# Paz Retail and Energy Ltd.

## Second 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 June 30,2026

D. Separate Financial Data as At june 30,2026

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.

## The Board of Directors' Report on the Status of the Corporation's Affairs
## For the period ended June 30, 2026

## Table of Contents

**PART ONE – THE BOARD'S NOTES 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
ACTIVITY RESULTS ..... 7
4. DATA ON FINANCIAL POSITION ..... 12
5. FUNDING SOURCES ..... 13
6. LIQUIDITY ..... 14
INFORMATION ABOUT SENSITIVITIES OF SENSITIVE INSTRUMENTS AS PER CHANGES IN MARKET FACTORS ..... 15
**PART TWO – ASPECTS OF CORPORATE GOVERNANCE ..... 15**
8. AUTHORIZED SIGNATORIES IN THE COMPANY ..... 15
9. OFFICERS, THE COMPANY'S BOARD OF DIRECTORS AND MANAGEMENT ..... 15
**PART THREE – DISCLOSURE PROVISIONS IN RESPECT OF THE CORPORATION'S FINANCIAL REPORTING ..... 16**
10. CRITICAL ACCOUNTING ESTIMATES ..... 16
**PART FOUR – BUYBACKS ..... 16**
11. REPURCHASE OF DEBENTURES AND SHARES BY THE COMPANY ..... 16
12. DEBENTURES ..... 16

# Board of Directors' Report on the Status of the Corporation's Affairs for the Period of Six Months Ended June 30, 2026

We hereby have the honour to submit the Board of Directors' Report of Paz Retail and Energy Ltd. (formerly "Paz Lubricants Company Ltd.") (hereinafter: "Paz" or the "Company") and the Paz Group on a consolidated basis (hereinafter: "Paz Group" or the "Group") for the period of six months ended June 30, 2026 (hereinafter: the "Report Period"), in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

## 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 Energy for Transportation, inter alia, through 264 complexes, 120 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.) to industry, companies and factories, and airlines.

As of the Reporting Period, the Group operates 316 Food Retail branches at filling stations and neighborhood supermarkets under various brands.

The Company operates a mobile application (the "App" or the "Digital Loyalty Wallet") that enables you to pay for the purchase of fuel at the Company's filling stations and/or for electric charging at the Company's premises and/or for purchasing products at Yelloww convenience stores as well as in supermarkets operated by it and/or to join electricity consumption and gas services through Pazgas Ltd. 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 areas 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 – production of lubricants, chemicals and solvents (Paz Lubricants and Chemicals Ltd.), marketing LPG to business and private consumers (Pazgas Ltd.) and in the field of aviation (Aviation Services Ltd. and 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 Chapter D – 2025 Corporate Business Description.

For details about the organizational structure of the Paz Group, see Section 1.1.4 of Chapter D – Business Description of the Corporation for the year 2025.

1.2. Operating segments

**Energy for Transportation –** within the framework of this sector, filling station complexes are managed, including transportation, marketing and sale of fuels, as well as electric vehicle charging. Also included in this sector is the direct marketing of fuels (trade) to commercial, industrial and institutional trade receivables (mainly marketed to the customer's premises), marketing of fuels to Pazomat trade receivables (electronic refueling), and marketing of fuels to the Palestinian Authority. This sector 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 Lubricants, which manufactures and markets, among other things, transportation oils, solvents and recycled oils.

**Food Retail –** As part of this segment, the Company's convenience stores and neighborhood supermarkets are managed throughout the country. This segment 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. In addition, 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 for Transportation sector, 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 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 areas 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 Government of Israel 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 selling prices. The Company regularly analyzes the macroeconomic environment in which it operates, and in particular issues that have a direct impact on its business activity.

For the effects of inflation and changes in interest rates 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 its 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 second quarter of 2026, the Company recorded pre-tax fuel inventories profits of approximately NIS 22 million, in relation to the impact of the increase in distillate prices following Operation Lion's Roar. See also 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 the prices of distillates, and conducts its financial affairs from a broad perspective, in accordance with market conditions, inter alia, 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 balances linked to the Consumer Price Index, mainly in respect of the aforementioned items, amount to approximately NIS 1.3 billion as at the cut-off date. The effect of a 1% increase in the inflation rate entails finance expenses of approximately NIS 13 million. During the Reporting Period, the index increased by about 1.2%.
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 offset against each other.
The effect of the interest rate is mainly on the Company's bank loans, debentures, marketable securities, bank deposits, and money market funds that bear variable interest. The Company's net balances bearing variable interest, mainly in the aforementioned items, amounted to approximately NIS 0.2 billion in net assets as at the cut-off date.

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

2.4. Further to what was stated in Note 31.6.1 in 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 detailed in the aforementioned note, all the conditions for its entry into force were met. The transaction was completed on August 12, 2026. The effect 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 to distribute a permissible cash dividend in the total amount of NIS 130 million.

2.6. On May 19, 2026, the Company's Board of Directors approved a new multi-year growth plan, with the aim of bringing about a further significant increase in the Company's profits to an annual profitability level of NIS 800 million by the end of 2029, including the profitability target, including capital gains from real estate realizations in an average annual scope during the program period of NIS 100 million. For more details, see Section 8.10 (Goals and Business Strategy) in the chapter Updating the Business Description of the Company attached as Chapter B to this Quarterly Report.
At the same time, the Company's Board of Directors approved an update to the outline for the allocation of share options to officers and employees of the Company and its subsidiaries, as well as an updated remuneration policy for officers. For more details, see Note 6.9 to the financial statements attached as Chapter C to this quarterly report.

2.7. Further to what was stated in Note 31.3 to the financial statements for the year 2025, on July 22, 2026, the Company signed an addendum extending the existing engagement between it and the Palestinian Authority (hereinafter in this section: the "Authority") for the purchase of Petroleum Products (including LPG) from the Company, by the Authority and according to its needs, in a scope similar to that of the existing engagement, until December 31, 2029, as detailed below (hereinafter: the "Addendum to the Agreement"). Shortly after the signing of the Addendum to the Agreement, the credit facility for the Authority will be increased relative to the credit facility prior to the signing, and changes in additional commercial terms will come into effect, including the marketing margin and the conditions for terminating the agreement with prior notice. For more details, see Section 3.5.2.2 (Direct marketing trade receivables) in the chapter Updating the Business Description of the Corporation attached as Chapter B to this quarterly report.

2.8. During the second quarter of 2026, the Company signed a framework agreement for the supply of DSL to the United States Army. As at the date of publication of this report, there is no certainty in respect of the duration of the transaction, its scope, or the expected profit to be derived from it.

2.9. On August 16, 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. Main results

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

| | 1-6/26 | 1-6/25 | Difference | Second Quarter 2026 | Second Quarter 2025 | Difference |
|---|---|---|---|---|---|---|
| Net Sales | 5,714 | 5,460 | 254 | 3,030 | 2,675 | 355 |
| Cost of sales | 4,348 | 4,187 | 161 | 2,353 | 2,028 | 325 |
| Gross Profit | **1,366** | **1,273** | **93** | **677** | **647** | **30** |
| Selling and marketing expenses | 808 | 771 | 37 | 410 | 389 | 21 |
| General and administrative expenses | 119 | 120 | (1) | 57 | 59 | (2) |
| Other income, net | (13) | (53) | 40 | (6) | (19) | 13 |
| Operating income excluding the impact of fuel inventories losses | **452** | **435** | **17** | **216** | **218** | **(2)** |
| Finance expenses, net | 68 | 73 | (5) | 43 | 43 | - |
| The Company's Share in the Profits of Investees | 4 | 5 | (1) | 2 | 4 | (2) |
| Profit before tax | **388** | **367** | **21** | **175** | **179** | **(4)** |
| Income tax expense | 84 | 67 | 17 | 34 | 35 | (1) |
| **Net profit** | **304** | **300** | **4** | **141** | **144** | **(3)** |
| The Impact of After-Tax Fuel Inventories Profits (Losses) | 17 | (5) | 22 | 17 | (5) | 22 |
| **Net profit including inventories profits (losses)** | **321** | **295** | **26** | **158** | **139** | **19** |

Notes of results compared to corresponding periods

Sales – an increase in fuel prices in the Energy for Transportation sector and in LPG prices in the gas sector.

Expenses – increase in business activity and the opening of new branches, mainly in the Food Retail sector.

Other income, net – Capital gains of approximately NIS 41 million last year.

Finance expenses, net – The main decrease in the reporting period was due to the effect of the index on the Company's indexed debentures, as well as a decrease in the average debt.

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

| | 1-6/26 | 1-6/25 | Difference | Second Quarter 2026 | Second Quarter 2025 | Difference |
|---|---|---|---|---|---|---|
| Energy for Transportation | 3,622 | 3,418 | 204 | 2,010 | 1,649 | 361 |
| Food Retail | 1,589 | 1,573 | 16 | 800 | 829 | (29) |
| Real Estate | 106 | 105 | 1 | 54 | 53 | 1 |
| Gas and Renewable Energy | 659 | 609 | 50 | 267 | 228 | 39 |
| Consolidation adjustments | (262) | (245) | (17) | (101) | (84) | (17) |
| **Total Sales - Consolidated** | **5,714** | **5,460** | **254** | **3,030** | **2,675** | **355** |

Notes of sales compared to corresponding periods in the prior year

Energy for Transportation – an increase in fuel prices.

Food Retail – Increase in activity during the Reporting Period; decrease in the second quarter, mainly due to the timing effects of the war and the Passover holiday.

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

Revenue in the Food Retail sector, including franchisees, amounted to NIS 1,632 million during the Reporting Period, compared to NIS 1,624 million last year, an increase of approximately 0.5%.

Revenue in identical stores in the Food Retail sector, including franchisees, increased by about 0.2% during the Reporting Period.

Revenue in identical stores in the Food Retail sector, including franchisees, declined by about 4% in the second quarter.

Monthly sales per square meter in the Food Retail sector amounted to about NIS 4.7 thousand during the Reporting Period, similar to the corresponding period 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 millions):**

| | 1-6/26 | 1-6/25 | Difference | Second Quarter 2026 | Second Quarter 2025 | Difference |
|---|---|---|---|---|---|---|
| Energy for Transportation | 605 | 533 | 72 | 311 | 273 | 38 |
| Food Retail | 556 | 545 | 11 | 285 | 287 | (2) |
| Real Estate | 106 | 105 | 1 | 54 | 53 | 1 |
| Gas and Renewables | 172 | 161 | 11 | 63 | 69 | (6) |
| Inter-segment eliminations | (73) | (71) | (2) | (36) | (35) | (1) |
| **Total Reported Gross Profit** | **1,366** | **1,273** | **93** | **677** | **647** | **30** |

The gross profit rate (based on the Company's Revenue) during the Reporting Period amounted to approximately 24%, compared to approximately 23% last year.

The gross profit rate in the Food Retail sector, which includes convenience stores and supermarkets (in supermarkets – excluding the effect of app redemptions, in convenience stores – including franchisees, and based on sales prices less purchase prices) amounted to about 39.9% in the second quarter of the year, compared to about 39% in the corresponding quarter last year.

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

| | 1-6/26 | 1-6/25 | Difference | Second Quarter 2026 | Second Quarter 2025 | Difference |
|---|---|---|---|---|---|---|
| Energy for Transportation | 151 | 104 | 47 | 80 | 63 | 17 |
| Food Retail | 138 | 137 | 1 | 76 | 79 | (3) |
| Real Estate | 84 | 125 | (41) | 43 | 50 | (7) |
| Gas and Renewables | 79 | 69 | 10 | 17 | 26 | (9) |
| **Total Operating income** | **452** | **435** | **17** | **216** | **218** | **(2)** |

Notes of the operating income compared to the corresponding periods last year

Energy for Transportation – 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 decrease in fuel sales at the filling stations.

Food Retail – Increase in activity during the Reporting Period; in the second quarter, a negative effect from the timing of the Passover holiday and the war.

Real Estate – last year, capital gains of approximately NIS millions 41 during the reporting period and approximately NIS millions 9 in the second quarter.

Gas and Renewable Energy – mainly the effects of the war, which were reflected, inter alia, in the improvement in the gas spread during the Reporting Period and in the reduction in the gas spread in the second quarter of the year.

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

| | 1-6/26 | 1-6/25 | Difference | Second Quarter 2026 | Second Quarter 2025 | Difference |
|---|---|---|---|---|---|---|
| Energy for Transportation | 265 | 215 | 50 | 137 | 118 | 19 |
| Food Retail | 245 | 238 | 7 | 131 | 130 | 1 |
| Real Estate | 101 | 142 | (41) | 51 | 59 | (8) |
| Gas and Renewables | 113 | 103 | 10 | 35 | 44 | (9) |
| **Total** | **724** | **698** | **26** | **354** | **351** | **3** |

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

| | 1-6/26 | 1-6/25 | Difference | Second Quarter 2026 | Second Quarter 2025 | Difference |
|---|---|---|---|---|---|---|
| Energy for Transportation | 183 | 135 | 48 | 97 | 77 | 20 |
| Food Retail | 171 | 165 | 6 | 94 | 93 | 1 |
| Real Estate | 94 | 136 | (42) | 48 | 56 | (8) |
| Gas and Renewables | 108 | 98 | 10 | 32 | 42 | (10) |
| **Total** | **556** | **534** | **22** | **271** | **268** | **3** |

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

Total E-NOI in respect of income-producing real estate (from third parties) in the second quarter of the year amounted to approximately NIS 15 million, compared with approximately NIS 14 million in the corresponding quarter last year. Total E-NOI in respect of self-use assets for the second quarter of the year amounted to approximately NIS 38 million, similar to the corresponding quarter last year.8

## 4. Data on Financial Position

4.1. The following table presents a summary of the consolidated balance sheet data as at June 30, 2026 compared to December 31, 2025:

| NIS million | 30.6.2026 | % Data on Financial Position | 31.12.2025 | % Data on Financial Position | Difference |
|---|---|---|---|---|---|
| Current Assets | 2,868 | 27% | 2,778 | 27% | 90 |
| Non-current assets | 7,697 | 73% | 7,581 | 73% | 116 |
| Total Assets | 10,565 | 100% | 10,359 | 100% | 206 |
| Current liabilities | 3,385 | 32% | 3,286 | 32% | 99 |
| Non-current liabilities | 3,773 | 36% | 3,681 | 35% | 92 |
| Equity | 3,407 | 32% | 3,392 | 33% | 15 |
| Total liabilities and equity | 10,565 | 100% | 10,359 | 100% | 206 |

### 4.2. Working capital

Operating working capital (trade receivables, receivables and inventories, net of trade payables and eligibles) as at June 30, 2026, amounted to approximately NIS 52 million, compared to negative working capital of approximately NIS 65 million as at December 31, 2025. An increase of approximately NIS 117 million, mainly due to the effects of the war.

Accounting working capital (current assets less current liabilities) as at June 30, 2026 amounted to a working capital deficit of approximately NIS 517 million, compared to a working capital deficit of approximately 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), 5730-1970

On August 16, 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 following reasons:

The Company consistently generates positive cash flows from operating activities. In the first half and second quarter of the year, cash flows from operating activities amounted to approximately NIS 514 million and approximately NIS 367 million, respectively.

The Company has binding 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 maturities of lease liabilities in the amount of approximately NIS 286 million. Excluding the effect of the standard, the Company has positive working capital as at June 30, 2026 in the amount of approximately NIS 231 million.

In light of all 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 613 million as at June 30, 2026, and the forecast of the Company's expected cash flow for a period of two years beginning from the start 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 market funds) amounted to NIS 2.6 billion during the reporting period, similar to the corresponding period last year.
As at June 30, 2026, the volume of short-term credit (mainly marketable securities and current maturities of Debentures) amounted to approximately NIS 885 million.
Excluding cash and cash equivalents (in the amount of approximately NIS 613 million), the balance of the net financial debt in the Company's balance sheet as at the date of the report is approximately NIS 2,428 million.

5.2. As at June 30, 2026 and as at the date of publication of the report, the Company has binding 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 approximately NIS 1.7 billion. The average volume of trade payables during the reporting period was approximately 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 Rating of Debentures, its Liabilities and financial ratios, its financial policy, and its needs. The distribution of the Dividend will be subject to the provisions of the Companies Law, 5759-1999 (the "Companies Law"), including the holding 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 June 30, 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 comparison numbers):

| NIS million | 1-6/26 | 1-6/25 | Difference | Second Quarter 2026 | Second Quarter 2025 | Difference |
|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | 514 | 545 | (31) | 367 | 239 | 128 |
| **Neutralizing changes in operating working capital** | 134 | 54 | 80 | (37) | 62 | (99) |
| **Neutralizing the impact of IFRS 16** | (168) | (163) | (5) | (83) | (82) | (1) |
| **Cash flows from operating activities after adjustments** | **480** | **436** | **44** | **247** | **219** | **28** |
| **Purchase of property, plant and equipment and other assets** | (133) | (103) | (30) | (77) | (51) | (26) |
| **Free cash flow (FCF) (1)** | **347** | **333** | **14** | **170** | **168** | **2** |
| **Cash flows from investing activities** | (122) | (20) | (102) | (56) | (40) | (16) |
| **Cash flow from financing activities** | (524) | (350) | (174) | (316) | (192) | (124) |

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

7. **Information in respect of sensitivities of 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, the Company's 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), 5766-2005, 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) in Chapter D of the Periodic Report for the year 2025 (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 included approval of the appointment of Mr. Sami (Shmuel) Babakov as an ordinary director of the Company from the date of approval by the meeting until the date of the Company's annual general meeting for 2026, as well as an amendment to 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 (Reference Nos. 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.

On May 19, 2026, Ms. Yael Danieli was appointed as a member of the Audit Committee of the Company's Board of Directors, replacing Mr. Amir Cohen.

In addition, on May 19, 2026, the Company's Board of Directors approved the subordination of the management of commercial real estate activities under the VP of Business Development, and his position was redefined as VP of Business Development and Real Estate.

# 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 – Own Purchases and Debentures

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 Debentures – see Appendix A to the Board of Directors' Report.

The Company's Board of Directors thanks the employees 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 - Chairman of the Board of Directors**

**Nir Sztern – CEO**

Date: 16 August 2026

## Appendix A – Details in respect of the Corporation's Debentures as at June 30, 2026:

| Series | Issue Date | Rating Company Name | Rating Current | Total nominal value at the date of the offering (NIS million) | Type of Interest | Nominal Interest | Effective interest rate as at the reporting date | Listing on the Stock Exchange (Yes/No) | Interest Payment Dates | Principal Payment Dates | Index base | Nominal N.N. as at June 30, 2026 in NIS million | Revalued par value according to linkage conditions as at 30.6.26 NIS million | Carrying amount of debenture balances as at June 30, 2026, in millions NIS * | Amount of interest accrued to be paid as at June 30, 2026 (NIS million) | Market cap as at June 30, 2026 NIS million |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Series F | 12/2016 | Ratings | AA- | 723 | Semi-annual fixed interest rate linked to the index | 1.94% | 2.19% | 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 | 218 | 218 | - | 217 |
| Series G | 12/2017 and expansion in 7/2018, 4/2019, and 2/2020 | Ratings | AA- | 1,742 | Semi-annual fixed interest rate linked to the index | 1.23% | 2.23% | Yes | Twice a year, on May 31 and November 30, between 2018-2030 | Once a year on November 30, between the years 2020 and 2030 | Consumer Price Index October 2017 | 801 | 962 | 963 | 1 | 940 |
| Series H | 2/2020 and expansion in December 2021 | Ratings | AA- | 1,465 | Fixed Semi-Annual Interest | 2.43% | 3.78% | 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 | 1,258 | 3 | 1,213 |
| Series I | 4/2024 | Ratings | AA- | 200 | Fixed Semi-Annual Interest | 5.86% | 3.98% | 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 | 200 | 1 | 223 |

* Does not include issuance expenses 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 met all the conditions and obligations by virtue of the Trust Deeds and the financial standards set out in the Trust Deeds for the Debentures, and no conditions were met that provide grounds for immediate repayment of the Debentures. The Company's Net Financial Debt to CAP (Consolidated) Ratio, as defined in the Trust Deeds for the Debentures (CAP – Equity plus Net Financial Debt), as at June 30, 2026, is 42% (compared to a required ratio not exceeding 75%-77%). In respect of the current Rating report, 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 set for the Debentures detailed 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; 29 November 2021: ilA+ Stable; 16 March 2022: ilA+ Stable; 29 March 2023: ilA+ Stable; 31 March 2024: ilAA- Stable; 31 March 2025: ilAA- Stable; and 31 March 2026: ilAA- Stable.

# 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 six 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 given 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.2025

Part One: 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 Lubrication 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 precedent for the completion of such mergers have been fulfilled, 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 (Chayil Assets (1991) Ltd. and Summit Poly Ltd.) (hereinafter: "Summit"), on July 24, 2025, the Company submitted a report in respect of the sale of 1,175,220 shares of the Company by Summit in the

framework of 14 off-exchange transactions. In addition, according to Summit's announcement, Summit granted an option to purchase approximately 529,000 ordinary shares of the Company that remained in its ownership after the aforementioned sale. In the period from November 4, 2025 to January 29, 2026, it sold its holdings in the Company as stated above.
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 (Reference 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. For further details, see the Immediate Reports dated May 20, 2026 and June 10, 2026 (Reference Nos. 2026-01-046552 and 2026-01-055268, respectively), which are incorporated herein by reference.
On August 16, 2026, the Company's Board of Directors decided to distribute a permissible 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, in which an attack was carried out against Iran, and at the same time, a special situation was declared on the home front throughout the country. On June 15, 2026, the restrictions imposed on the public were lifted in accordance with the Home Front Command's instructions, while the declaration of a special situation on the home front remained in effect and was extended until September 8, 2026. For more details in respect of the impact of the Iron Swords War, Operation Am Kalvi as stated, and Operation "Lion's Roar", see Note 6.4 to the financial statements as at June 30, 2026.

## Part Three: Energy for Transportation

**Section 3.1.3 Fuels – Direct Marketing**

During the second quarter of 2026, the Company signed a framework agreement for the supply of DSL to the US Army. As at the date of publication of this report, there is no certainty in respect of the duration of the transaction, its scope, or the expected profit to be derived from it.

**Section 3.1.5.1 Aviation Assets – Aviation Fuel Storage and Delivery Services**

Further to what is stated in section 3.1.5.1 of the periodic report, whereby on May 25, 2025, the Aviation Assets Authority announced the exercise of the option to extend the period of the concession agreement, as defined in the periodic report, for an additional period of five years from May 29, 2026 to May 28, 2031, all in accordance with the terms of the concession agreement, it should be noted that on June 24, 2026, an appendix to the concession agreement was signed, which regulates, inter alia, the extension of such period.

**Article 3.5.2.2 Direct Marketing Trade Receivables – Palestinian Authority**

On July 22, 2026, the Company signed an addendum extending the existing engagement, as detailed in clause 3.5.2.2 of the Periodic Report, between the Company and the Palestinian Authority (hereinafter in this section: the "Authority") for the purchase of petroleum products (including LPG) from the Company, by the Authority and according to its needs, in quantities similar to those in the existing engagement, until December 31, 2029, as detailed below (hereinafter: the "Addendum to the Agreement").

Shortly after the signing, in accordance with the addendum to the agreement, the Authority's credit facility was increased compared to the credit facility prior to the signing, and changes to additional commercial terms came into effect, including the marketing margin and the conditions for terminating the agreement with prior notice. In the Company's estimation, all of the aforementioned changes are expected to lead to an improvement in profitability compared to profitability prior to the signing of the addendum to the agreement. Supplies to the Authority are carried out in coordination with the security bodies/relevant entities in Israel.

In addition, the Authority has re-signed an appendix that permits the Company to demand from the Government of Israel the amounts due to it, in accordance with the agreement with the Authority, from the taxes related to fuel, held for the Authority by the Government of Israel. In this regard, it should be noted that the Company cannot estimate its ability or the length of time required to collect the funds from the Government of Israel, if and to the extent that the Company demands the funds from the Government of Israel. No additional collateral has been provided to the Company.

The Company's assessment in respect of the expected profitability from the addendum to the Agreement constitutes Forward-looking Information, as defined in the Securities Law, 5728-1968 (hereinafter: the "Securities Law"), which may differ from the Company's assessment in light of a possible decrease or increase in sales in accordance with it, the duration of the existing engagement, and other circumstances beyond the Company's control.

**Section 3.13.2 Licenses**

In July 2026, the Company received a license to supply electricity through electric vehicle charging stations, in accordance with the decision of the

Electricity Authority (Ministry of Energy and Infrastructure). The license was granted for a period of eight years.

**Section 3.18.8 Restrictions on Operating a Filling Station – Business Licensing**

In March 2026, a permanent business license was received for the activity of aviation assets at Ben Gurion Airport for a period that will end on December 31, 2036. Due to the lack of planning arrangement 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 As at the date of publication of the report, the Company is working to extend it. In June 2026, a temporary business license was received, valid until January 1, 2027, for a facility at Haifa Airport. In Herzliya, a business license has not yet been granted.

## 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 Initiation of Real Estate**

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 all of Paz's 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 was not 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 was interested in waiving 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.

   Further to the Company's announcement dated April 30, 2026 in respect of the full fulfillment of the conditions for the entry into force of the transaction for the sale of all its rights in the property in Ashdod, on August 12, 2026, the transaction was completed. 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, 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 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 commencement 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 plant to about 40 dunams. At the beginning of May 2026, the process of shutting down the distribution facility located on the land began, and the Company found an alternative solution for distribution 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 moving forward 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 not certain, 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 aforementioned will be realized, and even if it is realized, there is no certainty that there will be no material change in the aforesaid.

## Section SIX: Gas and Renewables

### 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. After meeting the suspensive conditions set out in the agreement, including the approval of the Competition Commissioner, which was received on April 14, 2026, the transaction was completed on July 1, 2026.

**Section 6.13 – Restrictions and Supervision of the Corporation's Activity in the Field of Activity**

On July 13, 2026, the Arrangements in the State Economy Regulations (Rules in respect of the Holding of LPG Inventories), 5786-2026, were published, which require LPG Trade payables to hold LPG inventories in a volume equal to the average quantity supplied by them for 14 days. The commencement of the regulations was set for three months after the issuance of a permit to operate the first designated storage facility that will be built in accordance with the government's decision. As at the date of the report, it is not possible to assess the financial and operational impact, if and to the extent that it exists, of the regulations, inter alia, in light of the dependence on the date of construction of the facility and the terms of the contract for storing the inventories.

## 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 Resources**

Clause 8.1.5.1 – Further to the provisions of clause 8.1.5.1 of the Company's periodic report for 2025, Pazgas Ltd. is conducting negotiations with its Workers' Committee and the Histadrut in respect of a new collective agreement, which is intended to replace the agreement that ended in June 2026. At this stage, the Company is unable to assess the extent of the impact, if any, of the Histadrut's announcement received by Pazgas Ltd. in February 2026 and its realization and/or the negotiations on Pazgas Ltd. and/or the Company. For more details, see the Company's report dated February 19, 2026 (reference number: 2026-01-016322), which is included here by reference.

**Section 8.2 - Working Capital**

On August 16, 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 of Directors' Report as at June 30, 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 included here 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; and 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.2026

**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 to 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 joined as a formal defendant), in which the court was requested to order the ILA to sign a new lease agreement with the heirs of the disabled person, as well as to grant additional remedies. In May 2026, the ILA filed a Data on defense together 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 holder, the right as well as the Company's sublease right expired. In the framework of the counterclaim, an order was requested for eviction from the station's land, as well as to charge the defendants, jointly and severally, with 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 dismissal that the Company intends to file are reasonable.

In April 2026, an indictment was filed against Freshmarket et al. on the grounds of prohibited use of the building and land in violation of the building permits and the applicable plans. In the assessment of the Company's Management, based on its legal advisors, at this initial stage it is not possible to assess the chances that the proceeding will end in a conviction.

In May 2026, the court approved a motion to withdraw in 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.

In May 2026, the High Court of Justice approved the dismissal of the petition described in section 9 of the table of material claims in section 8.8 of the 2025 periodic report, without an order for costs.

In June 2026, a request for discovery and review of documents was filed against the Company and EAPC in accordance with section 198A of the Companies Law, 5759-1999. In the framework of the motion, it was argued, inter alia, that environmental violations in respect of EAPC's activity over the years, for which various enforcement proceedings have been taken, including financial sanctions against EAPC, indicate an alleged breach of the supervisory and oversight duties that apply to officers of the Company and EAPC. A preliminary examination of the application shows that the majority of the alleged damages claimed in the application originated in the period after the date of the split. For further details, see Immediate Report of June 15, 2026 (Ref: 2026-01-056593).

In July 2026, the court approved a settlement in a motion to certify a class action described in paragraph 15 of the table of material claims, under which Pazgas Ltd. undertook to invest in technological projects, provide benefits to the group members, and bear attorney's fees and remuneration in amounts that are not material to Pazgas Ltd.

**Section 8.10 – Objectives and Business Strategy**

"Plan 800"

Further to the Company's immediate report dated November 27, 2024 (Reference No. 2024-01-619404) and the Company's business strategy as detailed in Section 8.10 of the Corporate Business Description Chapter in the Company's Periodic Report for 2025 as published on March 11, 2026 (Reference No: 2026-01-021639), on May 19, 2026, the Company's Board of Directors approved a new multi-year growth plan, with the aim of bringing about a further significant increase in the Company's profits to an annual profitability level of NIS 800 million by the end of 2029 inclusive (hereinafter: "Plan 800" or the "Plan"). The profitability target includes capital gains from real estate realizations in an average annual amount during the plan period of NIS 100 million. The profit target represents an average annual growth rate (CAGR) of about 9%.

As part of the "800 Plan", the Company will work to develop a number of growth engines: the accelerated opening of neighborhood supermarkets; the expansion of electric charging complexes outside the filling stations; the continued development of the filling station complexes, including the establishment of an automatic vehicle washing network; a growth plan in the LPG sector, which includes, among other things, a focus on operational excellence, service improvement, and agency acquisition; streamlining expenses by improving and streamlining processes, including improving efficiency in the Group through AI solutions; in addition, the Company will work to realize real estate assets in betterment processes and business activities that are not in the core of the business, along with continued improvement of investment property activity,

which the Company estimates are expected to generate capital gains of approximately NIS 100 million on average per year during the program period.

Accordingly, the Company is expected to allocate an additional investment budget of approximately NIS 100 million on average per year during the program years for the purpose of implementing the plan and/or for the acquisition of activities that are compatible with and promote the acceleration of the implementation of the plan.

What is stated in this section above in respect of the realization of Plan 800 and its profitability targets is Forward-looking Information, as defined in the Securities Law, which is based on the Company's plans and on information in the Company's possession at the time of the report on the approval of the Plan and the Company's assessments of its areas of activity. This information may not be realized or may be realized in a materially different manner, inter alia, as a result of external factors or factors not under the Company's control that affect its activity, from the realization of the risk factors that characterize the Company's and the Group's companies, changes in the economic conditions in Israel and the state of the capital markets in Israel and around the world, the state of the real estate, retail and energy sectors in Israel and around the world and developments therein, various regulatory approvals required for its activity, including approvals affecting the Company's development potential and the potential of the Company's real estate Assets, a change in the working assumptions or discount rates in the economic models used by the Company, which cannot be estimated in advance, and more.

**Miscellaneous – Additional Issues Reported in accordance with the Reporting Regulations**

**Section 8, Chapter D of the Periodic Report – Remuneration for Interested Parties and Senior Office Holders of the Company**

On May 19, 2026, the Company's Board of Directors approved an update to the outline for the allocation of share options to officers and employees of the Company and its Subsidiaries (hereinafter: the "Outline"), as well as an updated remuneration policy for officers, following the approval of the Remuneration Committee (hereinafter: the "Remuneration Policy 2026"). Following the approval of the General Meeting on June 24, 2026, of the 2026 Remuneration Policy and the updates to the terms of office of the Chairman of the Board of Directors and the CEO of the Company, on June 25, 2026, share options (not registered) were allocated to the Chairman of the Board of Directors of the Company, the CEO of the Company, officers subordinate to the CEO and the Company's employees, in accordance with the Outline. For more details, see the Company's reports dated May 20, 2026 (References No. 2026-01-046556 and 2026-01-046583), June 8, 2026 (References No. 2026-01-054456 and 2026-01-054466), June 24, 2026 (Reference No. 2026-01-059600) and June 25, 2026 (References No. 2026-01-060123 and 2026-01-060126), which are included in this report by reference.

**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 July 7, 2026 (Reference No. 2026-01-064571), 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 (unlisted) was approved for Mr. Idan Gavish, the Company's Chief Operating Officer. On April 23, 2026 and June 9, 2026, 7,447 and 2,619 share options (unlisted) were allocated to the Company's employees, respectively.

Further to the decision of the Company's Board of Directors dated May 19, 2026 in respect of an update to the outline for the allocation of share options to officers and employees of the Company and its Subsidiaries, as well as further to the approval of the General Meeting on June 24, 2026 of the 2026 Remuneration Policy and updates to the terms of office of the Chairman of the Company's Board of Directors and the Company's CEO, on June 25, 2026, Series 2 share options (not listed) were allocated to the Chairman of the Company's Board of Directors, to the Company's CEO, to officers subordinate to the CEO and to employees of the Company, in accordance with the outline. For further details, see the Company's reports dated May 20, 2026 (References Nos. 2026-01-046556 and 2026-01-046583), dated June 8, 2026 (References Nos. 2026-01-054456 and 2026-01-054466), dated June 24, 2026 (Ref. No. 2026-01-059600) and dated June 25, 2026 (References Nos. 2026-01-060123 and 2026-01-060126), which are included in this report by reference.

For details in respect of the updates in the Company's capital and convertible securities, see Immediate Report dated August 5, 2026 (Reference No. 2026-01-073769), 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 would take effect. The Company acted to convene a special general meeting on the agenda of which is 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.

On May 19, 2026, Ms. Yael Danieli was appointed as a member of the Audit Committee of the Company's Board of Directors, replacing Mr. Amir Cohen.

**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 included approval of the appointment of Mr. Sami (Shmuel) Babakov as an ordinary director of the Company from the date of approval by the meeting until the date of the Company's annual general meeting for 2026, as well as an amendment to clause 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 Meeting of Shareholders 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 (Reference Nos. 2026-01-028982 and 2026-01-041183, respectively), which are incorporated herein by reference.
On May 20, 2026, the Company published a report convening a special general meeting of shareholders whose agenda was to approve the 2026 remuneration policy (as defined above), in accordance with Section 267A of the Companies Law; to approve updates to the terms of office and employment of Mr. Harel Locker, Chairman of the Company's Board of Directors, including an annual bonus and equity remuneration mechanism, as stated in Section 3.2 of the summons report; and to approve updates to the terms of office and employment of Mr. Nir Sztern, the Company's CEO, including an annual bonus and equity remuneration mechanism, as stated in Section 3.3 of the summons report. On June 8, 2026, the Company published a supplementary summons report to the summons report dated May 20, 2026. On June 24, 2026, the shareholders' meeting approved the aforementioned matters.
For further details, see the Company's reports dated May 20, 2026 (Ref. No. 2026-01-046556), June 8, 2026 (Ref. No. 2026-01-054456) and June 24, 2026 (Ref. No. 2026-01-059600), which are included in this report by reference.

**Senior Office Holders (Regulation 26A of the Reporting Regulations)**

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

On May 19, 2026, the Company's Board of Directors approved the subordination of the management of commercial real estate operations under the VP of Business Development, and his job definition was changed to VP of Business Development and Real Estate.

**Special Disclosures for the Company's Debenture Holders**

On June 3, 2026, the trustee's reports for Series F, G, H and T Debentures for the year 2025 were published. For details, see the reports dated June 3, 2026 (References Nos. 2026-01-052861, 2026-01-052864, 2026-01-052866 and 2026-01-052869 which are included in this report by reference.

On June 30, 2026, the Trustee for Debenture holders (Series T) published a meeting of Debenture holders on the agenda of which is the appointment of the trustee serving as a trustee for Debenture holders (Series T) of the Company until the final and full repayment of the Debentures. The meeting will be held on June 8, 2026. For details, see the report dated June 30, 2026 (Ref. No. 2026-10-061765), which is included in this report by reference.

# 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 June 30, 2026**
**(Unaudited)**

Table of Contents


| | Page |
|---|---|
| Review Report of the Independent Auditors to the Shareholders | 2 |
| Summary of Consolidated Interim Statements of Financial Position | 3 |
| Summary of Consolidated Interim Statements of Profit or Loss | 5 |
| Summary of Consolidated Interim Statements of Profit or Loss and Other Comprehensive Income | 6 |
| Summary of Statements of Changes in Consolidated Interim Equity | 7 |
| Summary of Consolidated Interim Statements of Cash Flows | 10 |
| Notes to the Condensed Consolidated Interim Financial Statements | 13 |

KPMG Somekh Chaikin,
Millennium Tower, 71
Ha'Arbaa Street, P.O. Box 906,
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 condensed consolidated Data on financial position as at June 3, 2022 and the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month and three-month periods ended on that date. The Board of Directors and management are responsible for the preparation and presentation of financial information for these interim periods in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as well as for the preparation of such interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Financial Information for Interim Periods Performed by the Independent Auditor 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 application of analytical and other review procedures. A review is substantially more limited in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and, accordingly, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, 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, in accordance with International Accounting Standard IAS 34.

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

Somekh
Chaikin
Tel Aviv

August 16, 2026



KPMG Somekh Chaikin, a registered partnership in Israel and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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KPMG Somekh Chaikin
Millennial Tower, 71
Ha'Arbaa Street, P.O. Box
609, Tel Aviv 6100601
03 684 8000

August 16, 2026

To:
The Board of Directors of
Paz Retail and Energy Ltd. (the "Company")
GREENWORK
BUILDING D
6097200, YAKUM

Sincerely yours,

**Re: Letter of Consent in respect of the Shelf Prospectus of Paz Retail and Energy Ltd. from March 2026**

We hereby inform you that we consent to the inclusion (including by reference) of our reports set forth below in respect of the March 2026 Shelf Prospectus.

1) Review report of the auditing accountant dated August 16, 2026, on the Company's condensed consolidated financial information As at June 30, 2026 and for the six- and three-month periods ended on that date.

2) The auditor's report dated August 16, 2026 on the Company's separate concise financial information as at June 30, 2026, and for the six- and three-month periods ended June 30, 2026, in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), tashal-1970.

Sincerely,

Somekh
Chaikin

August 16, 2026

KPMG Somekh Chaikin, a registered partnership in Israel and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

| NIS million | As at June 30, 2026 (Unaudited) | As at June 30, 2025 (Unaudited) | As at December 31, 2025 (Audited) |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 613 | 939 | 745 |
| Trade receivables | 1,786 | 1,550 | 1,593 |
| Other receivables | 157 | 135 | 100 |
| Inventories | 264 | 326 | 284 |
| Current Tax Assets | 4 | 5 | 12 |
| Assets held for sale | 44 | 46 | 44 |
| **Total Current Assets** | **2,868** | **3,001** | **2,778** |
| Other Long-Term Investments | 63 | 41 | 37 |
| Loans granted and long-term receivable balances | 99 | 101 | 101 |
| Investments in investees accounted for using the equity method | 151 | 149 | 152 |
| Loans to investees accounted for using the equity method | 6 | 8 | 6 |
| Investment property | 688 | 668 | 687 |
| Property, plant and equipment, net | 2,461 | 2,415 | 2,439 |
| Right-of-use assets | 1,750 | 1,700 | 1,685 |
| Intangible Assets, Net | 2,464 | 2,454 | 2,457 |
| Deferred Tax Assets | 15 | 20 | 17 |
| **Total Non-Current Assets** | **7,697** | **7,556** | **7,581** |
| **Total Assets** | **10,565** | **10,557** | **10,359** |

| NIS million | As at June 30, 2026 (Unaudited) | As at June 30, 2025 (Unaudited) | As at December 31, 2025 (Audited) |
|---|---|---|---|
| **Liabilities** | | | |
| Short-term loans and credit, Including current maturities of debentures and long-term loans | 885 | 782 | 874 |
| Current Portion of Lease Liability | 286 | 278 | 303 |
| Trade payables | 1,292 | 1,206 | 1,274 |
| Other payables | 863 | 721 | 768 |
| Current tax liabilities | 25 | 34 | 33 |
| Provisions | 34 | 32 | 34 |
| **Total Current Liabilities** | **3,385** | **3,053** | **3,286** |
| Debentures | 2,156 | 2,601 | 2,144 |
| Long-term liability for leases | 1,481 | 1,443 | 1,401 |
| Other long-term liabilities | 1 | 4 | 5 |
| Employee Benefits | 15 | 16 | 16 |
| Deferred tax liabilities | 120 | 92 | 115 |
| **Total Non-Current Liabilities** | **3,773** | **4,156** | **3,681** |
| **Total Liabilities** | **7,158** | **7,209** | **6,967** |
| **Equity** | | | |
| Share capital | 200 | 199 | 200 |
| Treasury shares | (386) | (386) | (386) |
| Premium and Equity Funds | 2,250 | 2,241 | 2,232 |
| Retained earnings | 1,343 | 1,294 | 1,346 |
| **Total Equity** | **3,407** | **3,348** | **3,392** |
| **Total liabilities and equity** | **10,565** | **10,557** | **10,359** |

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

Financial statement approval date: August 16, 2026

| NIS million | For the period of six months ended June 30, 2026 (Unaudited) | For the period of six months ended June 30, 2025 (Unaudited) | for a period of three months ended On June 30, 2026 (Unaudited) | for a period of three months ended On June 30, 2025 (Unaudited) | For the year ended On December 31, 2025 (Audited) |
|---|---|---|---|---|---|
| Revenue | 5,714 | 5,460 | 3,030 | 2,675 | 11,130 |
| Cost of Revenue | 4,326 | 4,194 | 2,331 | 2,035 | 8,542 |
| **Gross Profit** | **1,388** | **1,266** | **699** | **640** | **2,588** |
| Selling and marketing expenses | 808 | 771 | 410 | 389 | 1,571 |
| General and administrative expenses | 119 | 120 | 57 | 59 | 249 |
| Other income, net | (13) | (53) | (6) | (19) | (77) |
| **Operating income** | **474** | **428** | **238** | **211** | **845** |
| Finance income | 10 | 20 | 4 | 10 | 36 |
| Finance expenses | 78 | 93 | 47 | 53 | 174 |
| **Finance expenses, net** | **68** | **73** | **43** | **43** | **138** |
| A portion of the profits of investees treated according to the balance sheet method | 4 | 5 | 2 | 4 | 14 |
| **Profit before tax** | **410** | **360** | **197** | **172** | **721** |
| Income tax expense | 89 | 65 | 39 | 33 | 143 |
| **Net profit for the period** | **321** | **295** | **158** | **139** | **578** |
| **Earnings per share attributable to the equity holders of the Company** | | | | | |
| Basic earnings per share (NIS) | 29.8 | 27.6 | 14.5 | 12.8 | 53.9 |
| Diluted earnings per share (NIS) | 28.8 | 26.4 | 14 | 12.3 | 51.8 |

| NIS million | For the period of six months ended June 30, 2026 (Unaudited) | For the period of six months ended June 30, 2025 (Unaudited) | for a period of three months ended On June 30, 2026 (Unaudited) | for a period of three months ended On June 30, 2025 (Unaudited) | For the year ended On December 31, 2025 (Audited) |
|---|---|---|---|---|---|
| **Profit for the period** | **321** | **295** | **158** | **139** | **578** |
| **Items of Other Comprehensive Income that will not be reclassified to profit or loss** | | | | | |
| Revaluation of a financial asset to fair value through other comprehensive income | 25 | 7 | 7 | 7 | 4 |
| **Total other comprehensive income for the period that will not be transferred to profit or loss, net of tax** | **25** | **7** | **7** | **7** | **4** |
| **Items of Other Comprehensive Loss to be Reclassified to Profit or Loss** | | | | | |
| Translation differences and cash flow hedges from foreign operations | (7) | (12) | (6) | (11) | (17) |
| **Total other comprehensive loss for the period reclassified or to be reclassified to profit or loss, net of tax** | **(7)** | **(12)** | **(6)** | **(11)** | **(17)** |
| **Total Other Comprehensive Income (Loss) for the period** | **18** | **(5)** | **1** | **(4)** | **(13)** |
| **Total Comprehensive Income for the period** | **339** | **290** | **159** | **135** | **565** |

| NIS million | Equity Shares | Share premium and capital reserves | Treasury shares | Retained earnings | Total |
|---|---|---|---|---|---|
| **For the period of six months ended June 30, 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 | - | - | - | 321 | 321 |
| Other Comprehensive Income for the Period, Net of Tax | - | 18 | - | - | 18 |
| Total Comprehensive Income for the Period | - | 18 | - | 321 | 339 |
| ***Transactions with owners, directly attributed to equity*** | | | | | |
| Dividend Declared | - | - | - | (330) | (330) |
| Share-based payment | - | - | - | 6 | 6 |
| **Balance as at June 30, 2026** | **200** | **2,250** | **(386)** | **1,343** | **3,407** |

| NIS million | Equity Shares | Share premium and capital reserves | Treasury shares | Retained earnings | Total |
|---|---|---|---|---|---|
| **For the period of six months ended June 30, 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 | - | - | - | 295 | 295 |
| Total comprehensive loss for the period, net of tax | - | (5) | - | - | (5) |
| Total Comprehensive Income (Loss) for the Period | - | (5) | - | 295 | 290 |
| ***Transactions with owners, charged directly to equity*** | | | | | |
| Dividend Declared | - | - | - | (205) | (205) |
| Share-based payment | - | - | - | 10 | 10 |
| **Balance as at June 30, 2025** | **199** | **2,241** | **(386)** | **1,294** | **3,348** |

| NIS million | Equity Shares | Share premium and capital reserves | Treasury shares | Retained earnings | Total |
|---|---|---|---|---|---|
| **For the period of three months that ended June 30, 2026 (Unaudited)** | | | | | |
| **Balance as at April 1, 2026** | **200** | **2,249** | **(386)** | **1,312** | **3,375** |
| ***Total Comprehensive Income for the Period*** | | | | | |
| Profit for the period | - | - | - | 158 | 158 |
| Total Comprehensive Income for the Period, Net of Tax | - | 1 | - | - | 1 |
| Total Comprehensive Income (Loss) for the period | - | 1 | - | 158 | 159 |
| ***Transactions with owners, charged directly to equity*** | | | | | |
| Dividend Declared | - | - | - | (130) | (130) |
| Share-based payment | - | - | - | 3 | 3 |
| **Balance as at June 30, 2026** | **200** | **2,250** | **(386)** | **1,343** | **3,407** |

| NIS million | Equity Shares | Share premium and capital reserves | Treasury shares | Retained earnings | Total |
|---|---|---|---|---|---|
| **For the period of three months that ended June 30, 2025 (Unaudited) 2025** | | | | | |
| **Balance as at April 1, 2025** | **199** | **2,245** | **(386)** | **1,281** | **3,339** |
| ***Total Comprehensive Income for the Period*** | | | | | |
| Profit for the period | - | - | - | 139 | 139 |
| Total comprehensive loss for the period, net of tax | - | (4) | - | - | (4) |
| Total Comprehensive Income (Loss) for the period | - | (4) | - | 139 | 135 |
| ***Transactions with owners, charged directly to equity*** | | | | | |
| Dividend Declared | - | - | - | (130) | (130) |
| Share-based payment | - | - | - | 4 | 4 |
| **Balance as at June 30, 2025** | **199** | **2,241** | **(386)** | **1,294** | **3,348** |

| 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 Loss for the Year, Net of Tax | - | (13) | - | - | (13) |
| **Total Comprehensive Income (Loss) for the year** | **-** | **(13)** | **-** | **578** | **565** |
| **Transactions with owners, charged 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 six months ended June 30 2026 (Unaudited) | For the period of six months ended June 30 2025 (Unaudited) | for a period of three months that ended On June 30 2026 (Unaudited) | for a period of three months that ended On June 30 2025 (Unaudited) | For the year that ended On December 31 2025 (Audited) |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit for the period | **321** | **295** | **158** | **139** | **578** |
| Adjustments: | | | | | |
| Depreciation and amortization | 111 | 101 | 57 | 51 | 211 |
| Depreciation of right-of-use assets | 144 | 141 | 72 | 71 | 279 |
| Change in the fair value of investment property | - | - | - | - | (16) |
| A portion of the profits of investees accounted for using the equity method | (4) | (5) | (2) | (4) | (14) |
| Share-based payment | 6 | 10 | 3 | 4 | 19 |
| Finance expenses, net | 68 | 73 | 43 | 43 | 138 |
| Capital gains | (5) | (43) | (4) | (11) | (53) |
| Income tax expense | 89 | 65 | 39 | 33 | 143 |
| **Profit for the period after adjustments to profit** | **730** | **637** | **366** | **326** | **1,285** |
| Reduction (increase) in short- and long-term trade receivables and other receivables | (255) | 136 | (85) | 219 | 114 |
| Decrease (increase) in inventories | 20 | (46) | 29 | (21) | **(5)** |
| Increase (reduction) in trade payables and other payables | 103 | (141) | 95 | (256) | **(21)** |
| Increase (decrease) in provisions | - | (1) | - | (1) | 2 |
| (Decrease) in Employee Benefits | (1) | (2) | (1) | (2) | (2) |
| | **(133)** | **(54)** | **38** | **(61)** | **88** |
| Income tax paid | (83) | (38) | (37) | (26) | (94) |
| **Net cash from operating activities** | **514** | **545** | **367** | **239** | **1,279** |

| NIS million | For the period of six months ended June 30 2026 (Unaudited) | For the period of six months ended June 30 2025 (Unaudited) | for a period of three months that ended On June 30 2026 (Unaudited) | for a period of three months that ended On June 30 2025 (Unaudited) | For the year that ended On December 31 2025 (Audited) |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | (119) | (91) | (70) | (46) | (199) |
| Business combinations | (15) | - | - | - | (10) |
| Proceeds and advances from the realization of property, plant and equipment, investment property and assets held for sale | 18 | 64 | 16 | 1 | 84 |
| Dividends received from investees and other investments | - | 1 | - | - | 1 |
| Investing in Investees | (2) | - | (1) | - | - |
| Providing loans to filling station operators, agents, employees, and others | - | (1) | - | - | (4) |
| Repayment of Loans to Filling Station Operators, Agents, Employees and Others | 2 | 2 | 1 | 1 | 4 |
| Repayment of Loans to Investees According to the Equity Method | - | - | - | - | 2 |
| Investment in intangible assets and deferred expenses | (14) | (12) | (7) | (5) | (26) |
| Interest Received | 8 | 17 | 5 | 9 | 32 |
| **Net cash used in investing activities** | **(122)** | **(20)** | **(56)** | **(40)** | **(116)** |

| NIS million | For the period of six months ended June 30 2026 (Unaudited) | For the period of six months ended June 30 2025 (Unaudited) | for a period of three months that ended On June 30 2026 (Unaudited) | for a period of three months that ended On June 30 2025 (Unaudited) | For the year that ended On December 31 2025 (Audited) |
|---|---|---|---|---|---|
| **Cash flows from financing activities** | | | | | |
| Repayment of debentures | - | - | - | - | (468) |
| Commercial Paper Issuance | - | - | - | - | 399 |
| Repayment of Commercial Paper | - | - | - | - | (300) |
| Repayment of Lease Liability Principal | (145) | (140) | (72) | (71) | (281) |
| Interest paid in respect of lease liabilities | (23) | (23) | (11) | (11) | (46) |
| Dividend paid | (320) | (150) | (200) | (75) | (400) |
| Interest Paid | (36) | (37) | (33) | (35) | (86) |
| **Net cash used in financing activities** | **(524)** | **(350)** | **(316)** | **(192)** | **(1,182)** |
| Increase (decrease) in cash and cash equivalents | (132) | 175 | (5) | 7 | (19) |
| Cash and cash equivalents for the beginning of the period | 745 | 764 | 618 | 932 | 764 |
| **Cash and cash equivalents at the end of the period** | **613** | **939** | **613** | **939** | **745** |

## Note 1 - The reporting entity

### 1.1. The reporting entity

Paz Retail and Energy Ltd. (formerly Paz Lubricants 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 June 30, 2026 include those of the Company and its subsidiaries (collectively, the "Group"), as well as the Group's rights in associates and joint arrangements.

As of September 18, 2016, the Company is a company without a controlling shareholder. 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 stations and electric charging complexes, 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. Data on 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), 5730 – 1970.

The summary of the interim consolidated financial statements was approved for publication by the Company's Board of Directors on August 16, 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 assessments, estimates and assumptions that affect the application of accounting policies 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 the Summary of Consolidated Interim Financial Statements is the policy implemented 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 on 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 (SPPIs);
Update of 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 of 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 applied retroactively without reData on comparative figures.
Upon applying the amendment to IFRS 7, the Company did not provide disclosures in respect of periods prior to the initial application date of the amendment.
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, Presentation of Financial Statements. The purpose of the standard is to provide improved structure and content for the financial statements, in particular the Data on 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 structure of the Group's operations during the reporting period is comprised of four fields, which are recognized as reportable segments, as detailed below.

**Energy for Transportation –** within this sector, filling station complexes are managed, including transportation, marketing, distribution and sale of fuels, as well as electric vehicle charging. This sector also includes the direct marketing of fuels (trade) – to commercial, industrial and institutional Trade receivables (marketed mainly to the customer's premises), marketing of fuels to electronic refueling Trade receivables (Pazomat), and marketing of fuels to the Palestinian Authority. This sector 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 Lubricants, which manufactures and markets, among other things, oils for transportation, solvents and recycled oils.

**Food Retail –** Within this segment, the Company's convenience stores and neighborhood supermarkets are operated across the country. This segment includes the marketing and sale of various products, including food and convenience products, through the Yelloww chain of stores and through neighborhood supermarket chains comprising 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 Ltd., 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; marketing, distributing and selling LPG-consuming appliances (heating appliances, water heaters and dryers). In addition, Pazgas Ltd. supplies electricity to private and commercial Trade receivables. Furthermore, this segment includes activity in renewable energy projects abroad.

למחוק

**Here is information about the profit and loss**
**For the six-month period ended June 30, 2026: (Unaudited)**

| NIS million | Energy for Transportation | Food Retail | Real Estate | Gas and Renewable Energy | Consolidation adjustments | Total |
|---|---|---|---|---|---|---|
| Revenue from external sources | 3,622 | 1,589* | 30 | 473 | - | 5,714 |
| Revenue from intersegment sales | - | - | 76 | 186 | (262) | - |
| Sector Revenue | 3,622 | 1,589 | 106 | 659 | (262) | 5,714 |
| Cost of sales | 2,995 | 1,033 | - | 487 | (189) | 4,326 |
| **Operating income including fuel inventories profits** | 173 | 138 | 84 | 79 | | 474 |
| Fuel Inventories Profits | (22) | - | - | - | | (22) |
| **Operating income excluding fuel inventories profits** | 151 | 138 | 84 | 79 | | 452 |
| Depreciation, amortization and share-based payment | 114 | 107 | 17 | 24 | | 262 |
| The Company's share in the EBITDA of a renewable energy project in Texas | - | - | - | 10 | | 10 |
| **EBITDA** | **265** | **245** | **101** | **113** | | **724** |
| | | | | | | |
| Sales in the local market | | | | | | 4,646 |
| Sales Outside Israel** | | | | | | 1,068 |
| **Total Sales** | | | | | | **5,714** |

EBITDA stands for operating income (loss) before impairment of assets, net of inventories losses, net of depreciation, amortization and revaluation, and excluding expenses for share-based payment, and includes the Company's share of EBITDA of an overseas renewable energy project.
* The amount does not include part of the sales revenue through franchisees. Sales, including franchisees, totaled approximately NIS 1,632 million.
** Includes sales to the Palestinian Authority, DSL sales to airlines and other sales.

**For the six-month period ended June 30, 2025: (Unaudited)**

| NIS million | Energy for Transportation | Food Retail | Real Estate | Gas and Renewable Energy | Consolidation adjustments | Total |
|---|---|---|---|---|---|---|
| Revenue from external sources | 3,418 | 1,573* | 30 | 439 | - | 5,460 |
| Revenue from intersegment sales | - | - | 75 | 170 | (245) | - |
| Sector Revenue | 3,418 | 1,573 | 105 | 609 | (245) | 5,460 |
| Cost of sales | 2,892 | 1,028 | - | 448 | (174) | 4,194 |
| **Operating income** | 97 | 137 | 125 | 69 | | 428 |
| Fuel Inventories Losses | 7 | - | - | - | | 7 |
| **Operating income excluding inventories losses** | 104 | 137 | 125 | 69 | | 435 |
| Depreciation, amortization and share-based payment | 111 | 101 | 17 | 22 | | 251 |
| The Company's share in the EBITDA of a renewable energy project in Texas | - | - | - | 12 | | 12 |
| **EBITDA** | **215** | **238** | **142** | **103** | | **698** |
| | | | | | | |
| Sales in the local market | | | | | | 4,387 |
| Sales Outside Israel** | | | | | | 1,073 |
| **Total Sales** | | | | | | **5,460** |

* The amount does not include part of the sales revenue through franchisees. Sales, including franchisees, totaled approximately NIS 1,624 million.

** Includes sales to the Palestinian Authority, DSL sales to airlines and other sales.

**For the period of three months that ended June 30, 2026: (Unaudited)**

| NIS million | Energy for Transportation | Food Retail | Real Estate | Gas and Renewable Energy | Consolidation adjustments | Total |
|---|---|---|---|---|---|---|
| Revenue from external sources | 2,010 | 800 | 15 | 205 | - | 3,030 |
| Revenue from intersegment sales | - | - | 39 | 62 | (101) | - |
| Sector Revenue | 2,010 | 800 | 54 | 267 | (101) | 3,030 |
| Cost of sales | 1,677 | 515 | | 204 | (65) | 2,331 |
| **Operating income including fuel inventories profits** | 102 | 76 | 43 | 17 | | 238 |
| Fuel Inventories Profits | (22) | - | - | - | | (22) |
| **Operating income excluding fuel inventories profits** | 80 | 76 | 43 | 17 | | 216 |
| Depreciation, amortization and share-based payment | 57 | 55 | 8 | 13 | | 133 |
| The Company's share in the EBITDA of a renewable energy project in Texas | - | - | - | 5 | | 5 |
| **EBITDA** | **137** | **131** | **51** | **35** | | **354** |
| | | | | | | |
| Sales in the local market | | | | | | 2,513 |
| Sales Outside Israel** | | | | | | 517 |
| **Total Sales** | | | | | | **3,030** |

* The amount does not include part of the sales revenue through franchisees. Sales, including franchisees, totaled approximately NIS 823 million.
** Includes sales to the Palestinian Authority, DSL sales to airlines and other sales.

**For the period of three months that ended June 30, 2025: (Unaudited)**

| NIS million | Energy for Transportation | Food Retail | Real Estate | Gas and Renewables | Consolidation adjustments | Total |
|---|---|---|---|---|---|---|
| Revenue from external sources | 1,649 | 829* | 15 | 182 | - | 2,675 |
| Revenue from intersegment sales | - | - | 38 | 46 | (84) | - |
| Sector Revenue | 1,649 | 829 | 53 | 228 | (84) | 2,675 |
| Cost of sales | 1,383 | 542 | - | 159 | (49) | 2,035 |
| **Operating income** | 56 | 79 | 50 | 26 | | 211 |
| Fuel Inventories Losses | 7 | - | - | - | | 7 |
| **Operating income excluding inventories losses** | 63 | 79 | 50 | 26 | | 218 |
| Depreciation, amortization and share-based payment | 55 | 51 | 9 | 11 | | 126 |
| The Company's share in the EBITDA of a renewable energy project in Texas | - | - | - | 7 | | 7 |
| **EBITDA** | **118** | **130** | **59** | **44** | | **351** |
| | | | | | | |
| Sales in the local market | | | | | | 2,186 |
| Sales Outside Israel** | | | | | | 489 |
| **Total Sales** | | | | | | **2,675** |

* The amount does not include part of the sales revenue through franchisees. Sales, including franchisees, totaled approximately NIS 855 million.

** Includes sales to the Palestinian Authority, DSL sales to airlines and other sales.

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

| NIS million | Energy for Transportation | Food Retail | Real Estate | Gas and Renewable Energy | Consolidation adjustments | Total |
|---|---|---|---|---|---|---|
| Revenue from external sources | 7,045 | 3,178 | 60 | 847 | - | 11,130 |
| Revenue from intersegment sales | - | - | 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 inventories losses** | **237** | **268** | **242** | **106** | | **853** |
| Depreciation and amortization and share-based payment | 229 | 207 | 27 | 44 | | 507 |
| The Company's Share in the EBITDA of a 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, DSL sales to airlines and other sales.
In 2025, the Group had one principal customer in the Energy for Transportation sector, with total sales to this customer amounting to approximately NIS 1.4 billion.

## Note 5 - Contingent liabilities

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

The aforementioned sum and all 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 NIS million | 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 allegations of: non-compliance with the provisions of the law, harm to the environment, collection of various payments, misleading consumers, etc. | 9 | 937 |
| Miscellaneous Claims | Mainly claims or monetary claims | 24 | 131 |
| Total | | **34** | **1,138** |

**Notes:**

(I) In claims in which it is not possible to estimate the specific amount of the claim for the Group, 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 81 million are claims for which a motion was filed to recognize them as class actions, and at this stage it is not possible to assess whether the motions to certify class actions will indeed be approved.

(III) Of the amount of exposure, a total of approximately NIS 175 million 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, including, inter alia, in respect of 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 millions 400 was due to a motion to certify a class action from January 2026, claiming that Paz does not take care to clean the public toilets intended for its Trade receivables' use in 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 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 resolved to distribute a permissible cash dividend in the total amount of NIS 200 million, which was distributed 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 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, all conditions for its entry into force were met. The transaction was completed on August 12, 2026, after the balance sheet date. The effect of the completion of the transaction on the profit (after tax) in the Company's consolidated financial statements is not material.

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

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 sector, 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, there was an increase in sales, mainly in supermarkets, while there was a negative impact on convenience stores along the roads.

Following the operation and the increase in fuel prices, there was a temporary increase in operating working capital, in part due to the difference between the credit terms of trade receivables and trade payables in the Energy for Transportation sector.

In addition, fuel inventories purchased at pre-war prices were sold during the second quarter. As a result, the Company recorded fuel inventories profits of approximately NIS 22 million before tax in the second quarter.

Credit Risk Management – the Company regularly examines the total credit risk 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, 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. The dividend was distributed after the balance sheet date.

6.6. During the second quarter of 2026, the Company signed a framework agreement for the supply of DSL to the United States Army. As at the date of publication of this report, there is no certainty in respect of the duration of the transaction, its scope, or the expected profit to be derived from it.

6.7. Further to what was stated in Note 31.3 to the financial statements for the year 2025, on July 22, 2026, the Company signed an addendum extending the existing engagement between it and the Palestinian Authority (hereinafter in this section: the "Authority") for the purchase of petroleum products (including LPG) from the Company, by the Authority and according to its needs, in a scope similar to that in the existing engagement, until December 31, 2029, as detailed below (hereinafter: the "Addendum to the Agreement"). Shortly after the signing of the Addendum to the Agreement, the credit facility to the Authority will be increased relative to the credit facility prior to the signing, and changes will take effect in additional commercial terms, including the marketing margin and the conditions for terminating the agreement with prior notice.

6.8. On August 16, 2026, the Company's Board of Directors decided on a permitted distribution of a cash dividend, in a total amount of NIS 130 million.

6.9. **Granting Share Options**

On November 26, 2024, the Company's Board of Directors approved an outline (hereinafter: the "Outline") enabling the grant of up to 600,000 warrants, non-tradable and without consideration (hereinafter: the "Warrants"), each of which may be exercised for one ordinary share of the Company with a par value of NIS 5 each. On May 19, 2026, the Company's Board of Directors decided to update the original Outline and increase the number of Warrants that may be granted in accordance with it so that the total number of Warrants will be 700,000 (hereinafter: the "Revised Outline"), and also approved the allocation of 243,055 Series 2 Warrants to the Chairman of the Board of Directors, the CEO, officers of the Company, employees of the Company and of Subsidiaries.

**The following is a breakdown of the grants of Series 2 warrants made on June 25, 2026:**

| Eligible Employees | Number of devices |
|---|---|
| Chairman of the Board of Directors | 21,747 |
| CEO | 27,798 |
| Officers | 82,800 |
| Employees | 110,710 |

**The following are the main terms and conditions of Warrants (Series 2):**

Unless otherwise determined by the Program Manager, all Series 2 warrants shall vest at the later of: (a) the date on which the performance target for vesting, as defined below, is achieved, as determined at the grant date; or (b) the lapse of the vesting period, as defined below, and subject to the Offeree being employed by the Company or a subsidiary, or provided that the Offeree provides services to the Company or a subsidiary at the vesting date.3

In this regard:

The "Maturity Target" is the date on which the average closing price of the Company's share on the TASE over a period of at least 30 consecutive trading days (in the current allocation – 30 consecutive trading days) exceeds the share price to be determined (in the current allocation – NIS 1,200) (hereinafter: the "Price Target"), and this within a period of up to 48 months from the date of the allocation (in the current allocation – 48 months from the date of the allocation) (hereinafter: the "Period for Achieving the Target"). For the purpose of the current allocation, meeting the Maturity Target will be deemed to occur at the end of the 30th trading day, i.e., the last trading day included for the purpose of calculating the average for meeting the Price Target.

"Vesting Period": Unless otherwise determined by the Program Manager: (a) one-third of the Series 2 option warrants – 12 months after the Allotment Date (hereinafter: the "First Tranche"); (b) one-third of the Series 2 option warrants – 24 months after the Allotment Date (hereinafter: the "Second Tranche"); (c) one-third of the Series 2 option warrants – 36 months after the Allotment Date (hereinafter: the "Third Tranche").

For the avoidance of doubt, it is clarified that if the performance target for vesting is met during the period for achieving the target before the end of the vesting period of any of the relevant tranches, then the Series 2 warrants will vest at the end of the relevant vesting period for each tranche, regardless of the Company's share price on the TASE after the performance target for vesting has been met as aforesaid.

If the price target is not achieved by the end of the period for achieving the target, the offeree will not be entitled to exercise the Series 2 warrants allocated to him, and his entitlement to them will expire, and the Series 2 warrants will be returned to the pool

used by the Company, from which the Company may grant warrants in accordance with the provisions of the Plan and the Outline, at its sole discretion.

Unless otherwise determined by the Program Manager, Series 2 Warrants that vest as aforesaid will be exercisable from the date of their vesting until the end of a period of 54 months from the grant date (hereinafter: the "Exercise Period"). Series 2 Warrants that are not exercised by the end of the Exercise Period will be cancelled and returned to the pool used by the Company, from which the Company may grant warrants in accordance with the provisions of the plan and outline, at its sole discretion.

Notwithstanding the foregoing, in the event of termination of employment of a grantee who is an Officer of the Company following an "acceleration event in the Company" as defined in the revised outline, and provided that by the date of termination the performance vesting target has been met, the vesting of the next tranche of Series 2 warrants that has not yet vested shall be accelerated as of the termination date.

**Exercise price**

The exercise price of each warrant to be allocated under this amended outline shall be the price determined by the program manager at the time of the decision in respect of the allocation of options, at his sole discretion, and, in respect of offerees who are Officers of the Company, in accordance with the provisions of the law and the remuneration policy, as updated from time to time, provided that it shall not be less than the nominal value of the shares. The exercise price shall be subject to adjustments as set forth in the outline.

It should be emphasized that, in accordance with the terms of the warrants, the exercise price will be exercised through a net exercise mechanism ("Cashless"), in which the exercise price will not actually be paid by the offerees, but will be theoretical only for the purpose of calculating the value of the benefit.

In accordance with the aforesaid, and subject to adjustments as stated in the amended outline, the exercise price for each Series 2 warrant that will be allocated to the bidders in the current allocation is set at NIS 1,000.

The fair value at the grant date of the warrants for shares that were granted was estimated using the Monte Carlo option pricing model. The following are the parameters used to measure the fair value at the grant date of the warrants in NIS:

| Month of Grant | | 06/2026 |
|---|---|---|
| Fair value at grant date | | 128 |
| **The parameters used in the calculation of fair value:** | | |
| Share price (at the time of the grant) | | 810.7 |
| Exercise price (NIS per share) | | 1,000 |
| Expected Volatility | for 4.5 years | 31% |
| Risk-free interest rate | for 4.5 years | 3.29% |

## Note 7 – Financial Instruments

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

The carrying amount of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, other short-term investments, escrow for employee benefits, short-term loans and credit, trade payables and other payables, lease liabilities and authorization fees, is consistent with or close to their fair value.

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

| | As at June 30, 2026 | | As at June 30, 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) | 2,640 | 2,593 | 3,071 | 2,946 | 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 not based on observable market data.

| **NIS million** | **As at 30 June 2026 Level 1** | **As at 30 June 2025 Level 1** | **As at December 31, 2025 Level 1** |
|---|---|---|---|
| **Financial assets at fair value through profit or loss -** | | | |
| Shares (Level 1) | 1 | 1 | 1 |
| Derivatives (Level 2) | 6 | - | - |
| **Financial assets designated at fair value through other comprehensive income – traded shares** | 62 | 40 | 36 |
| | 69 | 41 | 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.

**Separate financial information**

**As at June 30, 2026**

**Table of Contents**


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

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.

KPMG Somekh Chaikin,
Millennium Tower, 71
HaArbaa 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 in Accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), tashal-0791**

## Introduction

We reviewed the separate interim financial information presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), tashal-1970 of Paz Retail and Energy Ltd. (hereinafter – the Company), as at June 3, 2022 and for the six- and three-month periods ended on that date. The separate interim financial information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express a conclusion on the separate interim financial information for these interim periods based on our review.

## Scope of the Review

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





Somekh Chaikin, a registered partnership in Israel and a member firm of the global organization of KPMG, which comprises independent firms affiliated with KPMG International Limited, a private English company limited by liability.

## 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 compiled, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), tashal-1970.

Somekh
Chaikin

Tel Aviv

August 16, 2026



KPMG

Somekh Chaikin, a registered partnership in Israel and a member firm of the global organization of KPMG, which comprises independent firms affiliated with KPMG International Limited, a private English company limited by liability.

| NIS million | As at June 30, 2026 (Unaudited) | As at June 30, 2025 (Unaudited) | As at December 31 2025 (Audited) |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 417 | 721 | 525 |
| Trade receivables | 1,510 | 1,287 | 1,319 |
| Other receivables | 186 | 201 | 166 |
| Inventories | 75 | 121 | 100 |
| Assets held for sale | 44 | 44 | 44 |
| **Total Current Assets** | **2,232** | **2,374** | **2,154** |
| Loans granted and long-term receivable balances | 67 | 70 | 71 |
| Other Long-Term Investments | 63 | 41 | 37 |
| Balance in respect of consolidated subsidiaries | 2,965 | 2,920 | 2,989 |
| Investments in associates | 151 | 149 | 152 |
| Loans to investees | 392 | 369 | 357 |
| Investment property | 670 | 625 | 644 |
| Property, plant and equipment, net | 1,796 | 1,717 | 1,729 |
| Right-of-use assets, net | 1,037 | 962 | 984 |
| Intangible Assets, Net | 44 | 44 | 43 |
| **Total Non-Current Assets** | **7,185** | **6,897** | **7,006** |
| **Total Assets** | **9,417** | **9,271** | **9,160** |

| NIS million | As at June 30, 2026 (Unaudited) | As at June 30, 2025 (Unaudited) | As at December 31, 2025 (Audited) |
|---|---|---|---|
| **Liabilities** | | | |
| Short-term loans and credit, including current maturities of debentures | 885 | 782 | 874 |
| Trade payables | 925 | 817 | 866 |
| Other payables | 640 | 497 | 573 |
| Current maturities of lease liabilities | 171 | 165 | 191 |
| Current tax liabilities | 16 | 27 | 30 |
| Provisions | 21 | 21 | 21 |
| **Total Current Liabilities** | **2,658** | **2,309** | **2,555** |
| Debentures | 2,156 | 2,601 | 2,144 |
| Long-term lease liability | 856 | 800 | 787 |
| Other long-term liabilities | 292 | 195 | 245 |
| Employee Benefits | 4 | 4 | 4 |
| Deferred tax liabilities | 44 | 14 | 33 |
| **Total Non-Current Liabilities** | **3,352** | **3,614** | **3,213** |
| **Total Liabilities** | **6,010** | **5,923** | **5,768** |
| | | | |
| **Equity** | | | |
| Share capital | 200 | 199 | 200 |
| Treasury shares | (386) | (386) | (386) |
| Capital reserves | 2,250 | 2,241 | 2,232 |
| Retained earnings | 1,343 | 1,294 | 1,346 |
| **Total Equity** | **3,407** | **3,348** | **3,392** |
| **Total liabilities and equity** | **9,417** | **9,271** | **9,160** |

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

Separate Financial Information Approval Date: August 16, 2026

| NIS million | For the period of six months ended June 30 2026 (Unaudited) | For the period of six months ended June 30 2025 (Unaudited) | for a period of three months that ended On June 30 2026 (Unaudited) | for a period of three months that ended On June 30 2025 (Unaudited) | For the year ended December 31, 2025 (Audited) |
|---|---|---|---|---|---|
| Revenue | 4,094 | 3,888 | 2,261 | 1,904 | 8,020 |
| Cost of Revenue | 3,306 | 3,187 | 1,842 | 1,545 | 6,535 |
| **Gross Profit** | **788** | **701** | **419** | **359** | **1,485** |
| Selling and marketing expenses | 416 | 405 | 212 | 206 | 834 |
| General and administrative expenses | 74 | 74 | 36 | 35 | 155 |
| Other income, net | (2) | (55) | (1) | (19) | (88) |
| **Operating income** | **300** | **277** | **172** | **137** | **584** |
| Finance income | 20 | 29 | 10 | 14 | 55 |
| Finance expenses | 69 | 79 | 42 | 45 | 153 |
| **Finance expenses, net** | **49** | **50** | **32** | **31** | **98** |
| **Profit after finance expenses, net** | **251** | **227** | **140** | **106** | **486** |
| share of profit of investees | 120 | 104 | 45 | 52 | 181 |
| **Profit before tax** | **371** | **331** | **185** | **158** | **667** |
| Income tax expense | 50 | 36 | 27 | 19 | 89 |
| **Net profit** | **321** | **295** | **158** | **139** | **578** |

| NIS million | For the period of six months ended June 30 2026 (Unaudited) | For the period of six months ended June 30 2025 (Unaudited) | For the period of three months that ended On June 30 2026 (Unaudited) | for a period of three months that ended On June 30 2025 (Unaudited) | For the year ended December 31, 2025 (Audited) |
|---|---|---|---|---|---|
| **Profit for the period attributable to equity holders of the Company** | **321** | **295** | **158** | **139** | **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 | 25 | 7 | 7 | 7 | 4 |
| **Total other comprehensive income for the period that will not be reclassified to profit or loss, net of tax** | **25** | **7** | **7** | **7** | **4** |
| **Items of Other Comprehensive Loss to Be Reclassified to Profit or Loss** | | | | | |
| Translation Differences and Hedging of Foreign Operations | (7) | (12) | (6) | (11) | (17) |
| **Total other comprehensive loss to be reclassified to profit or loss, net of tax** | **(7)** | **(12)** | **(6)** | **(11)** | **(17)** |
| **Total Comprehensive Income (Loss)** | **18** | **(5)** | **1** | **(4)** | **(13)** |
| **Total comprehensive income for the year attributable** | | | | | |
| **To the owner of the Company** | **339** | **290** | **159** | **135** | **565** |

| NIS million | For the period of six months ended June 30 2026 (Unaudited) | For the period of six months ended June 30 2025 (Unaudited) | for a period of three months ended On June 30,2026 (Unaudited) | For the period of three months ended On June 30,2025 (Unaudited) | For the year ended December 31, 2025 (Audited) |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit attributable to the owner of the Company | 321 | 295 | 158 | 139 | 578 |
| Adjustments: | | | | | |
| Depreciation and amortization | 64 | 58 | 32 | 30 | 123 |
| Depreciation of right-of-use assets | 94 | 91 | 47 | 46 | 178 |
| Finance expenses, net | 49 | 50 | 32 | 31 | 98 |
| Change in the fair value of investment property | - | - | - | - | (16) |
| Share-based payment transactions | 6 | 10 | 3 | 4 | 19 |
| Capital gains | - | (42) | - | (9) | (51) |
| (Profit) from Investees | (120) | (104) | (44) | (51) | (181) |
| Income tax expense | 50 | 36 | 27 | 19 | 89 |
| Profit for the period after adjustments to profit | 464 | 394 | 255 | 209 | 837 |
| Decrease (increase) in trade receivables and other receivables | (229) | 94 | (104) | 156 | 74 |
| Decrease (increase) in inventories | 25 | (40) | 26 | (40) | (18) |
| Increase (decrease) in trade payables and other payables | 127 | (103) | 118 | (206) | 25 |
| Increase (decrease) in provisions and employee benefits | 1 | (1) | 1 | (1) | (2) |
| | **(76)** | **(50)** | **41** | **(91)** | **79** |
| Income tax paid | (57) | (27) | (20) | (18) | (59) |
| **Net cash from operating activities** | **331** | **317** | **276** | **100** | **857** |

| NIS million | For the period of six months ended June 30 2026 (Unaudited) | For the period of six months ended June 30 2025 (Unaudited) | for a period of three months ended On June 30,2026 (Unaudited) | For the period of three months ended On June 30,2025 (Unaudited) | For the year ended December 31, 2025 (Audited) |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Interest Received | 18 | 29 | 10 | 14 | 53 |
| Proceeds and advances from the realization of property, plant and equipment, investment property and assets held for sale | 11 | 59 | 10 | - | 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 | 2 | 2 | 1 | 1 | 4 |
| Investment in property, plant and equipment and investment property | (81) | (62) | (52) | (31) | (132) |
| Investment in intangible assets | (6) | (7) | (3) | (3) | (15) |
| Provision (repayment) of loans to investees | - | - | - | (2) | 3 |
| Dividends received from investees and other investments | - | 1 | - | - | 1 |
| Investments in investees | (2) | - | (2) | - | - |
| Decrease in debit balances with investees, net | 28 | 24 | 8 | 31 | 33 |
| **Net cash (used for activity) derived from investing activities** | **(30)** | **45** | **(28)** | **10** | **17** |

| NIS million | For the period of six months ended June 30, 2026 (Unaudited) | For the period of six months ended June 30, 2025 (Unaudited) | for a period of three months ended On June 30, 2026 (Unaudited) | for a period of three months that ended On June 30, 2025 (Unaudited) | For the year ended December 31, 2025 (Audited) |
|---|---|---|---|---|---|
| **Cash flows from financing activities** | | | | | |
| Repayment of debentures | - | - | - | - | (468) |
| Raising Commercial paper | - | - | - | - | 399 |
| Repayment of Commercial paper | - | - | - | - | (300) |
| Dividends Paid | (320) | (150) | (200) | (75) | (400) |
| Repayment of Lease Liability | (98) | (95) | (48) | (49) | (189) |
| Interest paid in respect of lease liabilities | (11) | (10) | (5) | (4) | (21) |
| Change in credit balances with investees, net | 56 | 59 | 46 | 56 | 132 |
| Interest Paid | (36) | (39) | (33) | (36) | (96) |
| **Net cash used in financing activities** | **(409)** | **(235)** | **(240)** | **(108)** | **(943)** |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | **(108)** | **127** | **8** | **2** | **(69)** |
| Cash and cash equivalents at beginning of period | 525 | 594 | 409 | 719 | 594 |
| **Cash and cash equivalents at end of period** | **417** | **721** | **417** | **721** | **525** |

1. **General**

The following is a summary of financial data from the summary of the Group's interim financial statements as at June 30, 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 in accordance with the provisions of Regulation 38D and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), 5730-1970. It should be read together with the separate financial information as at December 31, 2025 and together with the consolidated statements.

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

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

The separate financial information is prepared in accordance with the accounting policy detailed in Note 1.2 to the separate financial information of the Company as at 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 June 30, 2026, published together with this separate financial information.

3. **Contingent Liabilities**

See Note 5 to the summary consolidated interim financial statements in respect of Legal Proceedings and Other Contingent Liabilities.

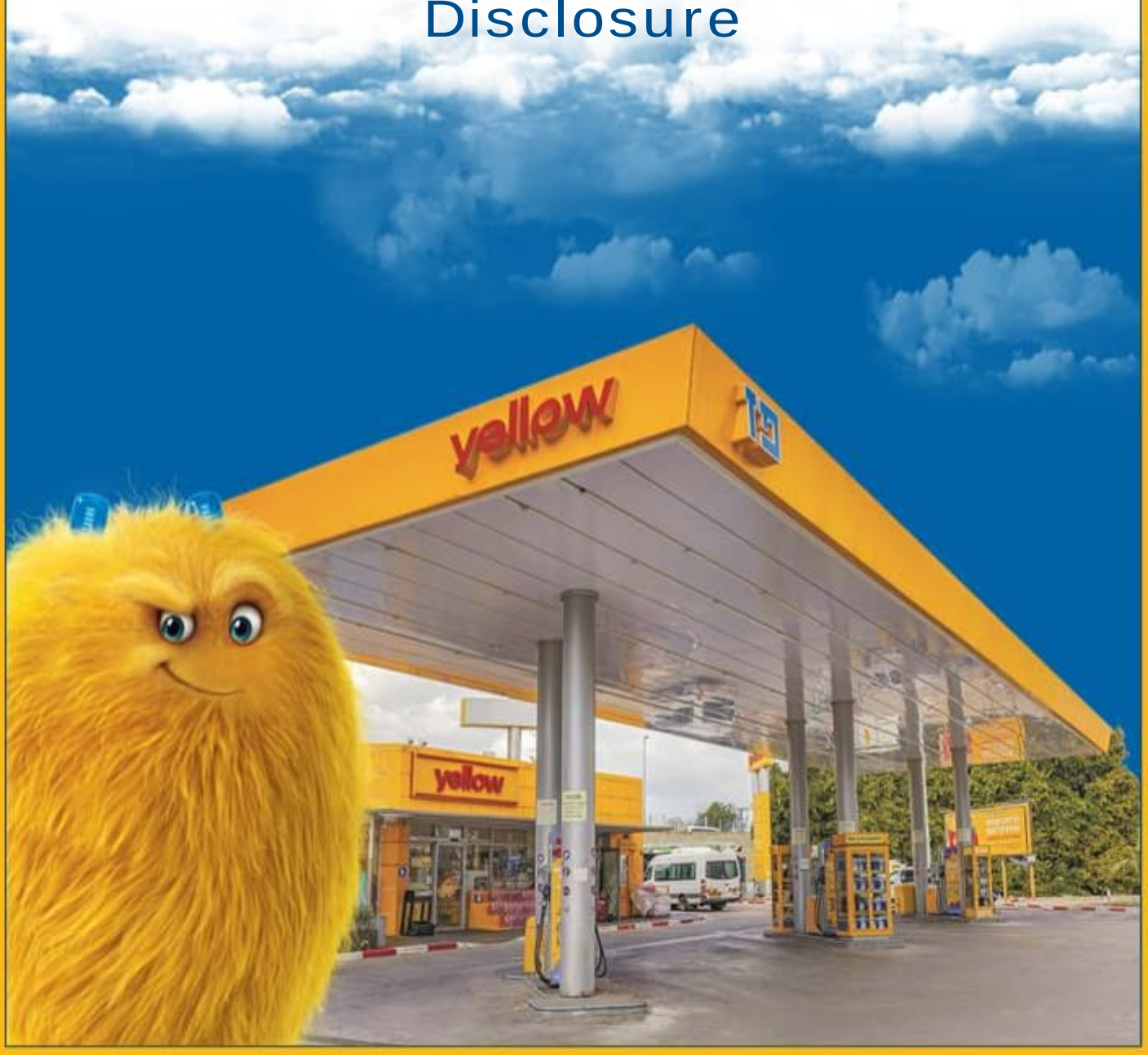
4. **Significant Events During and After the Reporting Period**

See Note 6 to the 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 by the boards of directors of the merged companies and the board of directors of the Company, and accordingly, merger agreements were signed. As part of the merger, all assets and liabilities of the merged companies were transferred to the parent company on January 1, 2026. The merger was carried out in accordance with the provisions 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.

**Second Quarter 2026 Report 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 the quarterly report for the second 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 Fruhling, Deputy CEO and CFO
3. Israel Klepper, VP of Trade and Wholesale
4. Idan Gavish, Chief Operating Officer
5. Reuven Yehoshua, VP Sales & Station Management
6. Ofir Inbar, VP Marketing and Trade
7. Assaf Ofer, CEO of Pazgas Ltd.
8. Jonathan Gottlieb, VP Real Estate & Business Development
9. Anat Rothschild, VP, Chief Legal Counsel and Company Secretary
10. Adar Bitan, VP of Information Systems

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, which are 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 assurance 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 at the time 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 quarterly report in respect of the effectiveness of internal control over financial reporting and disclosure, which was attached to the quarterly report for the period ended March 31, 2026 (hereinafter: the quarterly report in respect of the The majority of recent internal control), the board of directors and management evaluated the internal control in the Corporation. Based on this assessment, the board of directors

and the Corporation's management reached the conclusion that the internal control as aforesaid, as at March 31, 2026, 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 quarterly report in respect of the latest 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.

**Data on Directors**

**(I) Declaration of the CEO in accordance with Regulation 38G(d)(1)**

**CEO Statement**

I, Nir Sztern, declare that:

(1) I have examined the quarterly report of Paz Retail and Energy Ltd. (hereinafter – the Corporation) for the second 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 disclosed to the Corporation's auditor, 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 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 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; 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;

I, alone or together with the Others in the Corporation:

(a) I have established controls and procedures, or have ensured the determination and existence of controls and procedures 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; and also-

(b) I have established controls and procedures, or have ensured the establishment and maintenance of controls and procedures 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 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 quarterly report as at March 31, 2026) and the date of this report, which would 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.

August 16, 2026

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**Nir Sztern, CEO**

**(II) Declaration of the The majority of senior officer in the finance field in accordance with Regulation 38C(d)(2)**

**Data on the The majority of senior officer in the finance field**

I, Shlomi Freiling, declare that:

(1) I have 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 second 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 misrepresentation 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 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 disclosed to the Corporation's auditor, 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 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; and-

(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 the determination and existence of controls and procedures 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; and also-

(b) I have established controls and procedures, or have ensured the establishment and maintenance of controls and procedures 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 accepted accounting principles;

(III) I have not been informed of any event or matter that occurred during the period between the date of the last report (the quarterly report as at March 31, 2026) 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.

August 16, 2026

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**Shlomi Fruhling**
**Deputy CEO and CFO**