



Delek Group



FINANCIAL STATEMENTS

UNAUDITED

AS OF MARCH 31, 2025

IMPORTANT

This document is an unofficial translation for convenience only of the Hebrew original of the March 31, 2025, financial report of Delek Group Ltd. that was submitted to the Tel-Aviv Stock Exchange and the Israeli Securities Authority on May 21, 2025.

The Hebrew version submitted to the TASE and the Israeli Securities Authority shall be the sole legally binding version.

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Delek Group

Chapter

A

Corporate Description



Revised Chapter A (Description of the Corporation's Business) of the 2024 Periodic Report of Delek Group Ltd.¹ (hereinafter - the "Company")

Part One – Description of the General Development of the Company's Business:

A. Referring to Section 1.3 to the Periodic Report - Equity Investments in the Company

On March 26, 2025, the Company approved a buyback plan for the Company's shares in an amount of up to NIS 105 million, which will constitute a continuation of the Company's previous share buyback plan dated June 16, 2024. Subsequent to the balance sheet date and up to the report publication date, the Company purchased 62,750 dormant shares for a total consideration of approx. NIS 34 million. As of the report publication date, the Company holds 300,830 dormant shares. For further details, see the Company's immediate report dated March 26, 2025 (Ref. No.: 2025-01-020575) and the immediate report of the Company dated April 10, 2025 (Ref. No. 2025-01-027080), the details of which are included herein by way of reference.

B. Referring to Section 1.4 to the Periodic Report - Dividends

On March 26, 2024, the Company announced a dividend distribution totaling NIS 260 million, which was paid on April 20, 2024. For further details, see the Company's immediate report dated March 26, 2025 (Ref. No. 2025-01-020570), the details of which are included herein by way of reference.

C. Referring to Section 1.6.6 to the Periodic Report - General environment and impact of external factors – Iron Swords War

During the first quarter of 2025, fighting against the Hamas terror group in Gaza and the Houthis terror group in Yemen resumed. As of the report approval date, it is impossible to assess how the war will develop, the impact it will have on the Company, its assets and businesses, including the possibility of the risk factors resulting from the war materializing and their possible impact, including the risk factors listed in section 1.21(a) of the Periodic Report, whose realization may have a material adverse effect on the Partnership, its assets and its businesses. For details regarding the effect of the delay in the timetable for completion of the project carried out by Israel Natural Gas Lines Ltd. (hereinafter - "INGL") for laying subsea pipelines in the maritime transmission segment between Ashdod and Ashkelon (hereinafter - the "Integrated Segment"), see section 6(b) below.

Part Three – Description of the Corporation's Business by Operating Segment:

A. The Energy in Israel Segment

1. Referring to Section 1.7.1(a) to the Periodic Report - The Company's Holdings in NewMed Energy - Limited Partnership (hereinafter - the "Partnership")

On May 11, 2025, the Board of Directors of the Partnership's general partner, NewMed Energy Management Ltd. (hereinafter - the "General Partner"), approved a distribution of profits in the total amount of USD 60 million. The profits will be distributed on June 5, 2025.

2. Referring to Section 1.7.5(f) and Section 1.7.5(k) to the Periodic Report - Plan for Development of the Aphrodite Reservoir

On March 26, 2025, the General Partner's Board approved a budget for assessing the construction of a transmission infrastructure from the Aphrodite Reservoir in the area of Block 12 in the exclusive economic zone of the Republic of Cyprus, as part of the Reservoir's Revised Development Plan, which was approved on February 14, 2025 by the Cypriot government, totaling approx. USD 20 million (100%, the Partnership's

¹ The update contains material changes or developments in the Company's business from the publication date of the 2024 Periodic Report published on March 26, 2025 (Ref. No. 2025-01-020565) (hereinafter - the "Periodic Report") and up to immediately prior to the date of this report, in any matter requiring disclosure in the Periodic Report. The update refers to the section numbers in Chapter A (Description of the Corporation's Business) of the Periodic Report, and supplements the content disclosed therein.

share - approx. USD 6 million), which mainly includes conducting seismic surveys of the seabed.

3. **Referring to Section 1.7.10 of the Periodic Report - Block 1-21 Han Asparuh located in the territory of the Republic of Bulgaria's EEZ fields in the Black Sea (hereinafter - the "Bulgaria License")**

Further to the provisions of Section 1.7.10(b) of the Periodic Report on the actual and scheduled work plan in the Bulgaria License, it should be noted that, on March 26, 2025, the partners in the Bulgaria License made a decision regarding the drilling of an exploration well in the Vinekh prospect. For further details, see the Company's immediate report dated March 27, 2025 (Ref. No. 2025-01-021154), the details of which are included herein by way of reference.

4. **Referring to Section 1.7.11(c) - Ofek Hadash License**

Further to the letter received by the partners in the land license 405/"New Horizon" (hereinafter in this section - the "**License**" and the "**Partners**", respectively) on November 7, 2024, from the Petroleum Commissioner at the Ministry of Energy (hereinafter - the "**Petroleum Commissioner**"), according to which, among other things, the decommissioning of the well must be completed by March 31, 2025, it should be noted that the decommissioning of the well has not yet been completed, and that according to an additional letter received by the partners on April 29, 2025, insofar as the decommissioning does not begin by May 15, 2025, the Petroleum Commissioner will provide notification of the intention to forfeit the guarantees extended by the partners in favor of the Ministry of Energy. To the best of the Partnership's knowledge, as provided to it by the License operator, as of the report approval date, all the preparatory work required for conducting the well decommissioning had been carried out, and it is expected to be completed during the second quarter of 2025.

5. **Referring to Section 1.7.14(c)(1)(a) to the Periodic Report - Agreements for the Supply of Natural Gas from the Leviathan Project**

During the first quarter of 2025 and up to the report approval date, the Partnership signed several more agreements with various customers in the Israeli market for the sale of natural gas from the Leviathan Project on a spot basis, at immaterial quantities.

6. **Referring to Section 1.7.15(b) to the Periodic Report - Export**

- A. Further to Note 1.7.2015(b)(e) to the Periodic Report, regarding the offshore connection between the Israeli transmission system and the Egyptian transmission system in the Nitzana area (hereinafter- the - "**Nitzana Project**"), which includes a pipeline and construction of a compressor station in the Ramat Hovav area, and further to previous letters of the Natural Gas Authority (hereinafter- the "**Natural Gas Authority**") in connection with capacity allocation in the Ramat Hovav-Nitzana line, it is noted that, in its letter to the Leviathan Partners of March 30, 2025, the Natural Gas Authority informed the Leviathan Partners again that their allocation in the Ramat Hovav-Nitzana pipeline stands at 33.33%. It was further noted in the said letter that the Leviathan Partners are required to sign a transmission agreement with INGL by May 29, 2025, according to the conditions set forth by the Natural Gas Authority, and that an exporter who does not sign a transmission agreement with INGL by then, will be deemed an exporter who waived its allocation in the pipeline, and the vacated allocation will be offered to the other exporters. It is clarified that, as of the report approval date, there is no certainty as to the participation of the Leviathan Partners in the Nitzana Project or in an alternative project.
- B. Further to the aforesaid in Section 1.7.15 (b) (c)2 of the Periodic Report regarding the costs of establishing the Integrated Segment, and regarding the delay in completing the works for its construction, it should be noted that, on May 11, 2025, the General Partner's Board of Directors approved an additional budget of approx. USD 29 million (100%, the Partnership's share of approx. USD 13 million) for the purpose of completing the aforesaid works, as a result of the War and the delay in the timetable for completing the ensuing works, such that as of the report approval date, the total budget approved is approx. USD 131.3 million (100%, the Partnership's share of approx. USD 59.5 million). It should be clarified that, in the opinion of the operator in the Leviathan Project, Chevron Mediterranean Limited (hereinafter - "**Chevron**"), as of the report approval date, no change is expected in the Integrated Segment's completion date and the gas flow commencement date, such that this date is not expected to be before the first quarter of 2026.

7. Referring to Section 1.7.23 to the Periodic Report - Financing

A. Debentures of Leviathan Bond

- (1) On April 10, 2025, Fitch Ratings published a report reiterating the stable BB rating for bonds issued by Leviathan Bond Ltd., a wholly-owned subsidiary of the Partnership (hereinafter - "**Leviathan Bond**"), to foreign qualified investors and in Israel, listed on the TACT (Tel-Aviv Continuous Trading) Institutional System (hereinafter - the "**Bonds**").
- (2) Further to Section 1.7.23(b)(4) of the Periodic Report regarding a plan to acquire the Debentures, which was approved by the Board of Directors of the Partnership's General Partner on October 15, 2024, at a cumulative amount of up to USD 100 million for a two-year period, it is noted that through the report approval date the Partnership has made buybacks - in accordance with the Acquisition Plan - at a total of approx. USD 63 million p.v. of the Debentures.
- (3) On May 11, 2025, Leviathan Bond notified bond holders of a partial early repayment of the second series of Bonds, whose original repayment date falls on June 30, 2025, in accordance with the provisions of the Bond deed of trust (hereinafter - the "**Early Repayment Notice**"). According to the Early Repayment Notice, the second series will be partially repaid on May 29, 2025, in the amount of USD 400 million (hereinafter - the "**Principal Amount**") out of a total series of USD 600 million, after the original repayment date, as stated above. The partial early repayment amount includes the principal amount, in addition to accrued interest of approx. USD 10.1 million. It is noted that, in accordance with the terms and conditions of the debentures, the partial early repayment of the second series is not subject to early repayment fees to the debenture holders.

B. Credit facilities

Further to that which is stated in Section 1.7.23 (c) of the Periodic Report, with regard to agreements for the provision of credit facilities from two Israeli banks signed by the Partnership, which set financial covenants that the Partnership is required to meet and whose breach establishes the lender's right to immediate repayment, as specified in Section 1.7.23 (c) (b) of the Periodic Report, details regarding the abovementioned financial covenants appear below, in accordance with the data in the Partnership's Financial Statements as of March 31, 2025:

Covenant	Calculated value as of March 31, 2025
The ratio between the value of the Partnership's assets and the net financial debt will not fall below 1.5 on two consecutive test dates	4.82
The Partnership's (separate) liquidity shall not fall below USD 20 million	Approx. USD 500 million
The total financial debt, excluding limited recourse loans other than debentures of Leviathan Bond Ltd., shall not exceed USD 3 billion	Approx. USD 1.6 billion
The ratio between the excess sources and the credit facilities amount in each bank shall not fall below 1	4.3

- C. As of the Report approval date, the Partnership is assessing various financing alternatives, including financing by way of loans from financial corporations, debentures, various equity instruments and other alternatives, if any, in order to promote, among other things, a final investment decision (FID) for the development of the first phase of Phase 1 - Second Stage of the Leviathan Project development plan in the coming months, as detailed in Section 1.7.4(e)(2)b(5) to the Periodic Report, and for the purpose of continuing the execution of the investments and the actions required for this purpose, among other things - as detailed in Section 1.7.15(b) to the Periodic Report.

8. **Referring to Section 1.7.26 to the Periodic Report - Restrictions on and supervision of the Company and/or the Partnership's operations in the area of activity**

A. Further to Section 1.7.26(e)(2) of the Periodic Report, regarding the Natural Gas Sector Regulations (Management of the Natural Gas Sector in an Emergency Situation), 2017 (hereinafter - the "**Emergency Regulations**"), it is noted that, to the best of the Company's knowledge, the government renewed the approval granted by the Minister of Energy to declare a state of emergency in the natural gas sector, insofar as there is a need to exercise the powers set forth in the Emergency Regulations, commencing from May 17, 2025, until July 16, 2025.

B. Further to that which is stated in Section 1.7.26 (g) (5) (3) of the Periodic Report, regarding the establishment of the Inter-Ministerial Committee for Periodic Examination of the Natural Gas Sector Policy and Strengthening Energy Security (hereinafter - the "**Committee**"), it should be noted that, on April 9, 2025, the Committee published a draft report for public comment that includes mapping of the challenges facing the natural gas sector and recommendations on how to deal with those challenges (hereinafter - the "**Draft Report**"). Following is a summary description of the main recommendations of the Committee, as detailed in the Draft Report:

(1) Ensuring the domestic economy's natural gas requirements while encouraging investment in exploration and production, maintaining energy security and balancing between the reliance on natural gas and the need to reduce pollutant emissions;

(2) Continued examination of investment incentive considerations, and considerations of competition in the local economy, including maintaining a competitive supply of natural gas in decisions on granting export approvals;

(3) The Committee considered increasing the overall supply obligation of the reservoirs committed to the domestic market, which stands at approx. 440 BCM, in addition to the quantities related to existing contracts in the domestic market, among other things, considering that according to the findings of the Draft Report, for a period of 25 years (2024-2048), a quantity of 515 BCM will be required to supply domestic demand, but it decided that increasing the overall supply obligation will not contribute significantly to ensuring the needs of the domestic market and therefore recommended not to change it. However, the Committee recommended that in the event of the discovery of new reservoirs, which shall be determined to have an individual field domestic supply obligation, an equivalent amount shall be added up to the overall supply obligation of 515 BCM;

(4) Maintaining the increments of the obligation to connect to the local economy, as stipulated in Government Resolution 4442;

(5) Conducting staff work to define a criterion for energy security in the natural gas economy and promoting infrastructure projects to improve the level of energy security (including reference to nuclear energy, renewable energy and energy efficiency);

(6) Operative recommendations for promoting competition in the natural gas sector, such as promoting import and storage, establishing a trade arena and promoting secondary trade, etc., arranging sales separately and examining the possibility of setting criteria for new contracts and a gas release plan (GRP);

(7) Conducting staff work to examine alternatives to continued use of natural gas while minimizing GHG emissions, including carbon dioxide capture and storage (CCS).

The Committee further recommended, that in 5 years time an inter-ministerial committee be convened that will provide recommendations to the government regarding required updates to the export policy, among other things, considering the existence or absence of new discoveries, the rate of entry of alternative energies to natural gas and the development of the demand for natural gas on the domestic market, and which shall submit its conclusions by December 31, 2030. In addition, the Committee recommended that an inter-ministerial policy forum be established headed by the Director General of the Ministry of Energy, which will examine the implementation of the government's natural gas sector-related policy. The forum will discuss, among other things, the possibilities for encouraging natural gas exploration, energy security aspects, economics, political and geopolitical aspects, environmental and competition-related aspects, and will convene once a year or before reaching significant decisions in the Committee's fields of activity.

- C. On April 28, 2025, the Ministry of Finance Budget Department (hereinafter - the “**Budget Department**”) published a separate position paper that presents, among other things, recommendations that do not appear in the Draft Report (hereinafter - the “**Position Paper**”), as follows:
- (1) Promote a regulatory scheme to enable funding by the gas authority's tariffs of connecting small reservoirs to the local economy, in exchange for an individual field domestic market supply obligation;
 - (2) Determine the duty of consultation in granting export permits at the Ministry of Finance, the Ministry of Foreign Affairs and the National Security Council, and increase the degree of transparency in granting export permits;
 - (3) Establish an Open-Access policy on export infrastructure that will ensure the possibility of new reservoirs for exporting gas.

In addition, as part of its Position Paper, the Budget Department recommended updating the overall domestic market supply obligation of natural gas to a total of 515 BCM, for the next 25 years.

In its Position Paper, the Budget Department also recommended considering, subject to a feasibility and viability study, that starting in 2030, cumulative cross-holding amounting to more than 80% of the gas reserves in Israel shall be prohibited. Another recommendation of the Budgets Department in its Position Paper was to determine in the government resolution a default regulatory setup that would lead to the implementation of a separate sale in the Leviathan Reservoir starting from the expiration date of the permit for a restrictive trade arrangement given to it as part of the Gas Framework (January 1, 2030).

In addition, in its Position Paper, the Budget Department recommended to the Minister of Energy that it should determine as part of the government resolution to adopt the Committee's conclusions, a regulatory scheme for the separate sale according to which the partners of the Leviathan Reservoir will be required to propose by January 1, 2028, an outline for the regulation of separate sale, in accordance with the international standard in the gas sector. The Natural Gas Authority and the Israel Competition Authority will be entitled to adopt the outline as the reservoir proposed or make changes to it in order to improve the attractiveness of the outline in creating competition.

9. Referring to Section 1.7.28 to the Periodic Report - Legal Proceedings

Further to the provisions of Section 1.7.28(h) of the Periodic Report, regarding the statement of claim in the arbitration filed by Chevron against INGL in respect of the violation of the transmission agreement with INGL dated January 18, 2021, (hereinafter - the “**Transmission Agreement**”), and regarding the mediation procedure adopted by the parties in order to try to reach an agreement without a decision in the arbitration, it should be noted that, on April 2, 2025, a preliminary hearing was held in the proceeding, during which dates for disclosure of documents, primary testimony affidavits and dates for evidentiary hearings were determined, in November-December 2025. It is also noted that on May 6, 2025, a third mediation session was held with respect to the proceeding, at the end of which the parties reached an agreement in principle, which is subject to the final approval of INGL and the Leviathan and Tamar Partners, regarding a settlement agreement, under which, among other things, INGL will credit Chevron (and consequently - the Leviathan and Tamar Partners) for some of the transmission fees paid to INGL for the transmission to the EMG receiving terminal in Ashkelon; the agreement in principle also covers several changes to the Transmission Agreement, including the transmission fees, which Chevron will pay in 2025-2026, and the extension of the Transmission Agreement by two years. The refund amount which the Partnership is expected to receive is immaterial.

10. **Natural Gas and condensate production data from the Leviathan Project for the first quarter of 2025:**²³

	Q1	
	Natural gas	Condensate
Total output (attributable to the equity holders of the Company) in the period (in MMCF for natural gas and MBBL for condensate, as the case may be)	25,793.52	58.66
Average price per output unit attributable to equity holders of the Company (USD per MCF and per barrel, as the case may be)	5.96	57.11
Average royalties (any payment derived from the output of the producing asset, including the gross income arising from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per MCF and per barrel, as the case may be)	The State	6.14
	Third parties	1.47
	Interested parties	0.74
Average proceeds for royalties (all compensation arising from the output of the producing asset, including from the gross income from the oil asset) received per output unit (attributable to the Company's share) (USD per MCF and per barrel, as the case may be)	0.14	1.35
Average production costs per output unit (attributable to equity holders of the Company) (USD per MCF and BBL, as the case may be) ^{4,5}	0.79	6.25
Average net proceeds per output unit (attributable to equity holders of the Company) (USD per MCF and BBL, as the case may be)	4.44	43.86

B. The Foreign Energy Segment

1. Referring to Section 1.8.4(j)(1)a to the Periodic Report - The Cygnus Reservoir

On May 19, 2025, Ithaca Energy plc (hereinafter - "Ithaca") entered into an agreement to acquire 46.25% of the rights in producing oil asset Cygnus from Spirit Energy for approx. USD 154 million. Prior to the transaction's completion, Ithaca holds 38.75% of the rights to producing reservoir Cygnus and, subsequent to the completion of the transaction, it will hold 85% of said reservoir. For further details, see the Company's immediate report dated May 20, 2025 (Ref. No. 2025-01-035242), the details of which are included herein by way of reference.

2. Referring to Section 1.8.17(b) to the Periodic Report - Financing - Financial Covenants for an RBL

As of March 31, 2025 and the report approval date, Ithaca is in compliance with the financial covenants and operational conditions set out in the reserve-based lending (RBL) agreements, as detailed in Section 1.8.17(b)(4) to the Periodic Report.

3. Referring to Section 1.8.19 - Taxation

Further to Section 1.8.19 to the Periodic Report regarding the changes that the UK government has made and intends to make to the Energy Profit Levy (EPL), it should be noted that on March 5, 2025, legislation was completed in which the UK government extended the validity of the EPL for another two years, until March 31, 2030. For further details, see Note 4F to the Financial Statements attached to this Report.

² The data in the table concerning the percentage attributable to the Company's equity interests in the average cost per output unit, royalty payments, production costs and net proceeds have been rounded to two decimal digits.

³ The data in the table regarding condensate production do not include additional unsold quantities of condensate. The costs and expenses associated with the said additional quantities of condensate were attributed to natural gas production costs.

⁴ The figures include current production costs only and exclude reservoir exploration and development costs or the Partnership's future tax payments.

⁵ It is noted that the average production costs per output unit of natural gas include natural gas transmission costs using INGL's pipeline to EMG's connection point in Ashkelon and delivery point in the border with Jordan, and transmission costs through the regional transmission system to the delivery point in Aqaba, Jordan - for supplying gas to Egypt, totaled approx. USD 34.3 million (100%) in the first quarter of 2025. In addition, the average production costs per output unit of condensate include condensate transmission costs using the Europe Asia Pipeline (EAPC) totaled approx. USD 0.2 million (100%) in the first quarter of 2025.

4. Production data for Ithaca's producing oil assets:⁶

- A. Following is a table of production data attributable to the Company's share in the Captain Area for the first quarter of 2025:

	Q1		
	Oil	Natural gas	Condensate
Total output in the period	985,844 BBL	-	-
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	77.9	-	-
Average production costs per output unit (USD per BOE)	18.3	-	-
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-
Net proceeds per output unit (USD per BOE)	59.6	-	-

- B. Following is a table of production data attributable to the Company's share in the Elgin-Franklin Area for the first quarter of 2025:

	Q1		
	Oil	Natural gas	Condensate
Total output in the period	251,986 BBL	3,406 MMCF	108,196 BBL
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	85.8	84.7	55.0
Average production costs per output unit (USD per BOE)	10.6	10.6	10.6
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-
Net proceeds per output unit (USD per BOE)	75.2	74.1	44.4

⁶ The total output figures in the tables are adjusted to the share of the Company's holding in Ithaca - approx. 52.22%.

- C. Following is a table of production data attributable to the Company's share in the J Area for the first quarter of 2024:

	Q1		
	Oil	Natural gas	Condensate
Total output in the period	494,516 BBL	2,096 MMCF	86,281 BBL
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	72.3	85.0	51.5
Average production costs per output unit (USD per BOE)	13.1	13.1	13.1
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-
Net proceeds per output unit (USD per BOE) ⁷	59.2	71.9	38.4

- D. Following is a table of production data attributable to the Company's share in the Schiehallion Area for the first quarter of 2025:

	Q1		
	Oil	Natural gas	Condensate
Total output in the period	314,166 BBL	132 MMCF	-
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	80.2	71.0	-
Average production costs per output unit (USD per BOE)	8.6	8.6	-
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-
Net proceeds per output unit (USD per BOE) ⁸	71.6	62.4	-

- E. Following is a table of production data attributable to the Company's share in the MonArb Area for the first quarter of 2025:

	Q1		
	Oil	Natural gas	Condensate
Total output in the period	85,256 BBL	280 MMCF	3,849 BBL
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	84.5	78.8	57.4
Average production costs per output unit (USD per BOE)	48.8	48.8	48.8
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-
Net proceeds per output unit (USD per BOE)	35.7	30.0	8.6

⁷ The amounts may not add up due to rounding-off differences.

⁸ The amounts may not add up due to rounding-off differences.

- F. Following is a table of production data attributable to the Company's share in the GBA Area for the first quarter of 2025:

	Q1		
	Oil	Natural gas	Condensate
Total output in the period	136,904 BBL	1,399 MMCF	21,829 BBL
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	86.7	76.4	42.7
Average production costs per output unit (USD per BOE)	18.3	18.3	18.3
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-
Net proceeds per output unit (USD per BOE)	68.4	58.1	24.4

- G. Following is a table of production data attributable to the Company's share in the Mariner Area for the first quarter of 2025:

	Q1		
	Oil	Natural gas	Condensate
Total output in the period	140,622 BBL	-	-
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	69.0	-	-
Average production costs per output unit (USD per BOE)	18.5	-	-
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-
Net proceeds per output unit (USD per BOE)	50.5	-	-

- H. Following is a table of production data attributable to the Group's share in Ithaca's Other Operated Assets for the first quarter of 2025:

	Q1		
	Oil	Natural gas	Condensate
Total output in the period	386,319 BBL	4,904 BBL	49,545 BBL
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	75.7	74.5	52.4
Average production costs per output unit (USD per BOE)	20.7	20.7	20.7
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	0.7	0.7	0.7
Net proceeds per output unit (USD per BOE)	54.3	53.1	31.0

- I. Following is a table of production data attributable to the Group's share in Ithaca's Other Non-Operated Assets for the first quarter of 2025:

	Q1		
	Oil	Natural gas	Condensate
Total output in the period	441,931 BBL	846 BBL	22,434 BBL
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	81.2	86.1	46.7
Average production costs per output unit (USD per BOE)	15.9	15.9	15.9
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-
Net proceeds per output unit (USD per BOE) ⁹	65.3	70.2	30.8

C. Additional Activities

1. With respect to Section 1.9.1 of the Periodic Report – tender offer for shares of Mehadrin Ltd. ("Mehadrin")

On April 22, 2025, the Company announced the results of a tender offer in accordance with the specifications of a regular tender offer published by the Company on March 30, 2025, according to which, the Company purchased 271,880 shares of Mehadrin, constituting approx. 7.9% of Mehadrin's issued and paid-up share capital and for a total consideration of approx. NIS 65 million. Subsequent to the completion of said tender offer and as of the report publication date, the Company holds approx. 61.36% of Mehadrin's shares. For further details, see the Company's immediate report dated March 30, 2025 (Ref. No.: 2025-01-022365) and the immediate report dated April 22, 2025 (Ref. No. 2025-01-028614), the details of which are included herein by way of reference.

Part Four – Matters Relating to the Company as a Whole

With reference to Section 1.18 of the Periodic Report - Legal Proceedings; Note 21A2(3) to the Financial Statements for 2024

Further to Note 21A2(3) to the Company's Annual Financial Statements in Chapter C of the Periodic Report, regarding a class action certification motion approved by the Court on November 15, 2022, and further to the application for approval of a settlement which was filed with the Court in November 2023, on April 10, 2025, the settlement was approved by the Court and validated as a judgment. For further details, see the Company's immediate report dated April 10, 2025 (Ref. No. 2025-01-027079), the details of which are included herein by way of reference and Note 6B to the Financial Statements for the first quarter of 2025.

Delek Group Ltd.

Date: May 20, 2025

Names and titles of the signatories:

Ehud Erez, Chairman of the Board of Directors

Idan Wallace, Chief Executive Officer

⁹ The amounts may not add up due to rounding-off differences.

Chapter

B

Board of Directors Report on the State of the Company's Affairs



May 20, 2025

Delek Group Ltd.

Report of the Board of Directors on the State of the Company's Affairs **For the Three-Month Period Ended March 31, 2025**

The Board of Directors of the Delek Group Ltd. (hereinafter - the "**Company**" and/or the "**Group**") hereby presents the Company's Report of the Board of Directors for the three-month period ended March 31, 2025.

A. The Board of Directors' Explanations on the State of the Corporation's Business

1. Description of the Company and its business environment

- A. The Company operates mainly through investees engaged in oil and gas exploration and production in Israel and abroad. In addition, as of the approval date of this report, the Company holds 100% of Delek Leviathan Overriding Royalty, approx. 25% in Delek Israel and approx. 24% in Delek Israel Properties, which operate in the gas stations, convenience stores and real estate properties segment, as well as approx. 61% of Mehadrin Ltd, which operates mostly in agriculture and holds rights to various real estate properties.

The Company's key strategy is to continue developing its core assets in the field of gas and oil exploration and production (Upstream Energy), by, among other things, improving the Group's assets in the Mediterranean Sea (East Med) and in the North Sea, and maximizing their potential, as well as by assessing business opportunities that may unlock value in the Company's activity and constitute a growth engine for the Company's continued activity; in this context, in January 2025, the Company entered into a transaction to acquire approx. 37.05% of Isracard's share capital, and the Company is pursuing its completion.

Since the bulk of the Group's operations are in the energy industry, oil and natural gas prices (as well as the USD-NIS exchange rate and interest rates) have a material impact (positive or negative) on the Group's operating results, the value of its assets (both marketable and non-marketable), its equity, operating cash flows. In addition, the volatility of gas and oil prices affects the ability of the Company and its Staff Companies to receive dividends from investee companies and partnerships or the amount of the dividends.

For information about trends and events that have, or may have, an effect on the above parameters, see Section 6 to the Report of the Board of Directors for the year ended December 31, 2024.

2. Principal operations

Gas and Oil in and around Israel Segment

- The Group's Gas and Oil in Israel Segment is carried out mainly through NewMed Energy - Limited Partnership (hereinafter - "**NewMed Energy**" or the "**Partnership**"). As of report approval date, the Partnership engages mainly in exploration, development, and production of natural gas, condensate, and oil in Israel, Cyprus, Morocco and Bulgaria, and in the development of various natural gas-based projects, with the aim of increasing sales of natural gas produced by the Partnership. At the same time, the Partnership is assessing business opportunities for exploration, development, production, and marketing of natural gas, condensate, and oil in other countries, assessing and promoting options for investments in renewable energy project as part of the collaboration with Enlight Renewable Energy Ltd., and is exploring options to generate hydrogen, which is produced from natural gas, as a low-carbon alternative for energy consumers.
- As of the approval date of the Financial Statements, the Partnership is assessing various financing alternatives, including financing by way of loans from banking and finance corporations, debentures, various equity instruments and other alternatives, if any, in order to promote, among other things, a final investment decision (FID) for the development of the first phase of Phase 1 - Second Stage of the Leviathan Project development plan in the coming months and for the purpose of continuing the execution of the investments and the actions required for this purpose.
- On March 26, 2025, the General Partner's Board approved a budget for assessing the construction of a transmission infrastructure from the Aphrodite Reservoir in the area of Block 12 in the exclusive economic zone of the Republic of Cyprus, as part of the Reservoir's Revised Development Plan, which was approved on February 14, 2025 by the Cypriot government, totaling approx. USD 20 million (100%, the Partnership's share - approx. USD 6 million), which mainly includes conducting seismic surveys of the seabed.
- As of March 9, 2025, NewMed Energy declared a profit distribution of USD 60 million, which was distributed in April 2025. The Group's share in said profit distribution is approx. USD 33 million (approx. NIS 122 million).
- Subsequent to the balance sheet date, as of May 11, 2025, NewMed Energy declared a profit distribution of USD 60 million, which was distributed in June 2025. The Group's share in said profit distribution is approx. USD 33 million (approx. NIS 122 million).

North Sea Oil and Gas Segment

- The Group's operations in this segment are carried out through Ithaca Energy Plc (hereinafter - "**Ithaca**"), a subsidiary in which the Group holds approx. 52.22% (indirectly), dealing in oil and gas exploration, production and sale in the North Sea, and holding the rights to oil assets located in the North Sea in territorial waters off the coast of the UK; furthermore, Ithaca serves as the operator in some of its assets.
- In March 2025, Ithaca declared an additional dividend in respect of 2024 totaling USD 200 million (such that after the distribution of this dividend the total dividend amount distributed by Ithaca in respect of 2024 stands at USD 500 million). The said dividend was distributed by Ithaca subsequent to the balance sheet date, in April 2025. The Company's share of this distribution is approx. USD 104 million (approx. NIS 390 million).
- On March 25, 2025, Ithaca entered into an agreement to acquire the entire share capital (100%) of Japex UK E&P Limited, for approx. USD 193 million, subject to adjustments. The Seller holds 15% of the interests in the Seagull Reservoir, a

producing reservoir in which Ithaca holds 35% of the interests prior to the completion of the transaction. The completion of the Transaction depends, among other things, on the fulfillment of the conditions precedent set in the Acquisition Agreement, which include - among other things - obtaining accepted regulatory approvals, including those of the UK Oil and Gas Authority. In Ithaca's estimation, completion of the transaction is expected at the beginning of the third quarter of 2025.

- Subsequent to the balance sheet date, on May 19, 2025, Ithaca entered into an agreement to acquire 46.25% of the rights in producing oil asset Cygnus for approx. USD 154 million. Prior to the transaction's completion, Ithaca holds 38.75% of the rights to producing reservoir Cygnus and, subsequent to the completion of the transaction, it will hold 85% of said reservoir. After the completion of the transaction, approx. 23 million BOE oil (as of January 1, 2025) are expected to be added to Ithaca's total reserves (P2) and Ithaca's daily output is expected to increase in the range of 12.5-13.5 thousand barrels of oil per day (kboe/d) in 2025.

Additional activities

Isracard Ltd. acquisition transaction

On January 5, 2025, an investment agreement was signed with Isracard Ltd. (hereinafter - "**Isracard**"), according to which, on the Transaction Completion Date, the Company will invest in Isracard - on the basis of a total company value of NIS 3.56 billion - an estimated total of approx. NIS 1.3-1.4 billion subject to adjustments, including in respect of the distribution of the special dividend, against the allocation of Isracard's ordinary shares, which will grant the Company, on the Transaction Completion Date, 37.05% of Isracard's issued share capital as of that date, such that together with the shares held by the Company today, the Company will then hold approx. 40% of Isracard's issued and paid-up share capital.

On February 20, 2025, the general meeting of Isracard's shareholders approved the agreement.

Furthermore, during the first quarter of 2025, the transaction was approved by Competition Commissioner and the Capital Market, Insurance and Savings Authority, respectively.

The completion of the transaction is contingent upon receiving a permit from the Bank of Israel. The Company is working to complete the transaction as early as possible, with the aim of completing it by the end of the second quarter of 2025.

For further details regarding the agreement, see Note 3D to the Interim Financial Statements.

Isracard is a publicly-traded company, whose shares are listed on the Tel Aviv Stock Exchange; the company is mainly engaged in the issuance, processing and acquiring of credit cards and provision of credit to private and commercial customers.

Mehadrin Ltd.

Subsequent to the balance sheet date, in April 2024, the Group completed a tender offer, in which it acquired an additional approx. 7.9% of the share capital of Mehadrin, in consideration for approx. NIS 64.6 million. Accordingly, the Group's holding stake in Mehadrin increased to approx. 61.36% (the holding stake as of March 31, 2025 stood at approx. 53.5%).

On January 16, 2025, a subsidiary of Mehadrin entered into a set of agreements with a company of the Yuka Park Group for the sale of an unspecified 40% (in a partnership in land) out of all of the subsidiary's rights and undertakings in the property in Netanya at a land value of NIS 206 million; the parties also entered into a partnership and joint venture agreement regarding a project, which they intend to jointly develop and

construct on the land, in consideration for a total of NIS 82.4 million. As of the approval date of the Financial Statements, the transaction has not yet been completed.

Debentures

On February 11, 2025, the Company completed the issuance of NIS 1,062,080,000 par value of a new series of debentures (Series B40). The Debentures are not linked to the CPI and bear annual interest at rate of 5.69%. The Debentures' principal will be repaid in five (non-equal) annual payments on June 30, 2028 and of each of the years 2030-2033. The interest is paid in semi-annual payments on June 30 and December 31, starting on June 30, 2025. The debentures are not secured by a lien on any asset.

The net issuance consideration of the Debentures (net of issuance costs) amounted to approx. NIS 1,050 million, with approx. NIS 562 million of the amount being used for partial early repayment of Debentures (Series B38).

For further details regarding the debentures issued by the Company see Note 5 to the Consolidated Interim Financial Statements.

Dividend

- On March 26, 2025, the Company's Board of Directors decided to distribute a dividend to the Company's shareholders in the amount of NIS 260 million. The dividend was paid in April 2025.
- Subsequent to the balance sheet date, on May 20, 2025, the Company's Board of Directors decided to distribute a dividend to the shareholders in the amount of NIS 250 million. The dividend will be paid in June 2025.

The Company's share buyback plan

On March 25, 2025, the Company's Board of Directors approved a buyback plan for the Company's shares (hereinafter - the "**Buyback Plan**") in an amount of up to NIS 105 million until the end of 2025. The Buyback Plan continues the Company's share buyback plan dated June 16, 2024 totaling NIS 200 million (hereinafter - the "**Previous Buyback Plan**") and the total cost of the Buyback Plan constitutes the unutilized balance of the Previous Buyback Plan.

Under the abovementioned Buyback Plan, through the approval date of the financial statements, the Group acquired 62,750 p.v. in shares in consideration for approx. NIS 34 million.

3. Operating results

- a) The net income attributable to the Company's shareholders (net of non-recurring accounting provisions, arising from adjustments to deferred taxes in the North Sea, as detailed below), totaled approx. NIS 315 million in the reporting period, compared to approx. NIS 269 million in the corresponding period last year. It is noted that the Group's operating results without deducting the abovementioned adjustments to deferred taxes totaled to a profit of approx. NIS 10 million in the reporting period.

Contribution to net income attributable to the Company's shareholders from principal operations (NIS million):

	1-3/2025	1-3/2024	2024
Oil and Gas Exploration and Production in and around Israel ¹⁾	245	211	974
Oil and gas exploration and production in the North Sea ¹⁾	(* 131)	(* 142)	854
<u>Contribution of continuing operations before capital gains, revaluations, and other income (losses)</u>	376	353	1,828
Other income (losses), net, in the Gas and Oil Segment ²⁾	(312)	29	(204)
Finance expenses, taxes, and other expenses, net ³⁾	(54)	(113)	(220)
<u>Net income attributable to the Company's shareholders</u>	10	269	1,404
<u>Net income attributable to the Company's shareholders, net of adjustments for deferred taxes in the North Sea</u>	<u>315</u>	<u>269</u>	<u>1,404</u>

- *) It is noted that in the reporting period, the contribution of the North Sea Gas and Oil Segment to the Group's net profit is in respect of the Group's 52.22% holding stake in Ithaca, compared to a holding stake of 88.55% in the corresponding period last year. Had the Group held 52.22% of the rights in Ithaca in the corresponding quarter, its contribution to net profit (before non-recurring revenue/expenses) would have amounted to approx. NIS 84 million compared to NIS 131 million in the corresponding quarter.
- 1) Not including profits or losses from impairment of assets, revaluation of royalty rights, and other non-recurring profits and losses, as detailed in Section 2 below.
- 2) In the reporting period, mainly includes expenses in respect of a NIS 305 million adjustment to deferred taxes in the North Sea, while in the corresponding period mainly includes revaluation of rights to royalties from the Karish and Tanin Leases totaling approx. NIS 33 million. In 2024, the Report mainly includes revaluation income from revaluation of rights to royalties from the Karish and Tanin leases totaling approx. NIS 95 million and deductions due to impairment of gas and oil assets in the North Sea, a revision of a decommissioning liability in respect of the assets which were fully depreciated, as well as exploration and evaluation costs totaling approx. NIS 280 million.
- 3) In the reporting period, includes, among other things, the Group's share in Mehadrin's operating results totaling approx. NIS 24 million, compared to a profit of approx. NIS 5 million in the corresponding period last year.

b) EBITDAX (NIS million) *)

The Group's EBITDAX in the reporting period totaled approx. NIS 3,148 million, as compared to approx. NIS 1,935 million in the same period last year, as detailed in the table below (NIS million):

	1-3/2025	1-3/2024		2024
Oil and Gas Exploration and Production in and around Israel	751	674		3,006
North Sea Oil and Gas Asset Development and Production Segment	2,359	1,242		5,191
Other revenues (expenses)	38	19		(30)
Total EBITDAX	3,148	1,935		8,167

*) Profit before financing, taxes, depreciation and amortization, exploration and evaluation expenses and before non-recurring expenses and revenues. It should be noted that EBITDAX includes the Company's share in the results of operating associates, and profits (losses) arising from hedging transactions constituting economic hedges (even if they were not defined as accounting hedges), without premiums.

c) Revenue (NIS million):

The Group's revenues in the reporting period totaled approx. NIS 3,851 million, as compared to approx. NIS 2,956 million in the same period last year, as detailed in the table below (NIS million):

	1-3/2025	1-3/2024		2024
Oil and Gas Exploration and Production in and around Israel	901	840		3,661
North Sea Oil and Gas Asset Development and Production Segment	2,556	1,759		7,326
Other segments including adjustments	394	357		974
Total revenues	3,851	2,956		11,961

See also Note 9 to the Consolidated Interim Financial Statements - Information Regarding Operating Segments.

d) Operating income (loss) (NIS million):

	1-3/2025	1-3/2024		2024
Oil and Gas Exploration and Production in and around Israel	638	580		2,595
North Sea Oil and Gas Asset Development and Production Segment	1,556	689		1,843
Other segments including adjustments	52	2		(102)
Total operating income	2,246	1,271		4,336

See also Note 9 to the Consolidated Interim Financial Statements - Information Regarding Operating Segments.

e) Highlights from the Company's consolidated income statements (NIS million):

	1-3/2025	1-3/2024		2024
Revenues	3,851	2,956		11,961
Cost of sales	1,561	1,609		6,260
Gross income	2,290	1,347		5,701
General and administrative expenses	70	65		306
Group share in profits of associates, net	11	11		54
Other revenues (expenses), net	15	(22)		(1,113)
Operating income	2,246	1,271		4,336
Finance income	82	124		812
Finance expenses	(501)	(436)		(1,723)
				3,814
Profit before taxes on income	1,827	959		3,425
				1,431
Income tax	1,771	479		1,109
Profit from continuing operations	56	480		2,316
Profit from discontinued operations, net	-	7		54
Net income	56	487		2,370
Attributable to -				
Company shareholders	10	269		1,404
Non-controlling interests	46	218		966
	56	487		2,370

f) Movement in comprehensive income (NIS million):

	1-3/2025	1-3/2024		2024
Net income	56	487		2,370
Other comprehensive income from continuing operations (net of tax effect):				
Gain (loss) from cash flow hedges	136	(4)		(131)
Transfer to profit or loss for cash flow hedges	8	(67)		(128)
Adjustments from translation of foreign operations' financial statements (*)	380	240		17
Total other comprehensive income from continuing operations	524	169		(242)
Total comprehensive income	580	656		2,128
Attributable to:				
Company shareholders	280	375		1,320
Non-controlling interests	300	281		808
	580	656		2,128

(*) The Group has material investments in investee companies and an investee partnership whose functional currency is NIS the USD; thus, changes in currency exchange rates materially affect the Group's other comprehensive income or loss and the equity attributable to the Company's shareholders. In the reporting period, the USD appreciated by approx. 1.95% against the NIS, as compared to a gain of approx. 1.5% in the same period last year. It is noted that subsequent to the balance sheet date and until shortly before the approval date of this report, the USD depreciated against the NIS by approx. 4.4%.

4. Financial Position

The Group's total assets as of March 31, 2025 totaled approx. NIS 53.5 million compared to NIS 52.4 million as of December 31, 2024.

Principal changes in assets and liabilities as of March 31, 2025, compared with December 31, 2024:

Cash and cash equivalents and short-term investments

As of March 31, 2025, the Group had cash and short-term investment balances of approx. NIS 5 billion, consisting mainly of balances of approx. NIS 2 billion in the Company and staff companies, approx. NIS 1 billion in Ithaca, and approx. NIS 1.9 billion in NewMed Energy and Limited Partner.

Current and non-current assets

Total current assets (other than cash and short-term investments), amounted to approx. NIS 5.3 billion as of March 31, 2025, compared with a total of approx. NIS 4.8 billion as of December 31, 2024 and an increase of approx. NIS 0.5 billion. The increase arises mainly from an increase in oil inventory in the North Sea as a result of timing differences in inventory withdrawal, and an increase in the USD exchange rate during the reporting period.

As at March 31, 2025, the Group's non-current assets totaled approx. NIS 43.3 billion, compared to total non-current assets as of December 31, 2024 of approx. NIS 43.6 billion, a decrease of approx. NIS 0.3 billion. The decrease arises mainly from a decrease in deferred tax assets from approx. NIS 3.9 billion as of December 31, 2024 to approx. NIS 2.6 billion, mainly as a result of adjustments to deferred taxes in the North Sea Gas and Oil Segment in the reporting period. This decrease was partially offset due to gains by the USD against the NIS in the reporting period, which increased the NIS value of NewMed Energy's and Ithaca's long-term assets.

Short- and long-term liabilities

As at March 31, 2025, the Group's current and non-current liabilities amounted to approx. NIS 34.7 billion compared with approx. NIS 33.8 billion as of December 31, 2024. The increase stems mainly from an increase in the USD exchange rate.

Contingent claims

In their opinion on the financial statements, the Company's independent auditors draw attention to legal actions brought against Group companies; For details, see Note 6 to the Consolidated Interim Financial Statements.

5. Sources of Financing and Liquidity

The net financial debt of the Company and the staff companies as of March 31, 2025:⁽¹⁾

	NIS million
<u>Liabilities</u>	
Debentures	4,495
Other liabilities	8
Total liabilities	4,503
<u>Assets</u>	
Cash and investment in financial assets	1,931
Restricted deposits	84
Deposit in the debentures' escrow account	55
Total assets	2,070
Net financial debt	2,433

⁽¹⁾ Staff companies: Delek Group, Delek Petroleum, Delek Financial Investments (2012) Limited Partnership, Delek Power Plants Limited Partnership, DKL Energy, DKL Investments, Delek Infrastructure, Delek Hungary Holdings Limited, and Delek Energy.

6. Analysis of Operations by Operating Segment

a) Oil and gas production in and around Israel

As aforesaid, oil and gas exploration and production in and around Israel are carried out mainly through NewMed Energy.

Operating results of oil and gas exploration and production in and around Israel, as included in the Group's results (NIS million):

	1-3/2025	1-3/2024		2024
Revenues from gas sales net of royalties	901	840		3,661
Operating income	638	580		2,595
EBITDAX	751	674		3,006
Finance expenses, net	(87)	(6)		(88)
Income tax	(129)	(134)		(569)
Net income attributable to Group's shareholders	238	244		1,080

(*) The data relate to sales of natural gas (100%), rounded to one tenth of one BCM.

The following table presents gas quantities (100%) sold in the reporting period and the corresponding period last year, from the Leviathan Reservoir, by customer location:

	BCM			Total
	Israel	Jordan	Egypt	
Q1 2025	0.4	0.8	1.7	2.9
Q1 2024	0.2	0.6	1.8	2.6

Analysis of the Operating Results of Oil and Gas Exploration and Production in and around Israel

In the reporting period, the operating results of oil and gas exploration in and around Israel amounted to a net income of approx. NIS 238 million compared with a net income of approx. NIS 244 million in the corresponding period last year.

The decrease in profit in the reporting period, compared to the corresponding period last year, arose mainly from a decrease in finance income as a result of revaluation of royalties based on future production from the Karish and Tanin Leases. On the other hand, this decrease was partially offset by an increase in revenues from gas sales net of royalties and a decrease in the cost of gas and condensate production.

Revenues from gas and oil sales, net of royalties

In the reporting period, revenues from gas and oil sales, net of royalties, totaled approx. NIS 901 million, compared with approx. NIS 840 million in the same period last year, an increase of approx. 7.3%.

The increase arose mainly from an increase in the quantities of natural gas sold from the Leviathan Reservoir, from approx. 2.6 BCM (100%) in the corresponding period last year to approx. 2.95 BCM (100%) in the reporting period, and from the sale of approx. 237 thousand barrels of condensate, compared to the sale of approx. 52 thousand barrels of condensate in the corresponding period last year (it is noted that the sale of condensate last year started on March 7, 2024). On the other hand, the increase in natural gas and condensate sales was partly offset by a decrease in the average price per thermal unit (MMBTU) from approx. USD 6.16 per thermal unit

(MMBTU) in the corresponding period last year to approx. USD 5.85 per thermal unit (MMBTU), in the reporting period.

Operating income

In the reporting period, operating income amounted to approx. NIS 638 million compared with approx. NIS 580 million in the corresponding period last year.

The increase in operating profit arises mainly from an increase in revenues from the Leviathan Project, as described above, and from a decrease in the cost of natural gas production. The decrease in production cost in the reporting period arises mainly from a decrease in natural gas transmission costs due to a decrease in the quantities of gas sold to Egypt, and from an increase in the quantities of natural gas transmitted through the EMG Pipeline, which is a cheaper gas transmission alternative, compared to the corresponding period last year.

Finance expenses, net

In the reporting period, net finance expenses amounted to approx. NIS 87 million, compared with approx. NIS 6 million in the corresponding period last year. The increase arose mainly from a decrease in the revaluation of royalties receivable, which - as of the corresponding period last year - amounted to a revaluation income of approx. USD 22 million compared to expenses due to a negative revaluation of approx. USD 4.4 million in the reporting period.

Income tax

Income tax in the reporting period amounted to approx. NIS 129 million, compared to approx. NIS 134 million in the same period last year.

Adjustment of the Partnership's results to the Group's share in oil and gas exploration and production in and around Israel (NIS million):

	1-3/2025	1-3/2024		2024
Net income from NewMed Energy's financial statements	420	444		1,942
Indirect holdings (%)	54.7%	54.7%		54.7%
Group's share	230	243		1,062
Income tax	-	(3)		1
Revenues from overriding royalties	13	12		62
Amortization of excess costs *)	(9)	(8)		(34)
General and administrative expenses	(1)	(2)		(8)
Finance income (expenses), net	5	2		(3)
Contribution to net income from oil and gas exploration and production operations	238	244		1,080

*) Current amortization of the surplus cost attributable to the Leviathan Project.

For further details on oil and gas exploration and production in and around Israel, see Notes 3B and 4 to the Consolidated Interim Financial Statements.

b) Oil and gas exploration and production in the North Sea

Ithaca is an independent oil and gas operator in the North Sea, holding both producing and development assets.

Ithaca's financial data as included in the consolidated financial statements (including attribution of excess acquisition costs incurred upon assuming control):

Balance sheet (in USD million):

(in USD million)	March 31, 2025	December 31, 2024
Cash and cash equivalents	258	165
Other current assets	976	811
Investments in oil and gas exploration and production	4,534	4,600
Other assets, net (mainly deferred taxes)	990	1,412
Goodwill	1,175	1,175
Total assets	7,933	8,163
Current liabilities (trade payables, payables, derivatives and other)	1,389	1,443
Loans from banks and debentures	1,023	1,012
Other long-term liabilities (mainly in respect of an asset decommissioning liability)	2,651	2,787
Equity attributable to Ithaca's shareholders	2,870	2,921
Total liabilities and equity	7,933	8,163
Part of Ithaca's equity attributable to Group shareholders	1,486	1,515

Income Statement (in USD million)

(in USD million)	1-3/2025	1-3/2024		2024
Revenues	707	480		1,982
Cost of sales (excluding depreciation expenses and movement in the oil and gas inventories)	(203)	(133)		(620)
Depreciation expenses	(223)	(145)		(602)
Change in oil and gas inventory	161	(1)		81
Gross income	442	201		841
Impairment of gas and oil assets and exploration and evaluation costs	(1)	(5)		(286)
General and administrative expenses	(10)	(8)		(41)
Other expenses, net	-	-		(16)
Revaluation of contingent considerations and financial derivatives	-	(12)		32
Other finance expenses, net	(64)	(40)		(196)
Profit before tax	367	136		334
Tax expenses	(459)	(93)		(149)
Net income (loss) attributable to Ithaca's shareholders	(92)	43		185
Net income attributable to Ithaca's shareholders, net of adjustments for deferred taxes	70	43		185
Net income (loss) attributable to Group shareholders *)	(48)	38		145
Net income attributable to the Group's shareholders, net of adjustments for deferred taxes *)	36	38		145
Output in the reporting year (MMboe)	11	5.3		25.4
Average daily output (KBoed)	127.4	58.7		(** 80.2

*) It is noted that the Group's holding stake in Ithaca in the reporting period is approx. 52.22%, compared to 88.55% in the corresponding quarter last year.

**) Represents the average daily output in 2024, considering Eni UK's contribution, starting from July 1, 2024 (the effective date of the merger). The average daily output, considering Eni UK's contribution as from October 2, 2024 (the transaction completion date) is 69.4 thousand barrels per day.

EBITDAX (in USD million)

USD million	1-3/2025	1-3/2024		2024
Revenues from the sale of gas and oil *)	697	475		1,957
Movement in gas and oil inventories, royalties and oil tanker costs	155	(6)		64
Revenues, net from production during the period	852	469		2,021
Operating expenses (OPEX)	(189)	(122)		(570)
Current general and administrative expenses and exchange rate differences	(10)	(8)		(46)
EBITDAX	653	339		1,405

*) Not including premiums for hedging transactions and revenues of Ithaca other than from the sale of gas and oil.

Additional data concerning Ithaca's results

Revenues

Ithaca's revenues in the reporting period totaled approx. USD 697 million, as compared to revenues of approx. USD 475 million in the same period last year. The increase in revenues arises mainly from an increase in the volume of production, mainly as a result of the merger with Eni UK, which was completed during the last quarter of 2024. Average daily production output in the current quarter reached 127.4 BOE compared to 58.7 BOE in the corresponding quarter last year.

The average gas selling price (prior to the hedging) in the reporting period was up to 110 pence/therm compared to 65 pence/therm last year, and the average selling prices for oil (prior to the hedging) stood at approx. USD 78 per barrel in the reporting period, compared to USD 88 per barrel in the corresponding period last year.

It is noted that the gas selling price after hedging totaled approx. 106 pence per thermal unit and the oil selling price after hedging totaled approx. USD 79 per barrel in the current quarter, such that the hedging transactions did not have a material effect on revenues during the reporting period (in the corresponding quarter last year, the hedge transactions contributed approx. USD 73 million to revenues).

Cost of sales

Cost of sales (excluding depreciation expenses and inventory movements) in the reporting period totaled approx. USD 203 million, as compared to approx. USD 133 million in the same period last year, mainly due to the merger with Eni UK, as outlined above. The average operating production expenses (OPEX) per barrel in the reporting period was approx. USD 16.5 (compared to approx. USD 22.9 per barrel in the corresponding period last year). The decrease in unit cost arose mainly from the addition of Eni UK's assets, which have a lower production cost per unit.

Depreciation and amortization in the reporting period totaled approx. USD 223 million compared to approx. USD 145 million; the increase is due to the inclusion of Eni UK's assets.

EBITDAX

Ithaca's EBITDAX increased in the reporting period to USD 653 million from USD 339 million in the corresponding period last year; the increase is mainly due to the expansion of operations as a result of the merger with Eni UK.

Hedges on oil and gas prices

As part of its risk management strategy, Ithaca hedges oil and gas prices. As of March 31, 2025, Ithaca had open-ended hedging transactions on oil prices amounting to approx. 6.1 MMBBL at an average hedged price of approx. USD 74 per barrel and open-ended hedging transactions on gas prices amounting to approx. 19.4 million BOE oil at an average hedged price of approx. 87 pence/therm. As of March 31, 2025, the value of these hedges reflects an asset of approx. USD 41 million (approx. NIS 153 million).

Income tax

During the reporting period, on March 5, 2025, the UK government effectively completed the legislation under which it extended the period of the energy profit levy (EPL) by further two years through March 31, 2030. As a result of the completion of the said legislation, Ithaca recognized a one-time accounting expense in respect of revision of deferred taxes of approx. USD 327.6 million (approx. NIS 1.2 billion).

It is noted that the Group's share in the abovementioned revision of deferred taxes, net during the reporting period is approx. USD 85 million (approx. NIS 305 million).

For further details on oil and gas exploration and production operations in the North Sea, see Notes 3A and 4 to the Consolidated Interim Financial Statements.

B. Disclosure relating to the Corporation's financial reporting

1. Critical accounting estimates

There were no changes to critical accounting estimates in the reporting period.

2. Events subsequent to the balance sheet date

For information on significant events subsequent to the balance sheet date, see Chapter A to the Report of the Board of Directors.

C. Dedicated disclosure for debenture holders

1. Information on debentures issued by the Company as of March 31, 2025:

Series	Issue date (including expansions)	Original p.v.	Balance of p.v. as of March 31, 2025	Nominal interest rate	Linkage	Carrying amount as of March 31, 2025	Interest accrued in books as of March 31, 2025	Repayment dates (principal/ interest)	Market cap as of March 31, 2025	Trustee
B37	2/2023	1,750	1,575	6.75%	Non-linked	1,575	17	Interest payments on July 31 and January 31 (first payment - July 31, 2023) and principal payments on January 31 in each of the years 2025-2029	1,640	Hermetic Trust (1975) Ltd. 113 Hayarkon St. Tel Aviv. Tel: +972-3-5274867, Dan Avnon
B38	9/2023 1/2024	1,332	798	6.52%	Non-linked	798	22	Interest payments on April 30 and October 31 (first payment - April 30, 2024) and principal payments on October 31 of 2025, 2026, 2028, 2030 and 2031	842	Mishmeret Trust Company Ltd., 48 Menahem Begin St., Tel Aviv, Tel: 03-6374335/4, Atty. Rami Katzav, CPA.
B39	4/2024	1,000	1,000	6.38%	Non-linked	1,000	16	Interest payments on June 30 and December 31 (first payment - June 30, 2024) and principal payments on December 31 of 2027, 2030, 2031, and 2032.	1,053	Hermetic Trust (1975) Ltd. 113 Hayarkon St. Tel Aviv. Tel: +972-3-5274867, Dan Avnon
B40	2/2025	1,062	1,062	5.69%	Non-linked	1,062	8	Interest payments on June 30 and December 31 (first payment - June 30, 2025) and principal payments on December 31 of 2028, 2030, 2031, 2032 and 2033.	1,054	Reznick Paz Nevo Trustee Company Ltd., 14 Yad Harutzim St., Tel Aviv. Tel: 03-6389200, Michal Avtalion-Rishoni, Adv.

2. Financial covenants of the debentures as of March 31, 2025

Under the deeds of trust for the debentures, the Company undertook as follows:

As long as the Company's debentures are not repaid in full, the Company will not create a floating charges on any of its assets and rights, existing or future, in favor of any third party, to secure any debt or liability, unless in accordance with the terms and conditions set out in the deeds of trust.

The Company undertook to comply with the following financial covenants:

The Company's equity, according to its audited or reviewed Consolidated Financial Statements, as the case may be, will not fall below a minimum amount set out in the deeds of trust, for two consecutive quarters, with the higher amount being NIS 3,250 million.

The Company's equity, according to its audited or reviewed separate financial statements, as the case may be, will not fall below a rate of the total assets set out in the deeds of trust, for two consecutive quarters, with the higher rate being 18%.

The Company has undertaken not to make any distribution (as this term is defined in the Companies Law), including not to declare, pay, or distribute any dividend (as the terms are defined in the Companies Law), unless all the terms listed below are met (before and after deduction of the distribution amount): 1) Following the distribution, the equity will not fall under the amount set in each of the deeds, with the highest being NIS 3,500 million; 2) The separate equity to asset ratio shall not fall, subsequent to the distribution, below the 22% ratio; 3) The Company is not in breach of one or more of its material obligations under this deed of trust and under the terms of the debentures; 4) There are no grounds for immediate repayment; 5) The Company is not in breach of one of the financial covenants nor will it be in breach thereof subsequent to the distribution.

The deeds of trust set out grounds for immediate repayment of debentures, which include the Company's failure to comply with its obligations, as set out above; cross-default (in case of repayment of other debts to the extent set out in the deed of trust); the downgrade of debentures below BBB- or an equivalent rating; a substantial deterioration in the Company's business; events related to a change in the Company's business or a change in control, as set out in the deed of trust; and other events.

In addition, the debentures' deeds of trust prescribe events, which, if they occur, the interest rate on the debentures will be adjusted, as follows: 1) A downgrade below the base rating of "Baa1" for Debentures (Series B37) and "A3" for Debentures (Series B38, B39 and B40) will result in a cumulative increase of the interest rate of up to 1% above the base interest rate; 2) If the Company's equity falls below NIS 3,150 million for Series B37 and NIS 3,350 million for Series B38, B39 and B40 according to its audited or reviewed Consolidated Financial Statements, as the case may be, or the (separate) equity to total assets ratio falls below 20% for the debentures, the interest rate will increase by 0.25% for each breached covenant.

Debentures (Series B37, B38 and B39) are secured by some of the participation units of NewMed Energy and Ithaca shares. Debentures (Series B40) are not secured by a lien on any asset.

As of the report date, the Company is in compliance with the financial covenants set out in the Deeds of Trust. In this regard, it should be noted that equity as of March 31, 2025 amounted to approx. NIS 8.7 million, and the equity to total assets ratio under the Company's separate financial statements is approx. 62%.

D. Additional information**1. Company employees**

The Company's management and the employees are dedicated to the national efforts, mourning together with the families of the fallen and murdered, hoping for the safe return of the kidnapped and missing, and send wishes of full recovery to all of those wounded.

The Board of Directors would like to thank the Company's management, the management of the Company's investees, and to all the employees for their dedicated work and their contribution to the advancement of the Company.

Respectfully,

Ehud Erez

Chairman of the Board

Idan Wallace

CEO

Signature date: May 20, 2025

Appendix A to the Report of the Board of Directors**Breakdown of outstanding principal and interest payments on the Company's debentures and bank and other loans as of March 31, 2025 (in NIS million):**

		2025	2026	2027	2028	2029	2030 onwards	Total
Debentures	Principal	120	382	463	528	787	2,155	4,435
	Interest	222	266	240	207	158	290	1,383
Total		342	648	703	735	945	2,445	5,818

Chapter

C

Financial Statements



Delek Group Ltd.

Consolidated Interim Financial Statements as of March 31, 2025

Unaudited

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Consolidated Balance Sheets

	As of March 31		As of
	2025	2024	December 31
	Unaudited		Audited
	NIS million		
<u>Current assets</u>			
Cash and cash equivalents	3,456	2,223	2,260
Short-term investments	1,497	618	1,758
Trade receivables	1,868	1,776	1,994
Receivables and debit balances	1,539	1,288	1,409
Current tax assets	11	10	10
Financial derivatives	155	418	127
Inventory	1,692	695	1,221
	<u>10,218</u>	<u>7,028</u>	<u>8,779</u>
<u>Non-current assets</u>			
Long-term loans, deposits, and receivables	2,669	3,161	2,508
Investments in associates	687	652	676
Investment property	583	546	583
Right-of-use assets	1,045	641	945
Financial derivatives	212	22	-
Investments in exploration and production of oil and gas assets, net	30,232	26,752	29,841
Property, plant and equipment, net	459	479	450
Goodwill	4,752	3,432	4,661
Deferred taxes	2,642	1,985	3,910
	<u>43,281</u>	<u>37,670</u>	<u>43,574</u>
	<u>53,499</u>	<u>44,698</u>	<u>52,353</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Balance Sheets (cont.)

	As of March 31		As of
	2025	2024	December 31
	Unaudited		2024
	NIS million		Audited
<u>Current liabilities</u>			
Short-term loans and current maturities from banks and others	3	529	3
Current maturities of debentures	1,997	266	2,151
Payables and credit balances	4,128	3,556	4,597
Current maturities of lease liabilities	83	69	87
Current tax liabilities	1,768	1,436	989
Dividend payable	260	250	-
Financial derivatives	134	126	495
	<u>8,373</u>	<u>6,232</u>	<u>8,322</u>
<u>Non-current liabilities</u>			
Loans from banks and others	1,862	1,226	1,788
Debentures	11,364	12,066	10,890
Lease liability	120	126	138
Financial derivatives	10	11	82
Provisions and other liabilities	10,628	7,747	10,301
Deferred taxes	2,371	2,094	2,292
	<u>26,355</u>	<u>23,270</u>	<u>25,491</u>
<u>Equity</u>			
Share capital	20	20	20
Share premium	2,381	2,354	2,381
Proceeds for options and conversion option	-	5	-
Retained earnings	7,733	7,538	7,983
Adjustments from translation of financial statements of foreign operations	224	343	29
Capital reserve from transactions with non-controlling interests	(1,553)	(672)	(1,554)
Other reserves	36	92	(39)
Treasury shares	(95)	-	(95)
	<u>8,746</u>	<u>9,680</u>	<u>8,725</u>
<u>Total equity attributable to the Company's shareholders</u>			
	<u>10,025</u>	<u>5,516</u>	<u>9,815</u>
<u>Non-controlling interests</u>			
	<u>18,771</u>	<u>15,196</u>	<u>18,540</u>
<u>Total equity</u>			
	<u>53,499</u>	<u>44,698</u>	<u>52,353</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

<u>May 20, 2025</u>			
Approval date of the financial statements	<u>Ehud Erez</u> Chairman of the Board	<u>Idan Wallace</u> Chief Executive Officer	<u>Tamir Polikar</u> Executive VP and CFO

Consolidated Statements of Income

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million (excluding net earnings per share)		
Revenues	3,851	2,956	11,961
Cost of sales	1,561	1,609	6,260
Gross profit	2,290	1,347	5,701
General and administrative expenses	70	65	306
Group's share in profits of associates, net	11	11	54
Other income (expenses), net	15	(22)	(1,113)
Operating income	2,246	1,271	4,336
Finance income	82	124	812
Finance expenses	(501)	(436)	(1,723)
Profit before taxes on income	1,827	959	3,425
Income tax	1,771	479	1,109
Profit from continuing operations	56	480	2,316
Profit (loss) from discontinued operations, net	-	7	54
Net income	56	487	2,370
Attributable to:			
Shareholders of the Company	10	269	1,404
Non-controlling interests	46	218	966
	56	487	2,370
<u>Net earnings per share attributable to the Company's shareholders (in NIS)</u>			
Basic earnings from continuing operations	0.5	14.2	73.1
Basic earnings from discontinued operations	-	0.4	2.9
Basic earnings	0.5	14.6	76.0
Basic earnings from continuing operations	0.5	14.1	73.1
Diluted earnings from discontinued operations	-	0.4	2.9
Diluted earnings	0.5	14.5	76.0

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Comprehensive Income

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Net income	56	487	2,370
Other comprehensive income (net of tax effect):			
<u>Amounts classified or reclassified to profit or loss under specific conditions:</u>			
Gain (loss) from cash flow hedges	136	(4)	(131)
Transfer to profit or loss for cash flow hedges	8	(67)	(128)
Adjustments from translation of financial statements of foreign operations	380	240	17
Total other comprehensive income (loss)	524	169	(242)
Total comprehensive income	580	656	2,128
Attributable to:			
Shareholders of the Company	280	375	1,320
Non-controlling interests	300	281	808
	580	656	2,128

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Changes in Equity

Attributable to shareholders of the Company

	Share capital	Share premium	Retained earnings	Adjustments from translation of financial statements of foreign operations	Reserve for transactions with non-controlling interests	Other reserves *)	Treasury shares	Total	Non-controlling interests	Total equity
NIS million										
<u>Balance as of January 1, 2025 (audited)</u>	20	2,381	7,983	29	(1,554)	(39)	(95)	8,725	9,815	18,540
Net income	-	-	10	-	-	-	-	10	46	56
Other comprehensive income	-	-	-	195	-	75	-	270	254	524
Total comprehensive income	-	-	10	195	-	75	-	280	(** 300)	580
Transactions with non-controlling interests	-	-	-	-	1	-	-	1	4	5
Share-based payment	-	-	-	-	-	-	-	-	5	5
Dividend to the Company's shareholders	-	-	(260)	-	-	-	-	(260)	-	(260)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(99)	(99)
<u>Balance as of March 31, 2025</u>	<u>20</u>	<u>2,381</u>	<u>7,733</u>	<u>224</u>	<u>(1,553)</u>	<u>36</u>	<u>(95)</u>	<u>8,746</u>	<u>10,025</u>	<u>18,771</u>

*) Mainly capital reserve for cash flow hedges.

**) Composition of comprehensive income of non-controlling interests:

Net income attributable to non-controlling interests	46
Adjustments arising from cash flow hedges	69
Adjustments from translation of financial statements of foreign operations	185
Total comprehensive income attributable to non-controlling interests	<u>300</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Changes in Equity (cont.)

Attributable to shareholders of the Company

	Share capital	Share premium	Proceeds for options and conversion option	Retained earnings	Adjustments from translation of financial statements of foreign operations	Reserve for transactions with non-controlling interests	Other reserves *)	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS million									
<u>Balance as of January 1, 2024 (audited)</u>	20	2,353	5	7,519	174	(702)	155	9,524	5,411	14,935
Net income	-	-	-	269	-	-	-	269	218	487
Other comprehensive income	-	-	-	-	169	-	(63)	106	63	169
Total comprehensive income	-	-	-	269	169	-	(63)	375	(** 281)	656
Exercise of share options	-	1	-	-	-	-	-	1	-	1
Transactions with non-controlling interests	-	-	-	-	-	30	-	30	(84)	(54)
Share-based payment	-	-	-	-	-	-	-	-	7	7
Dividend to the Company's shareholders	-	-	-	(250)	-	-	-	(250)	-	(250)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(99)	(99)
<u>Balance as of March 31, 2024</u>	<u>20</u>	<u>2,354</u>	<u>5</u>	<u>7,538</u>	<u>343</u>	<u>(672)</u>	<u>92</u>	<u>9,680</u>	<u>5,516</u>	<u>15,196</u>

*) Mainly capital reserve for cash flow hedges.

**) Composition of comprehensive income of non-controlling interests:

Net income attributable to non-controlling interests	218
Adjustments from translation of financial statements of foreign operations	(8)
Adjustments arising from cash flow hedges	71
Total comprehensive income attributable to non-controlling interests	<u>281</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Changes in Equity (cont.)

Attributable to shareholders of the Company

	Share capital	Share premium	Proceeds for options and conversion option	Retained earnings	Adjustments			Treasury shares	Total	Non-controlling interests	Total equity
					from translation of financial statements of foreign operations	Reserve for transactions with non-controlling interests	Other reserves *)				
Audited											
NIS million											
<u>Balance as of January 1, 2024</u>	20	2,353	5	7,519	174	(702)	155	-	9,524	5,411	14,935
Net income	-	-	-	1,404	-	-	-	-	1,404	966	2,370
Other comprehensive income (loss)	-	-	-	-	94	-	(178)	-	(84)	(158)	(242)
Total comprehensive income (loss)	-	-	-	1,404	94	-	(178)	-	1,320	(** 808)	2,128
Exercise of share options	-	28	(5)	-	-	-	-	-	23	-	23
Transactions with non-controlling interests	-	-	-	-	(239)	(852)	(16)	-	(1,107)	4,441	3,334
Share-based payment	-	-	-	-	-	-	-	-	-	23	23
Acquisition of treasury shares	-	-	-	-	-	-	-	(95)	(95)	-	(95)
Dividend to the Company's shareholders	-	-	-	(940)	-	-	-	-	(940)	-	(940)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(868)	(868)
<u>Balance as of December 31, 2024</u>	<u>20</u>	<u>2,381</u>	<u>-</u>	<u>7,983</u>	<u>29</u>	<u>(1,554)</u>	<u>(39)</u>	<u>(95)</u>	<u>8,725</u>	<u>9,815</u>	<u>18,540</u>

*) As of December 31, 2024, mainly due to cash flow hedges.

**) Composition of comprehensive income of non-controlling interests:

Net income attributable to non-controlling interests	966
Adjustments arising from cash flow hedges	(81)
Adjustments from translation of financial statements of foreign operations	(77)
Total comprehensive income attributable to non-controlling interests	<u>808</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Cash Flows

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
<u>Cash flows from operating activities</u>			
Net income	56	487	2,370
Adjustments to reconcile cash flows from operating activities (a)	<u>2,099</u>	<u>991</u>	<u>2,045</u>
Net cash provided by operating activities	<u>2,155</u>	<u>1,478</u>	<u>4,415</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment, investment property and intangible assets	(10)	(4)	(42)
Proceeds from disposal of property, plant and equipment and investment property	15	-	5
Loans to associates, net	(2)	-	(5)
Advance payments in respect of the acquisition of operations	(145)	-	-
Short-term investments, net	248	187	(866)
Disposal of (investment in) long-term bank deposits, net	(81)	4	743
Investment in oil and gas exploration and assets	(769)	(560)	(2,249)
Cash flows added acquisition of control in companies and operations (b)	-	-	400
Investment in associates	-	-	(2)
Repayment of loans provided to others, net	-	110	-
Amounts and royalties received in respect of the sale of rights in the Karish and Tanin Reservoirs	<u>51</u>	<u>58</u>	<u>380</u>
Net cash used for investing activities	<u>(693)</u>	<u>(205)</u>	<u>(1,636)</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Cash Flows (cont.)

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
<u>Cash flows from financing activities</u>			
Repayment of short-term credit from banks	-	(304)	(562)
Receipt of long-term loans	2	2	448
Repayment of long-term loans	(1)	(179)	(835)
Dividend paid to non-controlling interests (net of a tax rebate received by the Partnership)	(2)	-	(868)
Dividend paid	-	-	(940)
Acquisition of treasury shares	-	-	(95)
Transactions with non-controlling interests	5	(54)	125
Exercise of share options	-	1	23
Repayment of lease liabilities	(27)	(58)	(119)
Payment of deferred and contingent considerations	(475)	(61)	(85)
Issue of debentures (net of issuance costs)	1,051	532	4,595
Repayment of debentures	(854)	(538)	(3,817)
Net cash used for financing activities	(301)	(659)	(2,130)
<u>Translation differences on cash balances</u>	35	12	14
<u>Increase in cash and cash equivalents</u>	1,196	626	663
<u>Cash and cash equivalents as of the beginning of the period</u>	2,260	1,597	1,597
<u>Cash and cash equivalents as of the end of the period</u>	3,456	2,223	2,260

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Cash Flows (cont.)

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
(a) <u>Adjustments for presentation of statement of cash flows from operating activities</u>			
Adjustments to profit and loss line items:			
Depreciation, depletion, amortization, and impairment of assets, net	927	655	3,758
Deferred taxes, net	871	96	39
Impairment (appreciation) of loans granted, net	1	(8)	(52)
Profit from the sale of property, plant and equipment, real estate and investments, net	(17)	-	(19)
Increase (decrease) in deferred/contingent consideration	15	12	(102)
Decrease in decommissioning liabilities with respect to time value	123	89	312
The Group's share in results of associates, net (1)	(8)	(11)	(38)
Payment of decommissioning expenses	(104)	(55)	(334)
Cost of share-based payment	5	7	26
Change in fair value of financial assets and financial derivatives, net	(25)	(142)	(403)
Appreciation (impairment) of long-term liabilities, net	112	(53)	(3)
Change in value of investment property, net	-	-	(20)
Changes in operating assets and operating liabilities:			
Increase in trade receivables	(148)	(61)	(297)
Decrease (increase) in receivables and debit balances	(15)	67	641
Increase in inventory	(435)	(7)	(363)
Increase in other assets, net	(1)	(7)	(28)
Increase (decrease) in trade payables, other payables and credit balances	798	409	(1,072)
	<u>2,099</u>	<u>991</u>	<u>2,045</u>
(1) Net of dividends received	<u>3</u>	<u>-</u>	<u>16</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Consolidated Statements of Cash Flows (cont.)

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
(b) <u>Cash provided by acquiring control in companies and operations, net *</u>			
Working capital (excluding cash and cash equivalents), net	-	-	154
Investments in exploration and production of oil and gas assets	-	-	(3,962)
Non-current liabilities	-	-	212
Deferred tax assets, net	-	-	(1,106)
Goodwill	-	-	(1,286)
Asset decommissioning liabilities	-	-	2,423
Deferred and contingent consideration	-	-	760
Issuance of shares to non-controlling interests	-	-	3,205
	-	-	400
(c) <u>Significant non-cash activities</u>			
Investment in oil and gas assets against liability	234	350	918
Investment in shares against repayment of a granted loan	-	-	250
Dividend to non-controlling interests	101	99	-
Dividend payable to the Company's shareholders	260	250	-
(d) <u>Additional information on cash flows</u>			
Cash received during the period for:			
Interest	136	262	1,218
Taxes	89	153	1,373
Cash received by the Company during the period for:			
Interest	32	34	167
Dividends	6	-	33
Taxes	-	2	5

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

Notes to the Consolidated Interim Financial Statements

NOTE 1 - GENERAL

- A. Delek Group Ltd. (hereinafter - the "**Company**") invests mostly in and manages companies and partnerships operating in oil and gas exploration and production in Israel and other countries. In addition, the Group has several holdings in other sectors, including operation of gas stations and convenience stores, real estate, and agriculture. The controlling shareholder of the Company is Yitzhak (Sharon) Tshuva, who, shortly before the approval date of the financial statements, holds - through its wholly-owned companies - approx. 50.3% of the Company's share capital and voting interests.
- B. These financial statements have been prepared in condensed format as of March 31, 2025 and for the three-month period then ended (hereinafter - the "**Consolidated Interim Financial Statements**"). The financial statements should be read in the context of the Company's annual financial statements as of December 31, 2024 for the year then ended, and their accompanying notes (hereinafter - the "**Annual Financial Statements**").
- C. Since the bulk of the Group's operations are in the energy industry, oil and natural gas prices (as well as the USD-NIS exchange rate and interest rates) have a material (positive or negative) impact on the Group's operating results, the value of its assets (both marketable and non-marketable), its equity, operating cash flows. In addition, the volatility of gas and oil prices affects the ability of the Company and its Staff Companies to receive dividends from investee companies and partnerships or the amount of the dividends.
- D. Iron Swords War (hereinafter - the "**War**") and its effect on the Group's operations

Further to Note 1D to the Annual Financial Statements regarding the Iron Swords War and specifically regarding its potential effects on the Gas and Oil in Israel Segment, it is noted that during the reporting period fighting against the Hamas terror group in Gaza and the Houthis terror group in Yemen resumed. As of the approval date of the Consolidated Interim Financial Statements, it is impossible to predict how the War will develop, or what its effect will be on the consolidated Partnership, its assets and businesses.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

- A. Preparation format of the Consolidated Interim Financial Statements

The Consolidated Interim Financial Statements have been prepared in accordance with generally accepted accounting principles for the preparation of interim financial statements as prescribed in IAS 34, *Interim Financial Reporting* and in accordance with the disclosure provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policies applied to in the preparation of these Consolidated Interim Financial Statements are consistent with those applied in the preparation of the Annual Financial Statements.

- B. Income taxes in interim financial statements

Tax expenses (income) for the presented periods include total current taxes, and the total change in deferred taxes, other than deferred taxes arising from transactions recognized directly in equity and business combinations.

Current tax expenses (revenue) in interim periods are accumulated using the effective average annual income tax rate. To calculate the effective income tax rate, losses for tax purposes for which deferred tax assets were not recognized are amortized, which are expected to reduce the tax liability in the reporting year.

Notes to the Consolidated Interim Financial Statements**NOTE 3 - INVESTMENTS IN INVESTEE COMPANIES AND PARTNERSHIPS****A. Ithaca Energy Holdings Plc. (hereinafter - "Ithaca")**

- (1) On March 26, 2025, Ithaca declared a dividend of approx. USD 200 million (the Company's share is approx. USD 104 million (approx. NIS 390 million)). The said dividend was distributed in April 2025.
- (2) On March 25, 2025, Ithaca entered into an agreement to acquire the entire share capital (100%) of Japex UK E&P Limited, for approx. USD 193 million, subject to adjustments. The Seller holds 15% of the interests in the Seagull Reservoir, a producing reservoir in which Ithaca holds 35% of the interests prior to the completion of the transaction. The completion of the Transaction depends, among other things, on the fulfillment of the conditions precedent set in the Acquisition Agreement, which include - among other things - obtaining accepted regulatory approvals, including those of the UK Oil and Gas Authority. In Ithaca's estimation, completion of the transaction is expected at the beginning of the third quarter of 2025.

B. NewMed Energy Limited Partnership (hereinafter – "NewMed Energy or the Partnership")

- (1) As of March 9, 2025, NewMed Energy declared a profit distribution of USD 60 million, which was distributed in April 2025. The Group's share in said profit distribution is approx. USD 33 million (approx. NIS 122 million).
- (2) Subsequent to the balance sheet date, as of May 11, 2025, NewMed Energy declared a profit distribution of USD 60 million, which was distributed in June 2025. The Group's share in said profit distribution is approx. USD 33 million (approx. NIS 122 million).
- (3) As stated in Note 9A(d)(2), on March 9, 2025, the Compensation Committee and Board of the Partnership's General Partner approved the award of equity compensation to the Partnership's CEO, which includes, among other things, the allocation of 5% of the issued share capital of NewMed Balkan, such that after such allocation, the Partnership will hold 95% of the issued share capital of NewMed Balkan, as well as bear its relative share of the initial investment cost, which includes the first two drillings to be carried out in the Bulgarian license area, according to the mechanism prescribed.

C. Mehadrin Ltd.

- (1) Subsequent to the balance sheet date, in April 2024, the Group completed a tender offer, in which it acquired an additional approx. 7.9% of the share capital of Mehadrin, in consideration for approx. NIS 64.6 million. Accordingly, the Group's holding stake in Mehadrin increased to approx. 61.36% (the holding stake as of March 31, 2025 stood at approx. 53.5%).
- (2) On January 16, 2025, a subsidiary of Mehadrin entered into a set of agreements with a company of the Yuka Park Group for the sale of an unspecified 40% (in a partnership in land) out of all of the subsidiary's rights and undertakings in the property in Netanya (which serves as a packing house) at a land value of NIS 206 million; the parties also entered into a partnership and joint venture agreement regarding a project, which they intend to jointly develop and construct on the land, in consideration for a total of NIS 82.4 million. It is noted that the abovementioned asset is pledged in favor of Debentures (Series A) issued by Mehadrin and that as part of the transaction, Mehadrin will be required to partially repay the Debentures (Series A) in order to remove the pledge.

As of the approval date of the Financial Statements, the transaction has not yet been completed.

Notes to the Consolidated Interim Financial Statements

NOTE 3 - INVESTMENTS IN INVESTEE COMPANIES AND PARTNERSHIPS (cont.)

D. Transaction to acquire Isracard Ltd.'s shares

As stated in Note 9A(4) to the Annual Financial Statements, on January 5, 2025, an investment agreement was signed with Isracard Ltd. (hereinafter - "**Isracard**"). In accordance with the agreement, on the Transaction Completion Date, the Company will invest in Isracard on the basis of a total company value of NIS 3.56 billion, an estimated total of approx. NIS 1.3 billion after adjustments, including in respect of the distribution of the special dividend as detailed below, against the allocation of Isracard's ordinary shares that will grant the Company, on the Transaction Completion Date, 37.05% of Isracard's issued share capital as of that date, such that together with the shares held by the Company today, the Company will then hold approx. 40% of Isracard's issued and paid-up share capital.

According to the Agreement, immediately after the complete fulfillment of the conditions precedent specified therein, and prior to the Transaction Completion Date, a special cash dividend of no less than NIS 1.2 billion and no more than NIS 1.3 billion will be distributed (subject to the law) to Isracard shareholders immediately prior to completion of the transaction.

On February 20, 2025, the general meeting of Isracard's shareholders approved the agreement.

Furthermore, during the first quarter of 2025, the transaction was approved by the Competition Commissioner and the Capital Market, Insurance and Savings Authority.

It is noted that, as of the approval date of the financial statements, the transaction's completion is subject to obtaining a permit from the Banking Supervision Department.

NOTE 4 - INVESTMENTS IN OIL AND GAS EXPLORATION AND PRODUCTION

A. Block 12, Cyprus

Further to Note 11D to the Annual Financial Statements regarding the Revised Development Plan of the Aphrodite Reservoir, on March 26, 2025, the General Partner's Board approved a budget for assessing the construction of a transmission infrastructure from the Aphrodite Reservoir in the area of Block 12 in the exclusive economic zone of the Republic of Cyprus, as part of the Reservoir's Revised Development Plan, which was approved on February 14, 2025 by the Cypriot government, totaling approx. USD 20 million (100%, the Partnership's share - approx. USD 6 million), which mainly includes conducting seismic surveys of the seabed.

B. Block Han Asparuh 1-21 in Bulgaria

Further to Note 11G to the Annual Financial Statements regarding the Bulgaria license, on March 27, 2025, the Partnership announced that the Partners in the Bulgaria license decided to drill an exploration well in the Vinekh prospect (hereinafter- the "**Drilling**"). The execution of the Drilling is conditional upon the receipt of all the required approvals from the Bulgarian government and the signing of agreements for the provision of services in connection with the execution of the Drilling. The Drilling is expected to begin in the fourth quarter of 2025 and last about two months. The AFE, including production tests (if required), is approx. EUR 109 million (approx. USD 118 million), the Partnership's share is approx. EUR 80 million (approx. USD 87 million).

C. Further to Note 11L5 to the Annual Financial Statements, regarding the offshore connection between the Israeli transmission system and the Egyptian transmission system in the Nitzana area (hereinafter- the - "**Nitzana Project**"), which includes a pipeline and construction of a compressor station in the Ramat Hovav area, and further to previous letters of the Natural Gas Authority (hereinafter- the "**Natural Gas Authority**") in connection with capacity allocation in the Ramat Hovav-Nitzana line, it is noted that, in its letter to the Leviathan Partners of March 30, 2025, the Natural Gas Authority informed the Leviathan Partners again that their allocation in the Ramat Hovav-Nitzana pipeline stands at 33.33%. It was further noted in the said letter that the Leviathan Partners are required to sign a transmission agreement with INGL by May 29, 2025, according to the conditions set forth by the Natural Gas Authority, and that an exporter who does not sign a transmission agreement with INGL by then, will be deemed an exporter who waived its allocation in the pipeline, and the vacated allocation will be offered to the other exporters. It is clarified that, as of the financial statements' approval date, there is no certainty as to the participation of the Leviathan Partners in the Nitzana Project or in an alternative project.

NOTE 4 - INVESTMENTS IN OIL AND GAS EXPLORATION AND PRODUCTION (cont.)

- D. Further to Note 8C to the Annual Financial Statements regarding an agreement between the Partnership and Ocean Energean Oil and Gas Ltd. (hereinafter - "**Energean**") for the sale of rights in the I/17 Karish and I/16 Tanin leases, the Partnership engaged an independent external appraiser to estimate the fair value of the royalties, which are based on future production from the leases (hereinafter in this section - the "**Royalties**"). Following are the main parameters of the valuations used to measure the royalties: The capitalization rate for the royalties is estimated at approx. 10.9%; the total quantity of contingent resources of natural gas and hydrocarbon liquids (condensate and natural gas) used in the valuation to measure the royalties as of December 31, 2024, was estimated at approx. 88.8 BCM and approx. 86.5 MMbbl, respectively; average annual production rate from the Karish lease: approx. 3.14 BCM of natural gas; average annual production rate of condensate from the Karish lease: approx. 4.1 million barrels of condensate; average annual production rate from the Tanin lease: approx. 2.36 BCM of natural gas; average annual production rate of condensate from the Tanin lease: approx. 0.4 MMbbl of condensate. The finance expenses recorded in the reporting period include a negative revaluation of approx. USD 4.4 million.
- E. As of the approval date of the Financial Statements, the Partnership is assessing various financing alternatives, including financing by way of loans from banking and finance corporations, debentures, various equity instruments and other alternatives, if any, in order to promote, among other things, a final investment decision (FID) for the development of the first phase of Phase 1 - Second Stage of the Leviathan Project development plan in the coming months, as detailed in Note 11C1 to the Annual Financial Statements, and for the purpose of continuing the execution of the investments and the actions required for this purpose, as detailed in Note 11L to the Annual Financial Statements.
- F. Further to Note 28A(2)(b) to the Annual Financial Statements, on March 5, 2025, the UK government effectively completed the legislation under which it extended the period of the energy profit levy (EPL) by further two years through March 31, 2030. As a result of the completion of the said legislation, Ithaca recognized a loss of approx. USD 327.6 million (approx. NIS 1.2 billion) in respect of revision of deferred taxes.
It is noted that the Group's share in the abovementioned revision of deferred taxes, net during the reporting period amounted to tax expenses totaling approx. USD 85 million (approx. NIS 305 million).
- G. Subsequent to the balance sheet date, on May 19, 2025, Ithaca entered into an agreement to acquire 46.25% of the rights in producing oil asset Cygnus for approx. USD 154 million. Prior to the transaction's completion, Ithaca holds 38.75% of the rights to producing reservoir Cygnus and, subsequent to the completion of the transaction, it will hold 85% of said reservoir. After the completion of the transaction, approx. 23 MMBOE (as of January 1, 2025) are expected to be added to Ithaca's total reserves (P2) and Ithaca's daily output is expected to increase in the range of 12.5-13.5 thousand barrels of oil per day (kboe/d) in 2025. The completion of the Transaction depends, among other things, on the fulfillment of the conditions precedent set in the Acquisition Agreement, which include - among other things - obtaining accepted regulatory approvals, including those of the UK Oil and Gas Authority.

NOTE 5 - DEBENTURES

- A. As stated in Note 16C(3) to the Annual Financial Statements, on February 11, 2025, the Company completed the issuance of NIS 1,062,080,000 par value of a new series of debentures (Series B40). The Debentures are not linked to the CPI and bear annual interest at rate of 5.69%. The Debentures' principal will be repaid in five (non-equal) annual payments on June 30 of 2028 and of each of the years 2030-2033. The interest is paid in semi-annual payments on June 30 and December 31, starting on June 30, 2025. The debentures are not secured by a lien on any asset.

The net issuance consideration of the Debentures (net of issuance costs) amounted to approx. NIS 1,050 million, with approx. NIS 562 million of the amount being used for partial early repayment of Debentures (Series B38).

Under the deed of trust of Debentures (Series B40), the Company undertook financial covenants and other restrictions, which are identical to those of Debentures (Series B39 and B40). For details regarding the restrictions and the covenants, see Note 16D to the Annual Financial Statements.

- B. Further to Note 16E(2) regarding Leviathan Bond's debentures, on May 11, 2025, the General Partner's Board approved a partial early repayment of the series of Leviathan Bond's debentures due for repayment on June 30, 2025 (hereinafter - the "**Second Series**"). Accordingly, on May 11, 2025, a subsidiary - Leviathan Bond Ltd. - notified its bond holders of a partial early repayment of the second series of Bonds, in accordance with the provisions of the Bond deed of trust (hereinafter - the "**Early Repayment Notice**"). According to the Early Repayment Notice, the second series will be partially repaid on May 29, 2025, in the amount of USD 400 million (hereinafter - the "**Principal Amount**") out of a total series of USD 600 million, after the original repayment date, as stated above. The partial early repayment amount includes the principal amount, in addition to accrued interest of approx. USD 10.1 million. It is noted that, in accordance with the terms and conditions of the debentures, the repayment of the second series in the quarter preceding the original repayment date is not subject to early repayment fees to the debenture holders.
- In addition, it is noted that, up to and immediately prior to the approval date of the Financial Statements, the Partnership made share buybacks totaling approx. USD 153.8 million p.v. (approx. USD 40 million p.v. in the three-month period ended March 31, 2025) out of the debentures of the series due for repayment on June 30, 2025, in consideration for approx. USD 153.6 million (approx. USD 40.2 million in the three-month period ended March 31, 2025), which includes the accrued interest as of the buyback date.

Notes to the Consolidated Interim Financial Statements

NOTE 6 - CONTINGENT LIABILITIES

There are contingent claims against the Company and certain investees for significant amounts, including certification for class action lawsuits; in some cases, it is not possible to assess their outcome at this stage, and therefore no provision was recorded for them in the financial statements (see Note 21A to the Annual Financial Statements). In and subsequent to the reporting period (up to the approval date of the financial statements), there were no material developments in the status of the contingent claims, other than the following:

- A. Further to Note 21A1(4) to the Annual Financial Statements, regarding the statement of claim in the arbitration filed by Chevron against INGL with respect to the breach of the Transmission Agreement with INGL, it is noted that on April 2, 2025 a preliminary hearing was held, during which dates were set for the mutual disclosure of documents between the parties as well as for the filing of affidavits of evidence-in-chief. At the same time, two dates were set for evidence hearings in November-December 2025. It is also noted that on May 6, 2025, a third mediation session was held with respect to the proceeding, at the end of which the parties reached an agreement in principle, which is subject to the final approval of INGL and the Leviathan and Tamar Partners, regarding a settlement agreement, under which, among other things, INGL will credit Chevron (and consequently - the Leviathan and Tamar Partners) for some of the transmission fees paid to INGL for the transmission to the EMG receiving terminal in Ashkelon; the agreement in principle also covers several changes to the Transmission Agreement, including the transmission fees, which Chevron will pay in 2025-2026, and the extension of the Transmission Agreement by two years. The amount of the refund, which the Partnership is expected to receive, is immaterial.
- B. Further to Note 21A2(3) to the Company's Annual Financial Statements, regarding a class action lawsuit approved by the Court on November 15, 2022, and further to the settlement agreement approval motion filed with the Court in November 2023, on April 10, 2025, the settlement was approved by the Court and validated as a judgment.

NOTE 7 - EQUITY

- A. On March 25, 2025, the Company's Board of Directors approved a buyback plan for the Company's shares (hereinafter - the "**Buyback Plan**") in an amount of up to NIS 105 million until the end of 2025. The Buyback Plan continues the Company's share buyback plan dated June 16, 2024 totaling NIS 200 million (hereinafter - the "**Previous Buyback Plan**") and the total cost of the Buyback Plan constitutes the unutilized balance of the Previous Buyback Plan.

Under the abovementioned Buyback Plan, through the approval date of the financial statements, the Group acquired 62,750 p.v. in shares in consideration for approx. NIS 34 million.

- B. On March 25, 2025, the Company's Board of Directors decided to distribute a dividend to the shareholders of NIS 260 million (NIS 14.1682 per share). The dividend was paid in April 2025.
- C. Subsequent to the balance sheet date, on May 20, 2025, the Company's Board of Directors decided to distribute a dividend to the shareholders in the amount of NIS 250 million. The dividend will be paid in June 2025.

Notes to the Consolidated Interim Financial Statements**NOTE 8 - FINANCIAL INSTRUMENTS**

Main changes in the Group's financial instruments and its exposure to market risks in the reporting period:

A. Fair value

Balance in the financial statements and fair value of the debentures issued by the Group companies:

	Balance		Fair value	
	March 31	December 31	March 31	December 31
	2025	2024	2025	2024
	Unaudited	Audited	Unaudited	Audited
	NIS million			
Debentures	13,568	13,103	13,758	13,216

The fair value of the debentures is classified to level 1 in the fair value hierarchy.

The carrying amount of financial instruments such as cash and cash equivalents, short-term investments, trade receivables, receivables and debit balances, short and long-term loans from banks and others, and liabilities to trade payables, other payables and credit balances is equal to or approximates their fair value.

B. Classification of financial instruments according to the fair value hierarchy1. As of March 31, 2025:Financial assets measured at fair value

	Level 1	Level 2	Level 3
	Unaudited		
	NIS million		

Financial assets at fair value through profit or loss

Shares	178	-	4
Royalties receivable for the sale of the Karish and Tanin leases	-	-	974
Financial derivatives	-	8	-

Financial assets at fair value through other comprehensive income

Cash flow hedging transactions	-	359	-
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Financial liabilities measured at fair value

	Level 1	Level 2	Level 3
	Unaudited		
	NIS million		

Financial liabilities at fair value through profit or loss

Contingent consideration	-	-	902
Financial derivatives	-	38	-

Financial liabilities at fair value through other comprehensive income

Cash flow hedging transactions	-	107	-
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Notes to the Consolidated Interim Financial Statements

NOTE 8 - FINANCIAL INSTRUMENTS (cont.)

B. Classification of financial instruments according to the fair value hierarchy (cont.)2. As of March 31, 2024:Financial assets measured at fair value

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>Unaudited</u>		
	<u>NIS million</u>		
<u>Financial assets at fair value through profit or loss</u>			
Shares	136	-	-
Seller's loan to the acquirers of Phoenix	-	-	208
Royalties receivable for the sale of the Karish and Tanin leases	-	-	1,039
Loan provided for the sale of the Karish and Tanin leases	-	63	-
Financial derivatives	-	6	-
<u>Financial assets at fair value through other comprehensive income</u>			
Cash flow hedging transactions	-	434	-

Financial liabilities measured at fair value

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>Unaudited</u>		
	<u>NIS million</u>		
<u>Financial liabilities at fair value through profit or loss</u>			
Contingent consideration	-	89	954
Financial derivatives	-	62	-
<u>Financial liabilities at fair value through other comprehensive income</u>			
Cash flow hedging transactions	-	76	-

Notes to the Consolidated Interim Financial Statements

NOTE 8 - FINANCIAL INSTRUMENTS (cont.)

B. Classification of financial instruments according to the fair value hierarchy (cont.)3. As of December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>Audited</u>		
	<u>NIS million</u>		
<u>Financial assets at fair value through profit or loss</u>			
Shares	173	-	4
Royalties receivable for the sale of the Karish and Tanin leases	-	-	1,014
Financial derivatives	-	7	-
<u>Financial assets at fair value through other comprehensive income</u>			
Cash flow hedging transactions	-	120	-
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>Audited</u>		
	<u>NIS million</u>		
<u>Financial liabilities at fair value through profit or loss</u>			
Financial derivatives	-	28	-
Contingent considerations	-	4	873
<u>Financial liabilities at fair value through other comprehensive income</u>			
Cash flow hedging transactions	-	549	-

In the first quarter of 2025 and 2024, there were no transfers between the different fair value hierarchy levels.

Notes to the Consolidated Interim Financial Statements

NOTE 8 - FINANCIAL INSTRUMENTS (cont.)

C. Price risk(1) Risk associated with commodity prices

Ithaca is exposed to changes in oil and gas prices for its future sales. To hedge the exposure, Ithaca has hedge transactions on oil and gas prices for part of its future output. Information about open transactions as of March 31, 2025:

- Transactions on the price of oil

	April to December 2025	2026
Volume (MMbbl of oil)	6.1	0.05
Average floor price (USD/barrel)	74	70

- Transactions on the price of gas

	April to December 2025	2026	2027
Volume (MMboe of oil)	9.4	9.2	0.76
Average floor price (pence/therm)	89	88	92

Most of the transactions are accounted for as hedge accounting. As of March 31, 2025, the net fair value of the hedge transactions amounted to an asset of approx. USD 41 million (approx. NIS 153 million).

- (2) Subsequent to the balance sheet date, there was a substantial decrease in gas and oil prices. For sensitivity tests to changes in gas and oil prices, see Note 11M(5)(c) to the Annual Financial Statements.

NOTE 9 - OPERATING SEGMENTS

A. General

In accordance with IFRS 8, the Group's operating segments are determined on the basis of management reports, which are mainly based on the investments in each investee.

The operating segments are as follows:

- Oil and gas exploration and production in and around Israel - The main activity during the reporting period takes place as part of the Leviathan Project joint venture through NewMed Energy.
- Segment of development and production of gas and oil assets in the North Sea: The activity is carried out by Ithaca, which owns rights in oil and gas assets in the North Sea region. The activity includes mainly production and marketing of oil and gas from the producing reservoirs and the development of additional reservoirs.
- Others - other segments include mainly the operations of Delek Israel and Delek Israel Properties, the investment in which is accounted for in accordance with the equity method, as well as Mehadrin's activity.

Notes to the Consolidated Interim Financial Statements

NOTE 9 - OPERATING SEGMENTS (cont.)

B. Operating segment reporting1) Revenues

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
<u>Revenue from external sources</u>			
Oil and gas exploration and production in and around Israel	901	840	3,661
Development and Production of Gas and Oil Assets in the North Sea Segment	2,556	1,759	7,326
Other segments	394	357	974
Total in statement of income	<u>3,851</u>	<u>2,956</u>	<u>11,961</u>

2) Cost of sales

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
<u>Cost of sales</u>			
Oil and gas exploration and production in and around Israel	245	252	1,038
Development and Production of Gas and Oil Assets in the North Sea Segment	960	1,024	4,222
Other segments	356	333	1,000
Total in statement of income	<u>1,561</u>	<u>1,609</u>	<u>6,260</u>

Notes to the Consolidated Interim Financial Statements

NOTE 9 - OPERATING SEGMENTS (cont.)

B. Operating segment reporting (cont.)3) Segment results – operating profit (loss)

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Segment of oil and gas exploration and production in and around Israel	638	580	2,595
Development and Production of Gas and Oil Assets in the North Sea Segment	1,556	689	1,843
Other segments	63	14	(56)
Adjustments *)	(11)	(12)	(46)
Operating income	<u>2,246</u>	<u>1,271</u>	<u>4,336</u>

*) Mainly administrative and general expenses attributable to the Staff Companies.

4) Contribution to net income (loss) from continuing operations attributable to the shareholders of the Company

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Segment of oil and gas exploration and production in and around Israel	238	244	1,080
Development and Production of Gas and Oil Assets in the North Sea Segment	(175)	138	541
Other segments	31	4	(12)
Adjustments *)	(84)	(124)	(259)
Profit (loss) from continuing operations attributable to the Company's shareholders	<u>10</u>	<u>262</u>	<u>1,350</u>

*) Mainly administrative and general expenses, finance expenses and taxes attributable to the Staff Companies.

Delek Group Ltd.

**Financial Data from the Consolidated Interim Financial
Statements Attributable to the Company**

As of March 31, 2025

Unaudited

Special Report in accordance with Regulation 38D

Financial Data and Financial Information from the Consolidated Interim Financial Statements

Attributable to the Company

Following are financial data and separate financial information attributable to the Company out of the Group's consolidated interim financial statements as of March 31, 2025, published as part of the periodic reports (hereinafter - the "**Consolidated Financial Statements**"), presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Financial data from the consolidated balance sheets attributable to the Company

	As of March 31		As of December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
<u>Current assets</u>			
Cash and cash equivalents	1,740	154	1,301
Short-term investments	178	227	375
Receivables and debit balances (mostly affiliates)	28	569	18
Total current assets	1,946	950	1,694
<u>Non-current assets</u>			
Investments in investee companies and partnerships	10,225	11,229	10,058
Loans and capital notes to investees	1,355	2,203	1,334
Long term loans and debit balances	166	305	15
Investment property	272	270	272
Property, plant and equipment, net	41	42	41
Total non-current assets	12,059	14,049	11,720
	14,005	14,999	13,414

The attached additional information is an integral part of the financial data and separate financial information.

Financial data from the consolidated balance sheets attributable to the Company (cont.)

	As of March 31		As of
	2025	2024	December 31
	Unaudited		Audited
	NIS million		
<u>Current liabilities</u>			
Current maturities of loans from banks and others	-	227	-
Current maturities of debentures	339	266	380
Dividend payable	260	250	-
Financial derivatives	14	-	-
Accounts payable and credit balances	127	153	171
Total current liabilities	740	896	551
<u>Non-current liabilities</u>			
Debentures	4,047	3,410	3,712
Loans from subsidiaries	463	1,004	417
Other liabilities (primarily for an obligation for decommissioning of long-term assets)	9	9	9
Total non-current liabilities	4,519	4,423	4,138
<u>Equity attributable to the Company's shareholders</u>			
Share capital	20	20	20
Share premium	2,381	2,354	2,381
Proceeds for conversion options and warrants	-	5	-
Retained earnings	7,733	7,538	7,983
Adjustments arising from foreign currency translation of foreign operations' financial statements	224	343	29
Reserve from transactions with non-controlling interests	(1,553)	(672)	(1,554)
Other reserves	36	92	(39)
Treasury shares	(95)	-	(95)
Total equity	8,746	9,680	8,725
	14,005	14,999	13,414

The attached additional information is an integral part of the financial data and separate financial information.

May 20, 2025

Date of approval of the
financial statements

Ehud Erez
Chairman of the Board

Idan Wallace
Chief Executive Officer

Tamir Polikar
Executive VP and CFO

Financial data from the consolidated statements of income attributable to the Company

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Income from overriding royalties and gas sales (net of royalties)	-	-	2
Rent	2	2	10
Company's share in earnings of investee companies and partnerships, net	107	393	1,620
Total income	109	395	1,632
Cost of sales	-	-	1
General and administrative expenses	11	10	43
Other income (expenses), net	-	(5)	(20)
Operating profit	98	380	1,568
Finance expenses, net with respect to loans from investees and others	(16)	(23)	(80)
Finance income (mainly for financial investments), net	13	7	187
Finance expenses (mainly for debentures)	(85)	(103)	(325)
Profit before taxes on income	10	261	1,350
Profit from continuing operations	10	261	1,350
Profit from discontinued operations, net	-	8	54
Net income attributable to the Company's shareholders	10	269	1,404

The attached additional information is an integral part of the financial data and separate financial information.

Financial data from the consolidated statements of comprehensive income attributable to the Company

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
Net income attributable to the Company's shareholders	10	269	1,404
Other comprehensive income (loss):			
<u>Amounts classified or reclassified to profit or loss under specific conditions:</u>			
Adjustments arising from foreign currency translation of foreign operation's financial statements	11	78	34
Other comprehensive income (loss) attributable to the Partnership and investees (post-tax)	<u>259</u>	<u>28</u>	<u>(118)</u>
Total	<u>270</u>	<u>106</u>	<u>(84)</u>
Total other comprehensive income (loss) from continuing operations	<u>270</u>	<u>106</u>	<u>(84)</u>
Total comprehensive income attributable to the Company's shareholders	<u>280</u>	<u>375</u>	<u>1,320</u>

The attached additional information is an integral part of the financial data and separate financial information.

Financial data from the consolidated statements of cash flows attributable to the Company

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
<u>Cash flows from the Company's operating activities</u>			
Net income attributable to the Company's shareholders	10	269	1,404
Adjustments required for presentation of statement of cash flows from the Company's operating activities (a)	84	(371)	(1,285)
Net cash provided by (used for) the Company's operating activities	94	(102)	119
<u>Cash flows from the Company's investing activities</u>			
Refunds received (investments) for property, plant and equipment and investment property	-	-	(2)
Investment in an investee	-	(59)	(59)
Change in short-term investments, net	158	(75)	170
Repayment (deposit) of long-term deposits	(82)	-	69
Advance payment in respect of the acquisition of operation	(72)	-	-
Repayment (provision) of loans to, and equity investments in, investees, net	(1)	(4)	1,302
Net cash provided by (used for) the Company's investing activities	3	(138)	1,480
<u>Cash flows from the Company's financing activities</u>			
Acquisition of treasury shares	-	-	(43)
Proceeds from exercise of options for shares of the Company	-	1	23
Dividend paid to shareholders	-	-	(940)
Change in balances with subsidiaries, net	-	(162)	(83)
Issue of debentures (less issuance expenses)	1,051	532	1,522
Repayment of loans from banks and others	-	(164)	(398)
Repayment of debentures	(709)	(509)	(1,086)
Net cash provided by (used for) the Company's financing activities	342	(302)	(1,005)
<u>Exchange rate differences for cash and cash equivalent balances</u>	-	-	11
<u>Increase (decrease) in cash and cash equivalents</u>	439	(542)	605
<u>Balance of cash and cash equivalents at the beginning of the period</u>	1,301	696	696
<u>Balance of cash and cash equivalents at the end of the period</u>	<u>1,740</u>	<u>154</u>	<u>1,301</u>

The attached additional information is an integral part of the financial data and separate financial information.

Financial data from the consolidated statements of cash flows attributable to the Company (cont.)

	For the 3 months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS million		
(a) Adjustments required for presentation of statement of cash flows from the Company's operating activities			
<u>Adjustments for profit and loss line items of the Company:</u>			
Depreciation, depletion and amortization	-	-	1
Impairment (appreciation) of loans granted, net	1	(8)	(51)
Impairment (appreciation) of investments in financial assets, net	8	-	(130)
Company's share in the expenses of investee companies and partnerships *)	84	(393)	(1,140)
Increase in value of liabilities, net	9	23	71
Exchange rate differences for balance of cash and cash equivalents, net	-	-	(11)
<u>Changes in the Company's assets and liabilities line items:</u>			
Decrease (increase) in receivables and debit balances	1	(91)	3
Increase (decrease) in payables and credit balances	(19)	98	(28)
	<u>84</u>	<u>(371)</u>	<u>(1,285)</u>
*) Net of dividends received.	<u>191</u>	<u>-</u>	<u>480</u>
(b) Significant non-cash activities			
Dividend receivable from an investee partnership	<u>11</u>	<u>11</u>	<u>-</u>
Dividend payable to the Company's shareholders	<u>260</u>	<u>250</u>	<u>-</u>
Dividend received against repayment of a loan from a subsidiary	<u>-</u>	<u>-</u>	<u>544</u>
Investment in marketable securities against repayment of a granted loan	<u>-</u>	<u>-</u>	<u>250</u>
(c) Additional information on cash flows			
Cash paid by the Company during the period for:			
Interest	<u>87</u>	<u>96</u>	<u>328</u>
Cash paid by the Company during the period for:			
Interest	<u>12</u>	<u>-</u>	<u>27</u>
Dividends	<u>194</u>	<u>-</u>	<u>497</u>

The attached additional information is an integral part of the financial data and separate financial information.

Additional information

NOTE 1 - GENERAL

- A. This separate financial information was drafted in a condensed format pursuant to the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970. This separate financial information should be reviewed in conjunction with the separate financial information to the annual financial statements as of December 31, 2024, and for the year then ended and their accompanying notes, and in conjunction with the consolidated interim financial statements as of March 31, 2025 (hereinafter - the "**Consolidated Interim Financial Statements**").
- B. Since the bulk of the Group's operations are in the energy industry, oil and natural gas prices (as well as the USD-NIS exchange rate and interest rates) have a material (positive or negative) impact on the Group's operating results, the value of its assets (both marketable and non-marketable), its equity, operating cash flows. In addition, the volatility of oil and gas prices affects the ability of the Company and its Staff Companies to receive dividends from investee companies and partnerships or the amount of the dividends.
- C. Further to Note 1B to the Annual Financial Statements regarding the Iron Swords War and specifically regarding its potential effects on the Israel Gas and Oil Segment, it is noted that during the reporting period fighting against the Hamas terror group in Gaza and the Houthis terror group in Yemen resumed. As of the approval date of the Consolidated Interim Financial Statements, it is impossible to predict how the War will develop, or what its effect will be on the consolidated Partnership, its assets and businesses.

NOTE 2 - CONTINGENT LIABILITIES

There are contingent claims against the Company and some of the investees for significant amounts, including motions for class actions; in some cases, it is not possible to assess their outcome at this stage, and therefore no provision was recorded in the financial statements. See also Note 6 to the Consolidated Interim Financial Statements.

NOTE 3 - EQUITY

- A. On March 25, 2025, the Company's Board of Directors approved a buyback plan for the Company's shares (hereinafter - the "**Buyback Plan**") in an amount of up to NIS 105 million until the end of 2025. The Buyback Plan continues the Company's share buyback plan dated June 16, 2024 totaling NIS 200 million (hereinafter - the "**Previous Buyback Plan**") and the total cost of the Buyback Plan constitutes the unutilized balance of the Previous Buyback Plan. Under the abovementioned Buyback Plan, through the approval date of the financial statements, the Company acquired 62,750 p.v. in shares in consideration for approx. NIS 34 million.
- B. On March 25, 2025, the Company's Board of Directors decided to distribute a dividend to the shareholders of NIS 260 million. The dividend was paid in April 2025.
- C. Subsequent to the balance sheet date, on May 20, 2025, the Company's Board of Directors decided to distribute a dividend to the shareholders in the amount of NIS 250 million. The dividend will be paid in June 2025.

NOTE 4 - DEBENTURES

For further details regarding the issuance of Debentures (Series B40) and partial early repayment of Debentures (Series B38), see Note 5 to the Consolidated Interim Financial Statements.

Delek Group Ltd.

Report of the Board of Directors on the State of the Company's Affairs - Pro Forma **For the period ended March 31, 2025**

Chapter A – General

1. The Company's Board of Directors hereby files the Company's Pro Forma Consolidated Financial Statements for the three-month period ended March 31, 2025 (hereinafter - the "**Pro forma Statements**") as well as additional data regarding the Pro forma Statements. This report should be read in conjunction with the Report of the Board of Directors and the Company's Consolidated Financial Statements for said period.
2. On October 3, 2024, a business combination transaction was completed between Ithaca and Eni UK Limited and Neptune Energy Group Limited - subsidiaries of Eni S.p.A (hereinafter jointly - "**Eni UK**"). Under the transaction, Ithaca acquired from Eni UK significant oil assets in the UK Continental Shelf (which are incorporated under several legal entities, following - the "**Acquired Companies**"), in consideration for allocation of Ithaca shares constituting 38.5% of its capital on the Transaction Completion Date (hereinafter - the "**Consideration Shares**").

Furthermore, to ensure Ithaca's compliance with the listing rules of the London Stock Exchange, which require, among other things, that at least 10% of its shares will be held by the public, immediately prior to the Transaction Completion Date and as part of the agreement between the parties, the Group and Eni UK sold some of their holdings in Ithaca (constituting approx. 3% of Ithaca's capital after the business combination). The Group's share in the sale's proceeds is approx. GBP 35.4 million.

Subsequent to the completion of the business combination transaction and the adjustment to the public's holdings, the Group holds approx. 52.2% of Ithaca capital, while maintaining a control stake therein, and Eni UK holds approx. 37.2%. It is noted that prior to the Transaction Completion Date, the Group held approx. 88.55% of Ithaca's capital.

The main oil assets of Eni UK Companies include 33% of the rights in J-Area, approx. 21.87% of the rights in the Elgin-Franklin fields, 38.75% of the rights in the Cygnus asset, and 35% of the rights in the Seagull asset.

In its Consolidated Financial Statements, the Group consolidates the financial statements of the Acquired Companies as from the transaction completion date (October 3, 2024).

4. The said business combination constitutes a pro forma event as defined in the Securities Regulations (Periodic and Immediate Reports), 1970.

The Pro Forma Statements were prepared in order to reflect the effect of the pro forma event on the Company's (consolidated) operating results under the assumption that the financial statements of the Acquired Companies would have been consolidated with the Company's financial statements in reporting periods preceding the acquisition, in accordance with Notes 2 and 3 to the Pro Forma Consolidated Financial Statements.

5. The Pro Forma Statements were prepared on the basis of the Company's Consolidated Financial Statements and a retroactive consolidation of the financial statements of the Acquired Companies for all the relevant reporting periods, in accordance with the assumptions set forth in Note 3 to the Pro Forma Consolidated Financial Statements.

6. **Analysis of the pro forma operating results for the 3-month period ended March 31, 2024, compared to the 3-month period ended March 31, 2025.**

It is noted that since the pro forma adjustments pertain to the development and production of oil and gas assets in the North Sea segment, the following analysis will only cover this segment. For an analysis of other segments, and for further details regarding the development and production of oil and gas assets in the North Sea segment, see the Company's Report of the Board of Directors as of March 31, 2025 and for the three-month period then ended.

Revenues

Pro forma revenues of the development and production of oil and gas assets in the North Sea segment totaled approx. USD 641 million in the first quarter of 2024 (approx. NIS 2,355 million) compared to revenues of approx. USD 708 million (approx. NIS 2,556 million) in the first quarter of 2025. The increase in revenues in the first quarter of 2025 arises from an increase in produced quantities.

Profit before taxes on income

Pro forma profit before taxes on income of the development and production of oil and gas assets in the North Sea segment totaled approx. USD 298 million in the first quarter of 2024, compared to profit before tax of approx. USD 367 million in the first quarter of 2025. The increase in pre-tax income in the first quarter of 2025 arises from an increase in produced quantities.

Net income attributable to the Company's shareholders

Pro forma net income of the development and production of oil and gas assets in the North Sea segment totaled approx. USD 108 million in the first quarter of 2024 (of which approx. USD 57 million is attributed to the Company's shareholders) compared to approx. USD 92 million in loss in the first quarter of 2025 (of which USD 48 million is attributed to Company shareholders' share). The decrease in profitability in the first quarter of 2025 compared to the corresponding period last year arises mainly from adjustments to deferred taxes, as explained in the Company's Report of the Board of Directors as of March 31, 2025.

Due to the fact that pro forma data, in essence, are based on various assessments and estimates and due to changes which have occurred and which may occur in the Acquired Companies' activity, and specifically due to changes which have occurred in oil and gas prices and expected changes in the scope of production from the acquired reservoirs, the reported pro forma data should not be considered as a necessary indication of the Acquired Companies' contribution to the Company's presented and/or future results subsequent to the operations' acquisition.

Respectfully,

Ehud Erez

Chairman of the Board

Idan Wallace

CEO

Signature date: May 20, 2025

Delek Group Ltd.

Consolidated Pro Forma Interim Financial Statements as at March 31, 2025

Unaudited

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Pro Forma Consolidated Statements of Income

	For the 3 months ended March 31, 2024		
	Actual data	Pro forma adjustments	Pro forma data
	NIS million (excluding net earnings per share)		
Revenues	2,956	596	3,552
Cost of sales	1,609	41	1,650
Gross profit	1,347	555	1,902
General and administrative expenses	65	26	91
Group's share in profits of operating associates, net	11	-	11
Other income (expenses), net	(22)	76	54
Operating income	1,271	605	1,876
Finance income	124	17	141
Finance expenses	(436)	(23)	(459)
Profit before taxes on income	959	599	1,558
Taxes on income	479	357	836
Profit from continuing operations	480	242	722
Profit from discontinued operations, net	7	-	7
Net income	487	242	729
Attributable to:			
Shareholders of the Company	269	70	339
Non-controlling interests	218	172	390
	487	242	729
<u>Net earnings per share attributable to the Company's shareholders (in NIS)</u>			
Basic earnings from continuing operations	14.2	3.7	17.9
Basic earnings from discontinued operations	0.4	-	0.4
Basic earnings	14.6	3.7	18.3
Basic earnings from continuing operations	14.1	3.7	17.8
Diluted earnings from discontinued operations	0.4	-	0.4
Diluted earnings	14.5	3.7	18.2

The accompanying notes are an integral part of the Pro Forma Consolidated Financial Statements.

May 20, 2025			
Approval date of the financial statements	Ehud Erez Chairman of the Board	Idan Wallace Chief Financial Officer	Tamir Polikar Executive VP & CFO

Pro Forma Consolidated Statements of Income (cont.)

	For the year ended December 31, 2024		
	Actual data	Pro forma adjustments	Pro forma data
	NIS million (excluding net earnings per share)		
Revenues	11,961	2,679	14,640
Cost of sales	6,260	1,226	7,486
Gross profit	5,701	1,453	7,154
General and administrative expenses	306	71	377
Group's share in profits of operating associates, net	54	-	54
Other income (expenses), net	(1,113)	186	(927)
Operating income	4,336	1,568	5,904
Finance income	812	50	862
Finance expenses	(1,723)	(65)	(1,788)
Profit before taxes on income	3,425	1,553	4,978
Taxes on income	1,109	937	2,046
Profit from continuing operations	2,316	616	2,932
Profit from discontinued operations, net	54	-	54
Net income	2,370	616	2,986
Attributable to:			
Shareholders of the Company	1,404	141	1,545
Non-controlling interests	966	475	1,441
	2,370	616	2,986
<u>Net earnings per share attributable to the Company's shareholders (in NIS)</u>			
Basic earnings from continuing operations	73.1	10.5	83.6
Basic earnings from discontinued operations	2.9	-	2.9
Basic earnings	76.0	10.5	86.5
Basic earnings from continuing operations	73.1	10.5	83.6
Diluted earnings from discontinued operations	2.9	-	2.9
Diluted earnings	76.0	10.5	86.5

The accompanying notes are an integral part of the Pro Forma Consolidated Financial Statements.

Pro Forma Consolidated Statements of Comprehensive Income

	For the 3 months ended March 31, 2024		
	Actual data	Pro forma adjustments	Pro forma data
	NIS million		
Net income	487	242	729
Other comprehensive income (loss) (net of tax effect):			
<u>Amounts classified or reclassified to profit or loss under specific conditions:</u>			
Income for cash flow hedges	(4)	-	(4)
Transfer to profit or loss for cash flow hedges	(67)	(18)	(85)
Adjustments from translation of financial statements of foreign operations	240	109	349
Total other comprehensive income	169	91	260
Total comprehensive income	656	333	989
Attributable to:			
Shareholders of the Company	375	143	518
Non-controlling interests	281	190	471
	656	333	989

The accompanying notes are an integral part of the Pro Forma Consolidated Financial Statements.

Pro Forma Consolidated Statements of Comprehensive Income (cont.)

	For the year ended December 31, 2024		
	Actual data	Pro forma adjustments	Pro forma data
		NIS million	
Net income	2,370	616	2,986
Other comprehensive income (loss) (net of tax effect):			
<u>Amounts classified or reclassified to profit or loss under specific conditions:</u>			
Gain (loss) from cash flow hedges	(131)	-	(131)
Transfer to profit or loss for cash flow hedges	(128)	(19)	(147)
Adjustments from translation of financial statements of foreign operations	17	178	195
Total other comprehensive income (loss)	(242)	159	(83)
Total comprehensive income	2,128	775	2,903
Attributable to:			
Shareholders of the Company	1,320	196	1,516
Non-controlling interests	808	579	1,387
	2,128	775	2,903

The accompanying notes are an integral part of the Pro Forma Consolidated Financial Statements.

NOTE 1 - GENERAL

- A. As stated in Note 9A(1)(c) to the Consolidated Financial Statements as of December 31, 2024 and the year then ended (hereinafter - the “**Annual Financial Statements**”), on October 2, 2024, a business combination transaction was completed between Ithaca and Eni UK Limited and Neptune Energy Group Limited - subsidiaries of Eni S.p.A (hereinafter jointly - “**Eni UK**”). Under the transaction, Ithaca acquired from Eni UK significant oil assets in the UK Continental Shelf (which are incorporated under several legal entities, following - the “Acquired Companies”), in consideration for allocation of Ithaca shares constituting 38.5% of its capital on the Transaction Completion Date (hereinafter - the “**Consideration Shares**”).

Furthermore, to ensure Ithaca's compliance with the listing rules of the London Stock Exchange, which require, among other things, that at least 10% of its shares will be held by the public, immediately prior to the Transaction Completion Date and as part of the agreement between the parties, the Group and Eni UK sold some of their holdings in Ithaca (constituting approx. 3% of Ithaca's capital after the business combination). The Group's share in the sale's proceeds is approx. GBP 35.4 million.

Subsequent to the completion of the business combination transaction and the adjustment to the public's holdings, the Group holds approx. 52.2% of Ithaca capital, while maintaining a control stake therein, and Eni UK holds approx. 37.2%. It is noted that prior to the Transaction Completion Date, the Group held approx. 88.55% of Ithaca's capital.

The main oil assets of Eni UK Companies include 33% of the rights in J-Area, approx. 21.87% of the rights in the Elgin-Franklin fields, 38.75% of the rights in the Cygnus asset, and 35% of the rights in the Seagull asset.

In its Consolidated Financial Statements, the Group consolidates the financial statements of the Acquired Companies as from the Transaction Completion Date (October 3, 2024).

- B. The abovementioned business combination constitutes a Pro Forma Event as defined in the Securities Regulations (Periodic and Immediate Reports), 1970.

The Pro Forma Consolidated Financial Statements were prepared in order to reflect the effect of the Pro Forma Event on the Company's (consolidated) operating results under the assumption that the financial statements of the Acquired Companies would have been consolidated with the Company's financial statements as from January 1, 2022, in accordance with Notes 2 and 3 below.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to the Pro Forma Consolidated Interim Financial Statements are consistent with those applied to the Company's Consolidated Financial Statements as of March 31, 2025 and for the three-month period then ended (hereinafter - the “**Consolidated Interim Financial Statements**”). These Pro Forma Consolidated Interim Financial Statements were prepared in accordance with Regulation 9A to the Securities Regulations (Periodic and Immediate Reports), 1970. Please peruse the Pro Forma Consolidated Interim Financial Statements in conjunction with the Consolidated Interim Financial Statements.

NOTE 3 - ASSUMPTIONS USED IN THE PREPARATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

1. The Pro Forma Consolidated Financial Statements are based on the Company's Consolidated Financial Statements and the financial statements of the Acquired Companies for the relevant reporting periods, which were prepared in accordance with International Financial Reporting Standards (IFRS).
2. The Pro Forma Statements of Income and the Pro Forma Consolidated Statements of Comprehensive Income for the year ended December 31, 2024 and for the three-month period ended on March 31, 2024, were prepared under the assumption that the Acquired Companies were acquired on January 1, 2022.
3. Pro forma adjustments for the year ended December 31, 2024 include data of the Acquired Companies for the period from January 1, 2024 through the acquisition date (October 3, 2024). The data of the Acquired Companies for the period from the acquisition date through December 31, 2024 are included in the actual data.
3. The effect of the loss from costs associated with the transaction totaling approx. USD 16.3 million (approx. NIS 60 million) was deducted from the pro forma profit or loss data for the year ended December 31, 2024.
4. The Pro Forma Statements of Income for the reporting periods included amortization of excess costs which arose from the acquisition, in accordance with a provisional measurement of the fair value of the assets and liabilities of the Acquired Companies, as detailed in Note 9A to the Annual Financial Statements. Due to the abovementioned amortization, a tax effect was recognized in accordance with the tax rate applicable to the Acquired Companies in each of the relevant periods (an effective rate of 75% in 2024). It is noted that the pro forma adjustments to the cost of sales line item include expenses with respect to the amortization of excess costs as stated above, totaling approx. NIS 7 million for the year ended December 31, 2024 and approx. NIS 4 million for the three-month period ended March 31, 2024 (approx. NIS 2 million and approx. NIS 1 million post-tax, respectively).
5. As stated in Note 9A to the Annual Financial Statements, the consideration for the acquisition in the business combination included a consideration paid by issuance of Ithaca shares totaling USD 861 million and consideration payable in cash with respect to adjustments to the working capital of the Acquired Companies totaling NIS 215 million. Since the consideration payable in cash will be financed through the working capital of the Acquired Companies (rather than by raising foreign financing), the Pro Forma Reports did not include any adjustments with respect to the finance costs.
6. As part of the transaction, the Group's stake in Ithaca decreased from 88.55% to 52.2%. The net income and comprehensive income attributable to the Company's shareholders during each of the reporting periods were adjusted to reflect the abovementioned decline in the Group's stake.
7. Due to the fact that pro forma data, in essence, are based on various assessments and estimates and due to changes which have occurred and which may occur in the Acquired Companies' activity, and specifically due to changes which have occurred in oil and gas prices and expected changes in the scope of production from the acquired reservoirs, the reported pro forma data should not be considered as a necessary indication of the Acquired Companies' contribution to the Company's presented and/or future results subsequent to the operations' acquisition.

NOTE 4 - OPERATING SEGMENTS

A. General

In accordance with IFRS 8, the Group's operating segments are determined on the basis of management reports, which are mainly based on the investments in each investee.

The operating segments are as follows:

- Oil and Gas Exploration and Production in and around Israel Segment - The main activity during the reporting period takes place as part of the Leviathan Project joint venture, and other oil rights, mainly off the coast of Israel through NewMed Energy.
- Development and Production of Gas and Oil Assets in the North Sea Segment: The activity is carried out by Ithaca, which owns rights in oil and gas assets in the North Sea region. The activity includes mainly production and marketing of oil and gas from the producing reservoirs and the development of additional reservoirs.
- Others - other segments include mainly the operations of Delek Israel and Delek Israel Properties, the investment in which is accounted for in accordance with the equity method, as well as Mehadrin's activity.

The results of the acquired activity are included in full in the segment covering the Development and Production of Gas and Oil Assets in the North Sea Segment.

B. Pro forma operating segment reporting1) Revenues

	For the 3 months ended March 31, 2024	For the year ended December 31, 2024
	NIS million	
Oil and Gas Exploration and Production in and around Israel Segment	840	3,661
Development and Production of Gas and Oil Assets in the North Sea Segment	2,355	10,005
Other segments	357	974
Total in statement of income	<u>3,552</u>	<u>14,640</u>

2) Cost of sales

	For the 3 months ended March 31, 2024	For the year ended December 31, 2024
	NIS million	
Oil and Gas Exploration and Production in and around Israel Segment	252	1,038
Development and Production of Gas and Oil Assets in the North Sea Segment	1,065	5,448
Other segments	333	1,000
Total in statement of income	<u>1,650</u>	<u>7,486</u>

NOTE 4 - OPERATING SEGMENTS (cont.)

B. Pro forma operating segment reporting (cont.)3) Segment results – operating profit (loss)

	For the 3 months ended March 31, 2024	For the year ended December 31, 2024
	NIS million	
Oil and Gas Exploration and Production in and around Israel Segment	580	2,595
Development and Production of Gas and Oil Assets in the North Sea Segment	1,294	3,412
Other segments	14	(56)
Adjustments *)	(12)	(47)
Total in statement of income	<u>1,876</u>	<u>5,904</u>

*) Mainly administrative and general expenses attributable to the Staff Companies.

4) Contribution to net income from continuing operations attributable to the Company's shareholders

	For the 3 months ended March 31, 2024	For the year ended December 31, 2024
	NIS million	
Oil and Gas Exploration and Production in and around Israel Segment	244	1,080
Development and Production of Gas and Oil Assets in the North Sea Segment	208	682
Other segments	4	(12)
Adjustments *)	(124)	(259)
Total in statement of income	<u>332</u>	<u>1,491</u>

*) Mainly administrative, general and financing expenses attributable to the Staff Companies.

NOTE 5 - CONTINGENT LIABILITIES

Motions for class actions of significant amounts were filed against the Company and some of the investees; in some cases, it is not possible to assess their outcome at this stage, and therefore no provision was recorded in the financial statements, as detailed in Note 6 to the Consolidated Interim Financial Statements.

Chapter

D

Report on the Effectiveness of Internal Controls for Financial Reporting and Disclosure



Delek Group Ltd.

Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure, Pursuant to Regulation 38C(a):

Management, under the supervision of the Board of Directors of Delek Group Ltd. (hereinafter - the "**Corporation**"), is responsible for setting and maintaining appropriate internal control over financial reporting and disclosure in the Corporation.

For this matter, the members of Management are:

1. Idan Wallace, CEO.
2. Tamir Polikar, Executive VP & CFO.
3. Leora Pratt Levin, Chief Legal Counsel.
4. Lena Berenshtein, Chief Controller.

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, which were planned or overseen by the CEO and the most senior financial officer or under their supervision, or by whoever fulfills these functions in practice, under the supervision of the Board of Directors of the Corporation, which were designed to provide reasonable assurance as to the reliability of the financial reporting and the preparation of the reports in accordance with the provisions of the law and to ensure that information that the Corporation is required to disclose in the reports it publishes in accordance with the provisions of the law is collected, processed, summarized and reported on the date and in the format laid down in law.

Internal control includes, inter alia, controls and procedures planned to ensure that the information that the Corporation is required to disclose as aforesaid, is accumulated and forwarded to the Management of the Corporation, including to the CEO and the most senior financial officer or to whoever fulfills these functions in practice, in order to enable decisions to be made at the appropriate time in relation to the disclosure requirements.

Due to its structural limitations, the internal control over financial reporting and disclosure is not intended to provide absolute assurance that misstatement in, or omission of, information from the reports will be prevented or will be discovered.

In the Annual Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure, which was attached to the Periodic Report for the period ended December 31, 2024 (hereinafter - the "**Most Recent Annual Report of Internal Control**"), the Board of Directors and Management assessed the internal controls within the Corporation; based upon this assessment, the Board of Directors and Management of the Corporation have concluded that the said internal controls, as of December 31, 2024, were effective.

As of the date of this report, no event or matter was brought to the attention of the Board of Directors and Management that leads them to change the assessment of the effectiveness of the internal control, as reported in the Most Recent Quarterly Report of Internal Control;

As of the report date, based on the assessment of the effectiveness of internal control in the of the Effectiveness of Internal Control over Financial Reporting in the Most Recent Annual Report of Internal Control and based on information brought to the attention of Management and the Board of Directors as stated above, the internal control is effective.

Certification by the CEO in accordance with Regulation 38C(d)(1):

**Certification by Officers
Certification by the CEO**

I, Idan Wallace, declare that:

- (1) I have reviewed quarterly report of the Delek Group Ltd. (hereinafter - the "**Corporation**") for the first quarter of 2025 (hereinafter – the "**Reports**");
- (2) To my knowledge, the Reports do not contain any misrepresentation of a material fact, or omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period;
- (3) To the best of my knowledge, the financial statements and other financial information in the Reports present fairly, in all material respects, the financial position, the results of operations and the cash flows of the Corporation at the dates and for the periods covered by the Reports;
- (4) I disclosed to the independent auditor of the Corporation, to the Board of Directors, to the Audit and the Financial Statements Committees of the Board of Directors of the Corporation, based on my latest assessment of the internal control over the financial reporting and disclosure:
 - (a) all the significant flaws and material weaknesses in the determination or operation of the internal control over the financial reporting and disclosure that could reasonably have an adverse effect on the ability of the Corporation to collect, process, summarize or report on financial information in a way that could cast 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 not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;
- (5) I, alone or together with others in the Corporation:
 - (a) have established controls and procedures or ascertained the establishment and upholding of controls and procedures under my supervision, designed to ensure that material information relating to the Company, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Corporation and in the subsidiaries, particularly during the period of preparation of the Reports; and -
 - (b) have established controls and procedures, or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.
 - (c) No event or matter has been brought to my attention during the period between the most recent periodic report date and the date of this Report that changes the conclusion of the Board of Directors and Management in respect of the effectiveness of the internal control over the Corporation's financial reporting and disclosure.

Nothing in the foregoing shall derogate from my responsibility or that of anyone else under law.

May 20, 2025

Idan Wallace
CEO

Certification by the Most Senior Financial Officer pursuant to Regulation 38C(d)(2):

Certification by Officers

Certification by the Most Senior Financial Officer

I, Tamir Polikar, declare that:

- (1) I have reviewed the interim financial statements and the other financial information included in the reports for the interim period of Delek Group Ltd. (hereinafter - the "**Corporation**") for the first quarter of 2025 (hereinafter - the "**Reports**" or "**Interim Financial Statements**");
- (2) To the best of my knowledge, the Interim Financial Statements and other financial information included in the Reports for the Interim Period do not include any misrepresentation of a material fact and lack any representation of any vital, material fact, such that the representations included therein, under the circumstances in which the representations have been included, shall not be misleading in respect of the period covered by the Reports;
- (3) To the best of my knowledge, the Interim Financial Statements and other financial information included in the Reports for the Interim Period reflect fairly, in all material respects, the financial position, the results of operations and the cash flows of the Corporation at the dates and for the periods covered by the Reports;
- (4) I have disclosed to the independent auditor of the Corporation, to the Board of Directors, to the Audit and Financial Statements Committees of the Board of Directors of the Corporation, based on my latest assessment of the internal control over the financial reporting and disclosure:
 - (a) all the significant flaws and material weaknesses in the determination or operation of the internal control of the financial reporting and disclosure insofar as they related to the financial statements and other financial information included in the Reports for the Interim Period that could reasonably have an adverse effect on the ability of the Corporation to collect, process, summarize or report on financial information in a way that could cast 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 not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure.
- (5) I, alone or together with others in the Corporation -
 - (a) have established controls and procedures or ascertained the establishment and upholding of controls and procedures under our supervision, designed to ensure that material information relating to the Company, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Corporation and in the subsidiaries, particularly during the period of preparation of the Reports; and -
 - (b) have established controls and procedures, or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - (c) no event or matter has been brought to my attention during the period between the most recent periodic report date and the date of this Report that relates to the Interim Financial Statements and to any other financial information included in the Reports for the Interim Period that changes the conclusion of the Board of Directors and Management in respect of the effectiveness of the internal control over the Corporation's financial reporting and disclosure.

Nothing in the foregoing shall derogate from my responsibility or that of anyone else under law.

May 20, 2025

Tamir Polikar
Executive VP and CFO