counterclaim, an order was requested to evict the station's land, as well as to charge the defendants, jointly and severally, proper use fees in the amount of approximately NIS 148 million. In the assessment of the Company's Management, based on its legal advisors, and with the caution required at such an early stage of the proceeding, the Company has good defense arguments in respect of the lawsuit, and the chances of it being accepted against Paz in the format that was filed are less than 50%. The chances of acceptance of a motion for summary disposal that the Company intends to file are reasonable.

In May 2026, the court approved a motion to withdraw from a motion to certify a class action described in section 13 of the table of claims in section 8.8 of the 2025 periodic report, without an order for costs.

Miscellaneous – Additional Issues Reported in accordance with the Reporting Regulations

Section 11, Chapter D of the Periodic Report – Holdings of Interested Parties

For details in respect of the holdings of interested parties and senior officers in the Company's shares and other securities, see the Immediate Report dated April 20, 2026 (Ref. No. 2026-01-036821), which is included here by reference.

Section 12, Chapter D of the Periodic Report – Registered Equity, Issued Equity and Convertible Securities

On March 11, 2026, the allocation of 6,204 share options (not listed) was approved for Mr. Idan Gavish, the Company's Chief Operating Officer.
For details in respect of updates to the Company's capital and convertible securities, see the Immediate Report dated April 5, 2026 (Reference No. 2026-01-031836), which is incorporated herein by reference.

Section 15, Chapter D of the Periodic Report – The Directors of the Corporation

On March 19, 2026, the Company reported that Mr. Zohar Levy, a director of the Company, had given notice to the Company that he would end his term at the Company, on the date on which the appointment of another director in his place takes effect. The Company acted to convene a special general meeting, the agenda of which includes the appointment of a new director for the Company, as detailed in the update to Section 20.5 below.
On May 4, 2026, Mr. Shmuel (Sami) Babkov was appointed as a director of the Company and Mr. Zohar Levy ceased to serve as a director of the Company.

Section 20.5, Chapter D of the Periodic Report - Special General Meeting

On March 29, 2026, the Company published a report convening a special general meeting of the shareholders, the agenda of which was to approve the appointment of Mr. Sami (Shmuel) Babakov as an ordinary director of the Company from the date of approval at the meeting until the date of the Company's annual general meeting for 2026, as well as to amend the provision of Section 19.4.1 of the Company's Articles of Association by way of a one-time temporary order, so that one director may be appointed at a special general meeting in 2026. On May 4, 2026, the shareholders' meeting approved the appointment of Mr. Sami (Shmuel) Babakov as an ordinary director of the Company. For further details, see Immediate Reports dated March 29, 2026 and May 4, 2026 (References 2026-01-028982 and 2026-01-041183, respectively), which are incorporated herein by reference.

Senior Officers (Regulation 26I of the Reporting Regulations)

On March 1, 2026, Mr. Idan Gavish began serving as the Company's Chief Operating Officer.

Chapter C

Condensed Consolidated Financial Statement



All of the Company's financial reports are filed in Hebrew with the Israel Securities Authority and the Tel Aviv Stock Exchange. This English version is provided for convenience only and does not constitute an official or legally binding version. The translation may have been prepared with the assistance of artificial intelligence (AI) tools and may not be complete or fully accurate. The Hebrew version, as filed with the Israel Securities Authority and the Tel Aviv Stock Exchange, is the sole binding version, and in the event of any discrepancy, the Hebrew version shall prevail.

Paz Retail and Energy Ltd. and its consolidated companies

Summary of Consolidated Interim Financial Statements
As at March 31, 2026

(Unaudited)

Table of Contents

	Page
Review Report of the Independent Auditors to the Shareholders	2
Summary of Interim Consolidated Statements of Financial Position	3
Summary of Consolidated Interim Statements of Profit or Loss	5
Summary of Statements of Profit or Loss and Other Comprehensive Income (Consolidated Interim)	6
Summary of Statements of Changes in Consolidated Interim Equity	7
Summary of Consolidated Interim Statements of Cash Flows	9
Notes to the Summary of the Consolidated Interim Financial Statements	11

KPMG Somekh Chaikin
KPMG Millennium Tower
17 Ha'Arbaa Street, P.O. Box 609
Tel Aviv 6100601

03 684 8000

Review Report of the Independent Auditors to the Shareholders of Paz Retail and Energy Ltd.

Introduction

We reviewed the accompanying financial information of Paz Retail and Energy Ltd. and Consolidated Companies (hereinafter – the Company), which includes the consolidated condensed statement of financial position as at March 31, 2026 and the consolidated condensed statements of profit and loss, total profit, changes in Equity and cash flows for the three-month period ended on that date. The Board of Directors and the management are responsible for the preparation and presentation of financial information for this interim period according to International Accounting Standard IAS 34 "Financial Reporting for Interim Periods", and they are also responsible for the preparation of financial information for this interim period according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. It is our responsibility to make a conclusion about financial information for this interim period based on our review.

Scope of the review

We conducted our review according to Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Financial Information for Interim Periods Conducted by the Auditing Accountant of the Entity." The review of financial information for interim periods consists of inquiries, mainly with persons responsible for financial and accounting matters, and the implementation of analytical and other review procedures. A review is much more limited in scope than an audit conducted according to accepted auditing standards in Israel, and therefore does not allow us to achieve confidence that we will become aware of all the significant matters that could have been 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 aforementioned financial information is not prepared, in all material respects, according to IAS 34.

In addition to what was stated in the preceding paragraph, based on our review, nothing has come to our attention that causes us to believe that the aforementioned financial information does not, in all material respects, comply with the disclosure Allowances under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Somekh Chaikin
Accountants

Tel Aviv

May 19, 2026

NIS million	As at March 31, 2026 (Unaudited)	As at March 31, 2025 (Unaudited)	As at December 31, 2025 (Audited)
Assets			
Cash and cash equivalents	618	932	745
Trade receivables	1,719	1,740	1,593
Other receivables	152	152	100
Inventories	293	305	284
Current Tax Assets	6	7	12
Assets held for sale	44	46	44
Total Current Assets	**2,832**	**3,182**	**2,778**
Other Long-Term Investments	55	34	37
Loans granted and long-term receivable balances	102	103	101
Investments in investees accounted for using the equity method	153	156	152
Loans to investees accounted for using the equity method	6	8	6
Investment property	687	665	687
Property, plant and equipment, net	2,436	2,423	2,439
Right-of-use assets	1,700	1,681	1,685
Intangible Assets, Net	2,468	2,459	2,457
Deferred Tax Assets	16	21	17
Total Non-current Assets	**7,623**	**7,550**	**7,581**
Total Assets	**10,455**	**10,732**	**10,359**

NIS million	As at March 31, 2026 (Unaudited)	As at March 31, 2025 (Unaudited)	As at December 31, 2025 (Audited)
Liabilities			
Short-term loans and credit, Including current maturities of debentures and long-term loans	892	791	874
Current maturities of lease liability	292	277	303
Trade payables	1,298	1,367	1,274
Other payables	830	761	768
Current tax liabilities	30	30	33
Provisions	34	33	34
Total Current Liabilities	**3,376**	**3,259**	**3,286**
Debentures	2,144	2,586	2,144
Long-term liability for leases	1,424	1,437	1,401
Other long-term liabilities	5	4	5
Employee benefits	16	17	16
Deferred Tax Liabilities	115	90	115
Total Non-Current Liabilities	**3,704**	**4,134**	**3,681**
Total Liabilities	**7,080**	**7,393**	**6,967**
Equity			
Share capital	200	199	200
Treasury shares	(386)	(386)	(386)
Premium and Equity Funds	2,249	2,245	2,232
Retained earnings	1,312	1,281	1,346
Total Equity	**3,375**	**3,339**	**3,392**
Total liabilities and equity	**10,455**	**10,732**	**10,359**

Harel Locker	**Nir Sztern**	**Shlomi Fruhling**
Chairman of the Board of Directors	CEO	Deputy CEO and CFO

Date of Approval of Financial Statements: May 19, 2026

NIS million	For the Period of Three Months Ended As at March 31 2026 (Unaudited)	For the period of three months that ended As at March 31 2025 (Unaudited)	For the year ended As at December 31, 2025 (Audited)
Revenue	2,684	2,785	11,130
Cost of sales	1,995	2,159	8,542
Gross Profit	**689**	**626**	**2,588**
Selling and marketing expenses	398	382	1,571
General and administrative expenses	62	61	249
Other income, net	(7)	(34)	(77)
Operating income	**236**	**217**	**845**
Finance income	6	10	36
Finance expenses	31	40	174
Finance expenses, net	**25**	**30**	**138**
Share of profit of investees accounted for using the equity method	2	1	14
Profit Before Tax	**213**	**188**	**721**
Income tax expense	50	32	143
Net profit for the period	**163**	**156**	**578**
Earnings per share attributable to the Company's owners			
Basic earnings per share (NIS million)	15.2	14.6	53.9
Diluted earnings per share (NIS)	14.7	14.0	51.8

NIS million	For the period of three months that ended On March 31 2026 (Unaudited)	For the Period of Three Months Ended As at March 31 2025 (Unaudited)	For the year ended As aDecember 31 2025 (Audited)
Profit for the period	**163**	**156**	**578**
Other comprehensive income items that will not be reclassified to profit or loss			
Revaluation of a financial asset to fair value through profit or loss	18	-	4
Total other comprehensive income for the period that will not be transferred to profit or loss, net of tax	**18**	**-**	**4**
Other Comprehensive Income items to be transferred to profit and loss			
Translation Differences and Cash Flow Hedging from Foreign Operations	(1)	(1)	(17)
Total other comprehensive loss for the period transferred or to be transferred to profit or loss, net of tax	**(1)**	**(1)**	**(17)**
Total Other Comprehensive Income (Loss) for the Period	**17**	**(1)**	**(13)**
Total Comprehensive Income for the Period	**180**	**155**	**565**

NIS million	Equity Shares	Share premium and capital reserves	Treasury shares	Retained earnings	Total
For the period of three months ended March 31, 2026 (unaudited)					
Balance as at January 1, 2026	**200**	**2,232**	**(386)**	**1,346**	**3,392**
Total Comprehensive Income for the period					
Profit for the period	-	-	-	163	163
Other Comprehensive Income for the Period, Net of Tax	-	17	-	-	17
Total Comprehensive Income for the period	**-**	**17**	**-**	**163**	**180**
Transactions with owners, recognized directly in equity					
Dividend Declared	-	-	-	(200)	(200)
Share-based payment	-	-	-	3	3
Balance as at March 31, 2026	**200**	**2,249**	**(386)**	**1,312**	**3,375**

NIS million	Equity Shares	Share premium and capital reserves	Treasury shares	Retained earnings	Total
For the period of three months ended March 31, 2025 (unaudited)					
Balance as at January 1, 2025	**199**	**2,246**	**(386)**	**1,194**	**3,253**
Total Comprehensive Income for the Period					
Profit for the period	-	-	-	156	156
Total Comprehensive Loss for the Period, Net of Tax	-	(1)	-	-	(1)
Total Comprehensive Income (Loss) for the period	**-**	**(1)**	**-**	**156**	**155**
Transactions with owners, credited directly to equity					
Dividend Declared	-	-	-	(75)	(75)
Share-based Payments	-	-	-	6	6
Balance as at March 31, 2025	**199**	**2,245**	**(386)**	**1,281**	**3,339**

NIS million	Equity Shares	Share premium and capital reserves	Treasury shares	Retained earnings	Total
For the year ended December 31, 2025 (audited)					
Balance as at January 1, 2025	**199**	**2,246**	**(386)**	**1,194**	**3,253**
Total comprehensive income for the year					
Profit for the year	-	-	-	578	578
Total Comprehensive Loss for the Year, Net of Tax	-	(13)	-	-	(13)
Total Comprehensive Income (Loss) for the Year	**-**	**(13)**	**-**	**578**	**565**
Transactions with owners, credited directly to equity					
Dividend Declared	-	-	-	(445)	(445)
Exercise of share options	1	(1)	-	-	-
Share-based payment	-	-	-	19	19
Balance as at December 31, 2025	**200**	**2,232**	**(386)**	**1,346**	**3,392**

NIS million	For the period of three months ended On March 31 2026 (Unaudited)	For the period of three months ended As at March 31 2025 (Unaudited)	For the year ended December 31 2025 (Audited)
Cash flows from operating activities			
Profit for the period	**163**	**156**	**578**
Adjustments			
Depreciation and amortization	54	50	211
Depreciation of right-of-use assets	72	70	279
Change in the fair value of investment property	-	-	(16)
Share of profits of investees accounted for using the equity method	(2)	(1)	(14)
Share-based payment	3	6	19
Finance expenses, net	25	30	138
Capital gains	(1)	(32)	(53)
Income tax expense	50	32	143
Profit for the period after adjustments to profit	**364**	**311**	**1,285**
Reduction (increase) in short- and long-term trade receivables and other receivables	(170)	(83)	114
Inventories Growth	(9)	(25)	**(5)**
Increase (decrease) in trade payables and other payables	8	115	**(21)**
Increase in provisions	-	-	2
Reduction in employee benefits	-	-	(2)
	(171)	**7**	**88**
Income tax paid	(46)	(12)	(94)
Net cash from operating activities	**147**	**306**	**1,279**

NIS million	For the Period of Three Months Ended As at March 31 2026 (Unaudited)	For the period of three months that ended As at March 31 2025 (Unaudited)	For the year ended December 31 2025 (Audited)
Cash flows from investing activities			
Purchase of property, plant and equipment	(49)	(45)	(199)
Business combinations	(15)	-	(10)
Investment in investees	(1)	-	-
Proceeds from the sale of property, plant and equipment, investment property and assets held for sale	2	63	84
Dividends received from investees and other investments	-	1	1
Repayment of Loans to Investees According to the Equity Method	-	-	2
Providing loans to filling station operators, agents, employees, fuel companies and others	-	(1)	(4)
Repayment of Loans Given to Filling Station Operators, Agents, Employees, Fuel Companies and Others	1	1	4
Investment in intangible assets and deferred expenses	(7)	(7)	(26)
Interest Received	3	8	32
Net cash (used for activity) derived from investing activities	**(66)**	**20**	**(116)**

NIS million	For the Period of Three Months Ended As at March 31 2026 (Unaudited)	For the period of three months ended As at March 31 2025 (Unaudited)	For the year ended December 31 2025 (Audited)
Cash flows from financing activities			
Repayment of debentures	-	-	(468)
Commercial Paper Issuance	-	-	399
Repayment of Commercial Paper	-	-	(300)
Repayment of principal of lease liability	(73)	(69)	(281)
Interest paid in respect of lease liabilities	(12)	(12)	(46)
Dividend paid	(120)	(75)	(400)
Interest Paid	(3)	(2)	(86)
Net cash used in financing activities	**(208)**	**(158)**	**(1,182)**
Increase (decrease) in cash and cash equivalents	(127)	168	(19)
Cash and cash equivalents for the beginning of the period	745	764	764
Cash and cash equivalents at end of period	**618**	**932**	**745**

Note 1 - The reporting entity

1.1. The reporting entity

Paz Retail and Energy Ltd. (formerly Paz Oil Company Ltd.) (hereinafter – the "Company") is a resident company incorporated in Israel and its official address is Europark, Kibbutz Yakum. The Group's consolidated financial statements as at March 31, 2026 include those of the Company and its subsidiaries (collectively, the "Group"), as well as the Group's rights in investees and joint arrangements.

As of September 18, 2016, the Company is a company without a controlling interest.

The Paz Group is the largest group in Israel in the energy sector in the majority of its main areas of activity, as well as one of the leaders in the food retail market. The Group operates a network of filling and electric charging stations, a chain of convenience stores and a chain of neighborhood supermarkets, as well as retail complexes, and is engaged in the direct marketing of petroleum products (including LPG through Pazgas) for industry and private consumption. The Paz Group is also active in related industrial fields: the production of oils for industry and automotive, and more.

The Company's securities are listed for trading on the Tel Aviv Stock Exchange.

Note 2 Basis of preparation of the financial statements

2.1. Statement of Compliance with International Financial Reporting Standards

The summary of the interim consolidated financial statements was prepared in accordance with IAS 34, Interim Financial Reporting, and does not include all the information required in the full annual financial statements. It should be read together with the financial statements as at and for the year ended December 31, 2025 (hereinafter: the "annual financial statements"). In addition, these statements were prepared in accordance with the provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The summary of the interim consolidated financial statements was approved for publication by the Company's Board of Directors on May 19, 2026.

2.2. Use of Estimates and Judgment

In preparing the summary of the interim consolidated financial statements in accordance with IFRS, the Company's management is required to use judgment in estimates, assessments and assumptions that affect the application of policy and the amounts of assets and liabilities, revenue and expenses. It is clarified that actual results may differ from these estimates.

The estimates and judgments used by management for the purpose of implementing accounting policy and preparing the interim financial statements are consistent with those used in the preparation of the annual financial statements.

Note 3 Significant accounting policy

Except as detailed below, the Group's accounting policy in these condensed consolidated interim financial statements is the policy applied in the 2025 Annual Financial Statements.

3.1. Initial application of new standards, amendments to standards and interpretations

IFRS 9 and IFRS 7 (hereinafter: the "Standards"), Financial Instruments – Amendments to the Classification and Measurement of Financial Instruments

The amendments address the following issues:
Provide clarifications in respect of the date of recognition and derecognition of financial instruments, and the addition of an exception in respect of the date of derecognition of financial liabilities settled by electronic cash transfers;
Classification of Financial Assets –
Updating the implementation guidelines in respect of how to assess whether contractual cash flows of a financial asset are only principal and interest payments (SPPIs) when the contractual terms of the asset include conditional characteristics (e.g., linkage to ESG indicators), and adding examples on the subject;
Clarification in respect of when financial instruments are contractually linked and when they constitute non-recourse financial assets, for the purpose of determining whether they only include principal and interest payments (SPPI);
Update the disclosure requirements for financial instruments with conditional characteristics that are not directly related to changes in the underlying risks/costs of the instrument; and update the disclosure requirements for investments in equity instruments measured at fair value through other comprehensive income (FVOCI).

The Company has adopted the amendments as of January 1, 2026.
The amendment to IFRS 9 was implemented retroactively without the restatement of comparative figures. At the time of implementation of the IFRS 7 Amendment, the Company did not provide disclosures in respect of the periods prior to the date the amendment was first implemented.
The effect of the amendment had no material impact on the group's activity.

3.2. New Standards, Amendments to Standards and Interpretations Not Yet Adopted

IFRS 18 (hereinafter: the "Standard"), Presentation and Disclosure in Financial Statements
This standard replaces International Accounting Standard IAS 1 for the presentation of financial statements. The purpose of the standard is to provide improved structure and content for the financial statements, in particular the statement of profit or loss.
The standard includes new disclosure and presentation requirements, as well as requirements that were adopted from International Accounting Standard (IAS) 1, Presentation of Financial Statements, with minor wording changes.1
As part of the new disclosure requirements, companies will be required to present two interim summaries in the profit or loss report: operating income and profit before financing and tax. In addition, for the majority of companies, the results in the profit or

loss report will be classified into three categories: operating income, income from investments, and income from financing.

In addition to changes in the structure of the profit and loss statements, the standard also includes a requirement to provide separate disclosure in the financial statements in respect of the use of performance indicators defined by management ("non-GAAP" indicators).

The first implementation date of the standard is for annual periods beginning on January 1, 2027, with the possibility of early implementation. The Company is examining the implications of the standard on the financial statements with no intention of early implementation.

Note 4 Segment Reporting

The Group's activity structure during the reporting period is composed of four fields, which are recognized as reportable segments, as detailed below.

Transportation Energy – within this sector, the refueling complexes are managed, including the transportation, marketing, distribution and sale of fuels, as well as electric charging. This sector also includes the direct marketing of fuels (trade) – to commercial, industrial and institutional Trade receivables (marketed mainly to the customer's yard), the marketing of fuels to electronic refueling Trade receivables (Pazomat) and the marketing of fuels to the Palestinian Authority. This sector also includes the aviation services and assets subsidiaries that are mainly engaged in jet fuel refueling and storage services, as well as the subsidiary Paz Oils, which manufactures and markets, among other things, oils for transportation, solvents and recycled oils.

Food Retail – As part of this sector, the Company's convenience stores and neighborhood supermarkets are managed throughout the country. This sector includes the marketing and sale of various products, including food and convenience products, through the Yelloww chain of stores, and through neighborhood supermarket chains that include several brands.

Real Estate – This segment works to maximize its real estate potential, including by changing the designation and improving the land owned and/or leased by the Company. This segment operates through two branches: one is real estate operations, which also deals with the ongoing management of agreements involved in this activity and the rental of assets. The second is real estate development, which deals with the initiation of real estate projects and real estate improvement based on the real estate assets owned by the Company.

Gas and Renewable Energy Segment – This segment mainly includes Pazgas, a subsidiary engaged in the marketing, distribution and sale of LPG for cooking, heating, and refueling vehicles adapted to LPG, for institutional, business and private Trade receivables; marketing, distribution and sale of LPG-consuming appliances (heating appliances, water heaters and dryers). In addition, Pazgas supplies electricity to private and commercial Trade receivables. This segment also includes activity in renewable energy projects abroad.

Here is information about Profit and Loss

For the period of three months ended March 31, 2026: (Unaudited)

NIS million	Transportation Energy	Food Retail	Real Estate	Gas and Renewable Energy	Consolidation adjustments	Consolidated Total
Revenue from external sources	1,612	789	15	268	-	2,684
Inter-segment sales revenue	-	-	37	124	(161)	-
Sector Revenue	1,612	789*	52	392	(161)	2,684
Cost of sales	1,318	518	-	283	(124)	1,995
Operating income	71	62	41	62	-	236
Depreciation, amortization and share-based payment	57	52	9	11	-	129
The Company's share in the EBITDA of a renewable energy project	-	-	-	5	-	5
EBITDA	**128**	**114**	**50**	**78**	**-**	**370**
Sales in the local market						2,133
Sales Outside Israel**						551
Total Sales						**2,684**

EBITDA stands for operating income (loss) before asset impairment, net of inventories losses, net of depreciation, amortization and revaluation, and excluding expenses for share-based payments, and includes the Company's share of EBITDA of an overseas renewable energy project.
* The amount does not include the portion of revenue from sales through franchisees; sales including franchisees totaled approximately NIS 809 million.
** Includes sales to the Palestinian Authority, jet fuel sales to airlines and other sales.

For the period of three months ended March 31, 2025: (Unaudited)

NIS million	Transportation Energy	Food Retail	Real Estate	Gas and Renewable Energy	Consolidation adjustments	Consolidated Total
Revenue from external sources	1,769	744	15	257	-	2,785
Revenue from intersegment sales	-	-	37	124	(161)	
Sector Revenue	1,769	744*	52	381	(161)	2,785
Cost of sales	1,509	486	-	289	(125)	2,159
Operating income	41	58	75	43	-	217
Depreciation, amortization and share-based payment	56	50	8	11	-	125
The Company's Share in the EBITDA of a	-	-	-	5	-	5

NIS million	Transportation Energy	Food Retail	Real Estate	Gas and Renewable Energy	Consolidation adjustments	Consolidated Total
Renewable Energy Project						
EBITDA	**97**	**108**	**83**	**59**	**-**	**347**
Sales in the local market						2,465
Sales Outside Israel**						320
Total Sales						**2,785**

* The amount does not include part of the sales revenue through franchisees; sales including franchisees totaled approximately NIS 768 million.
** Includes sales to the Palestinian Authority, jet fuel sales to airlines and other sales.

For the year ended December 31 , 2025: (Audited):2025

NIS million	Transportation Energy	Food Retail	Real Estate	Gas and Renewable Energy	Consolidation adjustments	Consolidated Total
Revenue from external sources	7,045	3,178	60	847	-	11,130
Inter-segment sales revenue	-	-	151	330	(481)	-
Sector Revenue	7,045	3,178*	211	1,177	(481)	11,130
Cost of sales	5,930	2,066	-	890	(344)	8,542
Operating income including fuel inventories losses	229	268	242	106	-	845
Fuel Inventories Losses	8	-	-	-	-	8
Operating income excluding fuel inventories losses	**237**	**268**	**242**	**106**	**-**	**853**
Depreciation and amortization and share-based payment	229	207	27	44	-	507
The Company's Share of the EBITDA of the Renewable Energy Project	-	-	-	24	-	24
Changes in the fair value of investment property	-	-	(16)	-	-	(16)
EBITDA	**466**	**475**	**253**	**174**	**-**	**1,368**
Sales in the local market						8,810
Sales Outside Israel**						2,320
Total Sales						**11,130**

* The amount does not include part of the sales revenue through franchisees; sales including franchisees totaled approximately NIS 3,276 million.
** Includes sales to the Palestinian Authority, jet fuel sales to airlines and other sales.
In 2025, the Group had one main customer in the Transportation Energy sector, with total sales to this customer amounting to approximately NIS 1.4 billion.

Note 5 - Contingent liabilities

5.1 In the course of ordinary business, lawsuits have been filed against Group companies or various legal proceedings are pending against them, including financial demands that have not yet matured into lawsuits (hereinafter in this section: "Legal claims"). In the opinion of the managements of the Group companies, which is based, inter alia, on legal opinions, appropriate provisions have been included in the financial statements, where provisions were required, to cover the exposure resulting from such legal claims.

The amounts in this note are not linked to the Consumer Price Index and are prior to the addition of interest in accordance with the Interest and Linkage Law.

Class actions	The nature of the claims	Total provision in millions of NIS	Total exposure in NIS million
Restraint of trade	Mainly declaratory claims to cancel agreements for the operation of filling stations, claiming a restrictive and/or discriminatory arrangement in a standard contract	-	42
Proceedings with Local Authorities and Indictments	Mainly disputes in respect of municipal property tax assessments, fees, and ongoing and retroactive levies. Indictments for lack of a business license, deviations, and building permits.	1	28
Class action	Various motions for recognition of class actions against the Company and/or its subsidiaries, inter alia, on alleged claims in respect of: non-compliance with the provisions of the law, harm to the environment, collection of various payments, misleading consumers, and similar matters.	10	939
Miscellaneous Claims	Mainly claims or monetary claims	23	135
Total		**34**	**1,144**

Notes:

(I) In claims in which it is not possible to estimate the specific amount of the group's claim, the amount of the claim is calculated according to the group's relative share in the relevant market. Claims in which the amount of the claim has not been defined or in which it is not possible to estimate the group's relative share of the amount of the claim are not included in the total claims.

(II) Of the amount of exposure, a total of approximately NIS 99 million are claims for which a motion has been filed to recognize them as class actions, and at this stage it is not possible to assess whether the motions to approve class actions will indeed be granted.

(III) Of the amount of exposure, a total of approximately NIS 175 million is in respect of an application received by Pazgas Ltd. (NIS 207 million including VAT), a wholly-owned subsidiary, in various claims related to the issue of gas deposits, inter alia, in relation to the amount of repayment of the deposit upon the replacement of a gas supplier. According to the Company's management, based on its legal advisors, the chances of approval of the application are less than 50%.

(IV) Of the amount of exposure, a total of approximately NIS 275 million was due to a motion to recognize a class action on the grounds that the Company entered into restraint of trade arrangements with filling station operators (long-term lease agreements), thereby exploiting its monopolistic power and harming competition. According to the Company's management, based on its legal advisors, it can be estimated that the chances of the lawsuit being accepted are less than 50%.

(V) Of the amount of the exposure, a total of NIS 400 million was due to a motion to certify a class action from January 2026, claiming that Paz does not meticulously clean the public toilets intended for its Trade receivables to use at the filling stations in violation of the provisions of the law. Based on its legal advisors, the Company's management estimates that the chances of the lawsuit being accepted as submitted are less than 50%.

(VI) The amount of exposure does not include a claim in the amount of NIS 148 million for a counterclaim filed by the ILA against the Company and others demanding, inter alia, proper usage fees due to the claim that Paz's sublease right at a filling station expired upon the death of the disabled person, who was the main lessee. In the Company's estimation, based on the opinion of its legal advisors, the chances of acceptance of the claim against Paz as it was filed are less than 50%.

Note 6 - Material events during and after the reporting period

6.1. On March 11, 2026, the Company's Board of Directors decided to distribute a permissible cash dividend, in a total amount of NIS 200 million, which was distributed after the balance sheet date in April 2026.

6.2. On March 30, 2026, S&P Global Ratings Maalot Ltd. ("S&P Maalot") upgraded the Company's long-term rating to 'ilAA-' due to improved operating performance with a stable outlook, and raised its short-term rating to 'ilA-1+'.

6.3. Further to what was stated in Note 31.6.1 in its financial statements for 2025, on April 30, 2026, the Company announced that as part of the transaction for the sale of its full rights in the property in Ashdod, all the conditions for its entry into force were met and it is expected to be completed within a few months. The expected impact of the completion of the transaction on profit (after tax) in the Company's consolidated financial statements is not material.

6.4. Operation Lion's Roar (hereinafter: "The Operation" or the War)

On February 28, 2026, the State of Israel and the United States launched a combined attack on Iran, and a special situation was declared on the home front throughout the country. The main effects of the operation on the group were as follows:

In the transportation energy segment, there was a quantitative decrease in energy complexes, both in fuel quantities and in electric charging; conversely, there was an increase due to direct marketing and aviation transactions, which led to increased profitability.

In the food retail sector, an increase in sales, mainly in supermarkets, and on the other hand, a negative impact on road convenience stores.

Following the operation, there was a temporary increase in operating working capital, mainly due to a specific change in the cut-off date in the trade receivables mix, from trade receivables in the energy complexes to trade receivables in the field of direct marketing with different credit terms.

In addition, inventories of fuels purchased at pre-war prices were sold after the balance sheet date, and the profits arising from the price differences following the increase in fuel prices will be recorded in the second quarter.

Credit Risk Management – the Company regularly examines the total credit risks of its trade receivables. In the Company's assessment, at this stage the Company does not have a significant credit risk. The Company closely monitors its trade receivables' debts, with an emphasis on its large trade receivables, including trade receivables in the aviation industries, see also Note 30.2 to the 2025 financial statements in respect of credit risk.

Since this is an event that is not under the Company's control, and the continuation or cessation of the fighting may affect the Company's assessments, as at the date of the report, the Company is unable to estimate the continued extent of the impact of the war

on its business activities and on its subsidiaries, and on their results in the medium and long term. The Company continues to monitor developments in this matter on an ongoing basis and is examining the implications for its operations and the value of its assets.

6.5. On May 19, 2026, the Company's board of directors decided on a permitted distribution of a cash dividend, in a total amount of NIS 130 million.

Note 7 – Financial Instruments

7.1. Financial instruments measured at fair value for disclosure purposes only

The book value of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, other short-term investments, loans to operators and agents, loans and short-term credit (including NAAM), trade payables and other payables, lease liabilities and authorization fees, is matching or close to their fair value.

The fair value of the remaining financial assets and liabilities and the carrying amounts presented in the statement of financial position are as follows:

	As at March 31, 2026		As at March 31, 2025		As at December 31, 2025	
NIS million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Liabilities						
Debentures (including accrued interest and current maturities)	2,641	2,550	3,081	2,916	2,625	2,540

7.2. Fair Value Hierarchy of Financial Instruments Measured at Fair Value

The table below presents an analysis of the financial instruments measured at fair value, using a valuation technique.
The different levels were defined as follows:
Level 1: Quoted (unadjusted) prices in an active market for identical instruments.
Level 2: Observable data, directly or indirectly, that is not included in Level 1 above.
Level 3: Data that is not based on observable market data.

NIS million	**As at March 31, 2026**	**As at March 31, 2025**	**As at December 31, 2025**
Financial assets at fair value through profit and loss			
Quoted Shares (Level 1)	1	1	1
Derivative Instruments (Level 2)	3	-	-
Financial assets designated at fair value through other comprehensive income – traded shares (Level 1)	54	33	36
	58	34	37

Chapter D

Separate Financial Data as At March 31, 2026



All of the Company's financial reports are filed in Hebrew with the Israel Securities Authority and the Tel Aviv Stock Exchange. This English version is provided for convenience only and does not constitute an official or legally binding version. The translation may have been prepared with the assistance of artificial intelligence (AI) tools and may not be complete or fully accurate. The Hebrew version, as filed with the Israel Securities Authority and the Tel Aviv Stock Exchange, is the sole binding version, and in the event of any discrepancy, the Hebrew version shall prevail.

Paz Retail and Energy Ltd. Separate Financial Information as at March 31, 2026

Table of Contents

	Pages
Special Report of the Independent Auditors of Separate Financial Information	2
Data on Financial Position	3
Data on Profit or Loss	5
Total Data on Comprehensive Income	6
Data on Cash Flows	7
Additional Information to the Separate Financial Information	9

KPMG Somekh Chaikin
KPMG Millennium Tower
17 Ha'Arbaa Street, P.O. Box 609
Tel Aviv 6100601

03 684 8000

To:
Shareholders of Paz Retail and Energy Ltd.

G.A.N.

Re: Special Report of the Independent Auditors on Separate Interim Financial Information according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

Introduction

We reviewed the separate interim financial information presented according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 of Paz Retail and Energy Ltd. (hereinafter – the Company), as at March 31, 2026 and for a period of three months ended on the same date. The separate interim financial information is the responsibility of the Company's board of directors and management. It is our responsibility to express a conclusion on the separate interim financial information for this interim period based on our review.

Scope of the review

We conducted our review according to Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Financial Information for Interim Periods Conducted by the Auditing Accountant of the entity." A review of financial information for interim periods consists of inquiries, mainly with persons responsible for financial and accounting matters, and the implementation of analytical and other review procedures. A review is considerably more limited in scope than an audit conducted according to accepted auditing standards in Israel, and therefore does not allow us to achieve assurance that we will become aware of all the significant matters that could have been 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 aforementioned separate interim financial information is not prepared, in all material respects, according to the Allowances of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970.

Somekh Chaikin
Accountants
Tel Aviv

May 19, 2026

NIS million	As at March 31, 2026 (Unaudited)	As at March 31, 2025 (Unaudited)	as of December 31 2025 (Audited)
Assets			
Cash and cash equivalents	409	719	525
Trade receivables	1,409	1,418	1,319
Other receivables	192	243	166
Inventories	101	81	100
Assets held for sale	44	44	44
Total Current Assets	**2,155**	**2,505**	**2,154**
Loans granted and long-term receivable balances	70	70	71
Other Long-Term Investments	55	34	37
Balance in respect of consolidated subsidiaries	2,923	2,873	2,989
Investments in associates	153	156	152
Loans to investees	386	402	357
Investment property	669	622	644
Property, plant and equipment, net	1,767	1,721	1,729
Right of Use Assets, Net	989	917	984
Intangible Assets, Net	45	45	43
Total Non-Current Assets	**7,057**	**6,840**	**7,006**
Total Assets	**9,212**	**9,345**	**9,160**

NIS million	As at March 31, 2026 (Unaudited)	As at March 31, 2025 (Unaudited)	as of December 31, 2025 (Audited)
Liabilities			
Short-term loans and credit, including current maturities of debentures.	892	791	874
Trade payables	894	946	866
Other payables	608	540	573
Current maturities of lease liabilities	203	164	191
Current tax liabilities	15	25	30
Allowances	21	22	21
Total Current Liabilities	**2,633**	**2,488**	**2,555**
Debentures	2,144	2,586	2,144
Long-term lease liability	777	769	787
Other long-term liabilities	241	144	245
Employee Benefits	4	4	4
Deferred tax liabilities	38	15	33
Total Non-Current Liabilities	**3,204**	**3,518**	**3,213**
Total Liabilities	**5,837**	**6,006**	**5,768**
Equity			
Share Capital	200	199	200
Treasury shares	(386)	(386)	(386)
Equity Funds	2,249	2,245	2,232
Retained earnings	1,312	1,281	1,346
Total Equity	**3,375**	**3,339**	**3,392**
Total liabilities and equity	**9,212**	**9,345**	**9,160**

Harel Locker Chairman of the Board of Directors	**Nir Sztern** CEO	**Shlomi Fruhling** Deputy CEO and CFO

Approval Date of Separate Financial Information: May 19, 2026

NIS million	For the period of three months ended on March 31, 2026 (Unaudited)	For the period of three months ended on March 31, 2025 (Unaudited)	For the year ended December 31, 2025 (Audited)
Revenue	1,833	1,984	8,020
Cost of Revenue	1,464	1,642	6,535
Gross Profit	**369**	**342**	**1,485**
Selling and marketing expenses	204	199	834
General and administrative expenses	38	39	155
Other income, net	(1)	(36)	(88)
Operating income	**128**	**140**	**584**
Finance income	10	15	55
Finance expenses	27	34	153
Finance expenses, net	**17**	**19**	**98**
Profit after finance expenses, net	**111**	**121**	**486**
share of profit of investees	75	52	181
Profit before tax	**186**	**173**	**667**
Income tax expense	23	17	89
Net profit	**163**	**156**	**578**

NIS million	For the period of three months ended on March 31, 2026 (Unaudited)	For the period of three months ended on March 31, 2025 (Unaudited)	For the year ended December 31, 2025 (Audited)
Profit for the period attributable to the equity holders of the Company	**163**	**156**	**578**
Items of other comprehensive income that will not be reclassified to profit or loss			
Revaluation of a financial asset at fair value through other comprehensive income	18	-	4
Total other comprehensive income for the period that will not be reclassified to profit or loss, net of tax	**18**	**-**	**4**
Items of Other Comprehensive Income to be transferred to profit or loss			
Translation differences of foreign operations	(1)	(1)	(17)
Total other comprehensive income to be transferred to profit or loss, net of tax	**(1)**	**(1)**	**(17)**
Total Comprehensive Income	**17**	**(1)**	**(13)**
Total comprehensive income for the year attributable			
To the owner of the Company	**180**	**155**	**565**

NIS million	For the period of three months ended on March 31, 2026 (Unaudited)	For the period of three months ended on March 31, 2025 (Unaudited)	For the year ended on December 31, 2025 (Audited)
Cash flows from operating activities			
Profit attributable to the Company's owners	163	156	578
Adjustments			
Depreciation and amortization	32	28	123
Depreciation of right-of-use assets	47	45	178
Finance expenses, net	17	19	98
Change in the fair value of investment property	-	-	(16)
Share-based payment transactions	3	6	19
Equity gains	-	(33)	(51)
(Profit) from investees	(76)	(53)	(181)
Income tax expense	23	17	89
Profit for the period after adjustments to profit	209	185	837
Reduction (growth) in trade receivables and other receivables	(125)	(62)	74
Decrease (increase) in inventories	(1)	-	(18)
Increase in trade payables and other payables	9	103	25
Increase (decrease) in Allowances and employee benefits	-	-	(2)
	(117)	41	79
Income tax paid	(37)	(9)	(59)
Net cash provided by operating activities	**55**	**217**	**857**
Cash flows from investing activities			
Interest Received	8	15	53
Proceeds from the sale of property, plant and equipment, investment property and assets held for sale	1	59	74
Providing loans to filling station operators, agents, employees, fuel companies and others	-	(1)	(4)
Repayment of Loans to Filling Station Operators, Agents, Employees, Fuel Companies and Others	1	1	4
Investment in property, plant and equipment and investment property	(29)	(31)	(132)
Investment in intangible assets	(3)	(4)	(15)
Repayment of Loans to Investees	-	2	3
Dividends received from investees and other investments	-	1	1
Decrease (increase) in debit balances with investees, net	20	(7)	33
Net cash provided by investing activities	**(2)**	**35**	**17**

NIS million	For the period of three months ended on March 31, 2026 (Unaudited)	For the period of three months ended on March 31, 2025 (Unaudited)	For the year ended December 31, 2025 (Audited)
Cash flows from financing activities			
Repayment of debentures	-	-	(468)
Issuance of commercial securities	-	-	399
Repayment of Commercial Paper	-	-	(300)
Dividends Paid	(120)	(75)	(400)
Repayment of an Obligation in respect of a Lease	(50)	(46)	(189)
Interest paid in respect of lease liabilities	(6)	(6)	(21)
Change in credit balances with investees, net	10	3	132
Interest Paid	(3)	(3)	(96)
Net cash used in financing activities	**(169)**	**(127)**	**(943)**
Net Increase (Decrease) in Cash and Cash Equivalents	(116)	125	(69)
Cash and cash equivalents at the beginning of the period	525	594	594
Cash and cash equivalents at end of period	**409**	**719**	**525**

1. General

The following is a summary of financial data from the summary of the Group's interim financial statements as at March 31, 2026 (hereinafter: **the "Consolidated Statements**"), published within the framework of the periodic reports attributed to the Company itself (hereinafter: "**Summary of Separate Interim Financial Information**"), which are presented according to the Allowances of Regulation 38D and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), tashal-1970. It should be read in conjunction with the separate financial information as of December 31, 2025 and the consolidated statements.

In this separate interim financial information:
The Company – Paz Retail and Energy Ltd.
Investees – as defined in Note 1 to the Company's consolidated financial statements as of December 31, 2025.

2. Material accounting policy applied in the summary of the separate interim financial information

The separate financial information has been prepared according to the accounting policy detailed in Note 1.2 to the Company's separate financial information as of December 31, 2025, except for the changes in accounting policy detailed in Note 3 to the summary of the interim consolidated financial statements as at March 31, 2026 published with this separate financial information.

3. Contingent Liabilities

See Note 5 to the summary of the consolidated interim financial statements in respect of legal proceedings and other dependent liabilities.

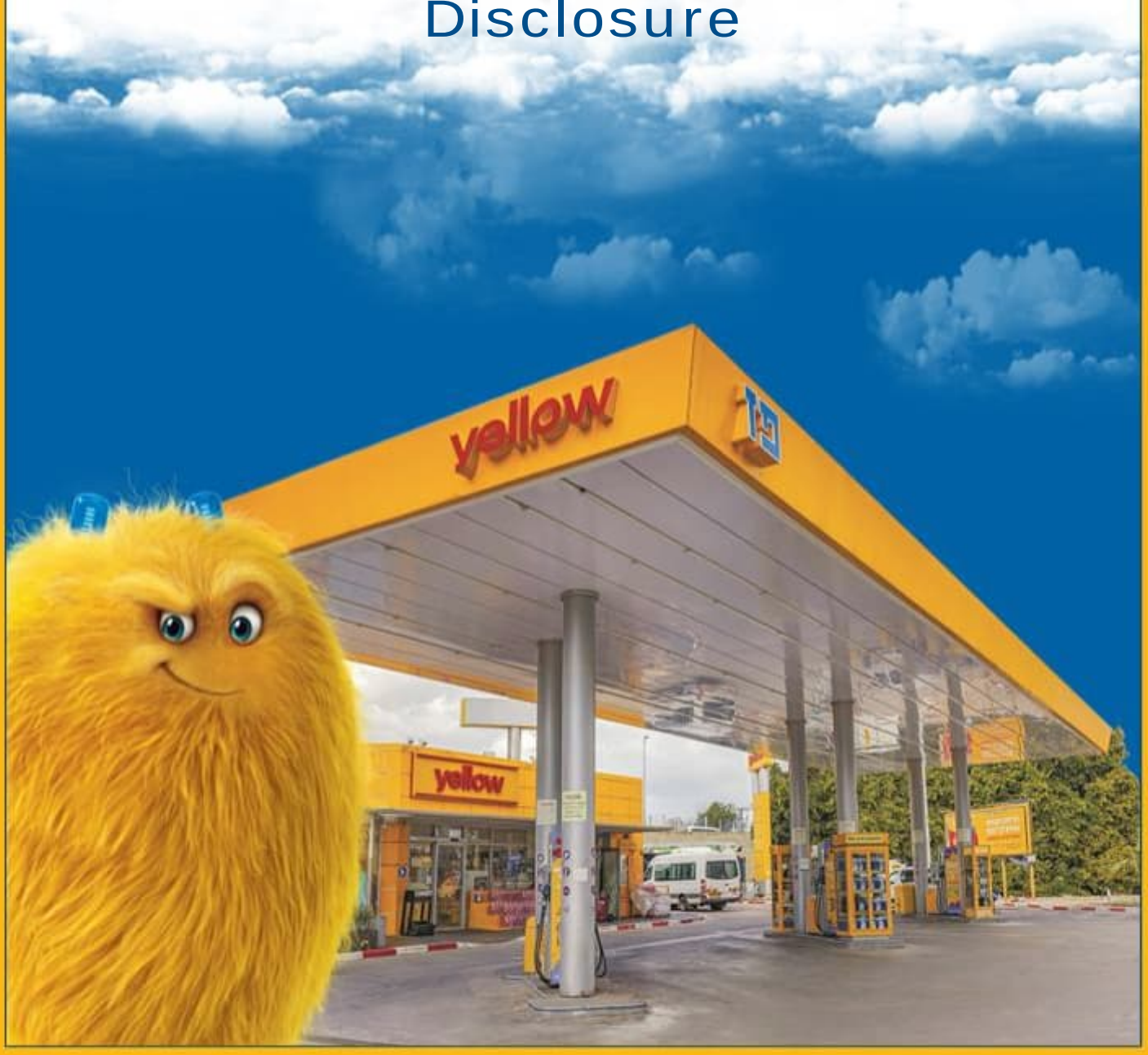
4. Material Events During and After the Reporting Period

See Note 6 for a summary of the consolidated interim financial statements in respect of material events during and after the reporting period.

On December 31, 2025, decisions were made to merge three subsidiaries in the board of directors of the merged companies and the board of directors of the Company, accordingly, merger agreements were signed. As part of the merger, all of the assets and liabilities of the merged companies were transferred to the parent company on January 1, 2026. The merger was carried out according to the Allowances of the law and was subject to the approval of the Tax Authority, which was received.

Chapter E

Report on the Effectiveness of the Internal Review of Financial Reporting and Disclosure



All of the Company's financial reports are filed in Hebrew with the Israel Securities Authority and the Tel Aviv Stock Exchange. This English version is provided for convenience only and does not constitute an official or legally binding version. The translation may have been prepared with the assistance of artificial intelligence (AI) tools and may not be complete or fully accurate. The Hebrew version, as filed with the Israel Securities Authority and the Tel Aviv Stock Exchange, is the sole binding version, and in the event of any discrepancy, the Hebrew version shall prevail.

First Quarter Report for 2026 in respect of the Effectiveness of Internal Control over Financial Reporting and Disclosure in Accordance with Regulation 38C(a) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

Attached herewith is a report for the first quarter of 2026 in respect of the effectiveness of internal control over financial reporting and disclosure in accordance with Regulation 38I(A) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

The management, under the supervision of the Board of Directors of Paz Retail and Energy Ltd. (hereinafter – the Corporation), is responsible for determining and maintaining proper internal control over the financial reporting and disclosure in the Corporation.

In this regard, the management includes:

1. Nir Sztern, CEO
2. Shlomi Frieling, Deputy CEO and CFO
3. Israel Klepper, VP Trade & Wholesale
4. Idan Gavish, Chief Operating Officer
5. Reuven Yehoshua, VP Sales & Station Management
6. Ofir Inbar, VP Marketing & Trade
7. Assaf Ofer, CEO of Pazgas Ltd.
8. Jonathan Gottlieb, VP Business Development
9. Anat Rothschild, VP, Chief Legal Counsel and Company Secretary
10. Adar Bitan, VP Information Systems

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, which were designed by or under the supervision of the CEO and the The majority of senior officer in the field of finance, or by a person who actually performs the aforementioned functions, under the supervision of the Corporation's board of directors and which are intended to provide reasonable security in respect of the reliability of the financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in the reports it publishes in accordance with the provisions of the law is collected, processed, summarized and reported on the date and in the format prescribed by law.

Internal control includes, inter alia, controls and procedures designed to ensure that information that the Corporation is required to disclose as aforesaid, is accumulated and transferred to the Corporation's management, including the CEO and the The majority of senior officer in the field of finance or to the person who actually performs the aforementioned functions, in order to enable decision-making at the appropriate time, in respect of the disclosure requirement.

Due to its structural limitations, internal controls over financial reporting and disclosure are not designed to provide absolute assurance that misrepresentation or omission of information in reports will be prevented or detected.

In the Annual Report in respect of the Effectiveness of Internal Control on Financial Reporting and Disclosure, which was attached to the Periodic Report for the year ended December 31, 2025 (hereinafter: the Annual Report in respect of the The

majority of recent internal control), the Board of Directors and Management assessed the internal control of the Corporation. Based on this assessment, the Board of Directors and the Corporation's Management have concluded that the internal control as aforesaid, as at December 31, 2025, is effective.

Until the date of the report, no event or matter that could change the assessment of the effectiveness of internal control has been brought to the attention of the Board of Directors and management, as presented in the last quarterly report on internal control.

As at the date of the report, based on what was stated in the annual report in respect of the The majority of recent internal control, and based on information brought to the attention of the management and the board of directors as stated above, the internal control is effective.

Directors' Statement

(I) Declaration of the Director General in accordance with Regulation 38C(D)(1)

CEO Statement

I, Nir Sztern, declare that:

(1) I examined the quarterly report of Paz Retail and Energy Ltd. (hereinafter – the Corporation) for the first quarter of 2026 (hereinafter – the reports).

(2) To my knowledge, the reports do not include any incorrect representation of a material fact and do not lack a representation of a material fact that is necessary so that the representations included in them, in light of the circumstances in which those representations were included, will not be misleading in respect of the reporting period.

(3) To my knowledge, the financial statements and other financial information included in the reports adequately reflect, in all material respects, the financial position, results of operations and the cash flows of the Corporation for the dates and periods to which the reports relate.

(4) I have informed the auditor of the Corporation, the board of directors, the Audit Committee, and the Finance Committee of the Corporation's board of directors, based on my The majority of recent assessment of internal control over financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in the determination or exercise of internal control over financial reporting and disclosure that could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial information in a manner that casts doubt on the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law;

(b) Any fraud, whether material or immaterial, involving the CEO or anyone directly subordinate to him or other employees who have a significant role in the internal control of financial reporting and disclosure;

(5) I, alone or together with the others in the Corporation:

(a) I have established controls and procedures, or have ensured that they are established and maintained under my supervision, which are intended to ensure that material information relating to the Corporation, including its consolidated subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is brought to my attention by others in the Corporation and the consolidated subsidiaries, in particular during the period of preparation of the reports;

(b) I have established controls and procedures, or have ensured their establishment and maintenance under my supervision, which are intended to reasonably ensure the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

(c) No event or matter has come to my attention that occurred during the period between the date of the last report (the periodic report as at December 31, 2025) and the date of this report, which may change the conclusion of the

Board of Directors and management in respect of the effectiveness of internal control over financial reporting and disclosure of the Corporation.

The foregoing does not detract from my responsibility or that of any other person, under any law.

May 19, 2026

Nir Sztern, CEO

(II) Declaration of the Majority of Senior Officer in the Field of Finance in accordance with Regulation 38C(d)(2)

Statement of the Chief Financial Officer

I, Shlomi Fruhling, declare that:

(1) I examined the interim financial statements and other financial information included in the interim reports of Paz Retail and Energy Ltd. (hereinafter – the Corporation) for the first quarter of 2026 (hereinafter – the "Reports" or the "Interim Reports").

(2) To the best of my knowledge, the interim financial statements and the other financial information contained in the interim statements do not include any incorrect representation of a material fact and do not lack a representation of a material fact that is necessary so that the representations included therein, in light of the circumstances in which those representations were included, will not be misleading in respect of the reporting period.

(3) To the best of my knowledge, the interim financial statements and other financial information included in the interim period statements adequately reflect, in all material respects, the financial position, results of operations and the cash flows of the Corporation for the dates and periods to which the reports relate.

(4)I found out to the auditor of the Corporation, to the board of directors, to the Audit Committee and to the Finance Committee of the Corporation's board of directors, based on my The majority of recent assessment of the internal control over financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in the determination or exercise of internal control over financial reporting and disclosure, insofar as it relates to the interim financial statements and other financial information contained in the interim reports, which may reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial information in a manner that casts doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; as well as—

(b) Any fraud, whether material or immaterial, involving the CEO or anyone directly subordinate to him or other employees who have a significant role in the internal control of financial reporting and disclosure;

(5) I, alone or together with the others in the Corporation:

(a) I have established controls and procedures, or have ensured that they are established and maintained under my supervision, which are intended to ensure that material information relating to the Corporation, including its consolidated subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is brought to my attention by others in the Corporation and the consolidated subsidiaries, in particular during the period of preparation of the reports;

(b) I have established controls and procedures, or have ensured their establishment and maintenance under my supervision, which are intended to reasonably ensure the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

(III) No event or matter that occurred during the period between the date of the last report (the periodic report as at December 31, 2025) and the date of this report, which relates to the interim financial statements and any other financial information included in the interim reports for the interim period, which in my assessment could change the conclusion of the board of directors and management in respect of the effectiveness of internal control over the financial reporting and disclosure of the Corporation.

The foregoing does not detract from my responsibility or that of any other person, under any law.

May 19, 2026

Shlomi Fruhling
Deputy CEO and CFO